

Lotus Horizon Holdings Limited

智中國際控股有限公司

(incorporated in the Cayman Islands with limited liability)

Stock Code : 6063

SHARE OFFER

Sole Sponsor



Sole Bookrunner and Joint Lead Manager



Joint Lead Managers



IMPORTANT

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

LOTUS HORIZON HOLDINGS LIMITED

智中國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

SHARE OFFER

Number of Offer Shares : 500,000,000 Shares
(subject to the Over-allotment Option)
Number of Hong Kong Offer Shares : 50,000,000 Shares (subject to reallocation)
Number of International Offer Shares : 450,000,000 Shares (subject to reallocation and the Over-allotment Option)
Offer Price : Not more than HK\$0.29 for each Offer Share,
plus brokerage fee of 1%, SFC transaction levy of 0.0027%, and Stock Exchange trading fee of 0.005% (payable in full on application in Hong Kong dollars based on the maximum Offer Price and subject to refund)
Nominal value : HK\$0.01 per Share
Stock code : 6063

Sole Sponsor



Sole Bookrunner and Joint Lead Manager



Joint Lead Managers



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 and Available for Public Inspection in Hong Kong” 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. The Securities and Futures Commission and the Registrar of Companies in Hong Kong take no responsibility as to the contents of this prospectus or any other documents referred to above.

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

The Offer Price is expected to be fixed by agreement between the Sole Bookrunner (for itself and on behalf of the other Underwriters) and us on the Price Determination Date, which is expected to be on or around Thursday, 2 April 2020 or such later date as may be agreed between the parties, but in any event no later than Sunday, 5 April 2020. The Offer Price will not be more than HK\$0.29 and is expected to be not less than HK\$0.25 unless otherwise announced. Investors applying for our Hong Kong Offer Shares must pay the maximum Offer Price of HK\$0.29, together with brokerage fee of 1%, SFC transaction levy of 0.0027%, and Stock Exchange trading fee of 0.005%, subject to refund if the Offer Price is lower than HK\$0.29.

The Sole Bookrunner (for itself and on behalf of the other Underwriters) may reduce the indicative range of the Offer Price and/or the number of our Offer Shares stated in this prospectus at any time prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such case, a notice of reduction of the indicative range of the Offer Price and/or the number of our Offer Shares will be published on the websites of the Stock Exchange at www.hkexnews.hk and our Company at www.lotushorizonholdings.com as soon as practicable following the decision on such reduction and in any event not later than the morning of the day which is the last day for lodging applications under the Hong Kong Public Offering. If, for whatever reason, the Sole Bookrunner (for itself and on behalf of the other Underwriters) and us are unable to agree on the Offer Price by Sunday, 5 April 2020, the Share Offer will not proceed and will lapse.

Prospective investors of our Hong Kong Offer Shares should note that the Hong Kong Underwriters are entitled to terminate its obligations under the Hong Kong Underwriting Agreement by notice in writing to us given by the Sole Bookrunner (for itself and on behalf of the other Hong Kong Underwriters) upon the occurrence of any of the events set forth in the section headed “Underwriting — Underwriting arrangements and expenses — Hong Kong Public Offering — Grounds for termination” in this prospectus at any time prior to 8:00 a.m. (Hong Kong time) on the day on which dealings in our Shares commence on the Stock Exchange.

30 March 2020

EXPECTED TIMETABLE

Our Company will issue an announcement in Hong Kong to be published on the websites of the Stock Exchange at www.hkexnews.hk and our Company at www.lotushorizonholdings.com if there is any change in the following expected timetable of the Share Offer. Further information on the Share Offer, including the conditions of the Share Offer, is set forth in the sections headed “Structure and Conditions of the Share Offer” and “How to Apply for our Hong Kong Offer Shares” in this prospectus.

WHITE and **YELLOW** Application Forms available from 9:00 a.m. on Monday, 30 March 2020

Latest time to complete electronic applications under **HK eIPO White Form**

service through one of the following ways:

(1) the designated website at **www.hkeipo.hk**

(2) the **IPO App**, which can be downloaded by searching
“**IPO App**” in App Store or Google Play or at

www.hkeipo.hk/IPOApp or **www.tricorglobal.com/IPOApp**⁽²⁾ 11:30 a.m. on
Thursday, 2 April 2020

Application Lists open⁽³⁾ 11:45 a.m. on
Thursday, 2 April 2020

Latest time to lodge **WHITE** and **YELLOW** Application Forms and
to give **electronic application Instructions** to HKSCC⁽⁴⁾ 12:00 noon on
Thursday, 2 April 2020

Latest time to complete payment for **HK eIPO White Form** applications by
effecting Internet banking transfer(s) or PPS payment transfer(s) 12:00 noon on
Thursday, 2 April 2020

Application Lists close 12:00 noon on
Thursday, 2 April 2020

Price Determination Date⁽⁵⁾ Thursday, 2 April 2020

Announcement of the Offer Price, the level of the applications
in the Hong Kong Public Offering, the level of indication of
interest in the International Offering, and the basis of
allotment of the Hong Kong Offer Shares to be published
on the websites of the Stock Exchange at **www.hkexnews.hk**
and our Company at **www.lotushorizonholdings.com**. Tuesday, 14 April 2020

Results of allocations (with successful applicants’ identification
document numbers or Hong Kong business registration numbers)
of the Hong Kong Public Offering will be available through
a variety of channels as set forth in the section headed
“How to Apply for our Hong Kong Offer Shares” in this prospectus. Tuesday, 14 April 2020

EXPECTED TIMETABLE

A full announcement of the Hong Kong Public Offering containing (1) and (2) above to be published on the websites of the Stock Exchange at www.hkexnews.hk⁽⁷⁾ and our Company at www.lotushorizonholdings.com⁽⁸⁾ from Tuesday, 14 April 2020

Results of allocations in the Hong Kong Public Offering will be available at www.tricor.com.hk/ipo/result or www.hkeipo.hk/IPOResult or at “Allotment Result” function in **IPO App** with a “search by ID Number/Business Registration Number” function from Tuesday, 14 April 2020

Despatch of **HK eIPO White Form** e-Auto Refund payment instructions/refund cheques in respect of wholly successful (if applicable) (if the Offer Price is less than the high-end of the indicative range of the Offer Price) wholly and partially unsuccessful applications under the Hong Kong Public Offering on or before⁽⁹⁾⁽¹⁰⁾ Tuesday, 14 April 2020

Despatch of Share certificates of our Offer Shares or deposit of Share certificates of Offer Shares into CCASS in respect of wholly or partially successful applications under the Hong Kong Public Offering on or before⁽⁶⁾⁽¹⁰⁾ Tuesday, 14 April 2020

Dealings in Shares on the Stock Exchange expected to commence at 9:00 a.m. on Wednesday, 15 April 2020

Notes:

- (1) All times refer to Hong Kong local time, except as otherwise stated.
- (2) You will not be permitted to submit your application to the **HK eIPO White Form** service Provider through the designed website at www.hkeipo.hk or the **IPO App** after 11:30 a.m. on the last day for submitting applications under the Hong Kong Public Offering. If you have already submitted your application and obtained a payment reference number from the designated website prior to 11:30 a.m., you will be permitted to continue the application process (by completing payment of application monies) until 12:00 noon on the last day for submitting applications.
- (3) If there is a “black” rainstorm warning or a tropical cyclone warning signal number 8 or above in force at any time between 9:00 a.m. and 12:00 noon on Thursday, 2 April 2020, the Application Lists will not open and close on that day. Further information is set forth in the section headed “How to Apply for our Hong Kong Offer Shares — 10. Effect of bad weather on the opening of the Application Lists” in this prospectus. If the Application Lists do not open and close on Thursday, 2 April 2020, the dates mentioned in this section may be affected. An announcement will be made by us in such event.
- (4) Applicants who apply for Hong Kong Offer Shares by giving **electronic application instructions** to HKSCC should refer to the section headed “How to Apply for our Hong Kong Offer Shares — Applying by giving electronic application instructions to HKSCC via CCASS” in this prospectus.
- (5) We expect to determine the Offer Price by agreement with the Sole Bookrunner (for itself and on behalf of the other Underwriters) on the Price Determination Date. The Price Determination Date is expected to be on or around Thursday, 2 April 2020 or such later date as may be agreed between the Sole Bookrunner (for itself and on behalf of the other Underwriters) and us, but in any event, no later than Sunday, 5 April 2020. If, for any reason, the Offer Price is not agreed by Sunday, 5 April 2020 between the Sole Bookrunner (for itself and on behalf of the other Underwriters) and us, the Share Offer will not proceed and will lapse.

EXPECTED TIMETABLE

- (6) **Share certificates for our Offer Shares will only become valid certificates of title at 8:00 a.m. on Wednesday, 15 April 2020 provided that (i) the Share Offer has become unconditional in all respects and (ii) the Underwriting Agreements have not been terminated in accordance with its terms.**
- (7) The announcement will be available for viewing on the Stock Exchange's website at www.hkexnews.hk.
- (8) Neither our Company's website nor any of the information contained on our Company's website forms part of this prospectus.
- (9) e-Auto Refund payment instructions/refund cheques will be issued in respect of wholly or partially unsuccessful applications pursuant to the Hong Kong Public Offering and also in respect of wholly or partially successful applications in the event that the final Offer Price is less than the price payable per Offer Share on application. Part of the applicant's Hong Kong identity card number or passport number, or, if the application is made by joint applicants, part of the Hong Kong identity card number or passport number of the first-named applicant, provided by the applicant(s) may be printed on the refund cheque, if any. Such data would also be transferred to a third party for refund purposes. Banks may require verification of an applicant's Hong Kong identity card number or passport number before cashing the refund cheque. Inaccurate completion of an applicant's Hong Kong identity card number or passport number may lead to delays in encashment of, or may invalidate, the refund cheque.
- (10) Applicants who have applied on **WHITE** Application Forms for 1,000,000 or more Hong Kong Offer Shares and have provided all required information may collect any refund cheques and Share certificates in person from our Hong Kong Share Registrar between 9:00 a.m. to 1:00 p.m. on Tuesday, 14 April 2020. Applicants being individuals who opt for personal collection may not authorise any other person to make collection on their behalf. Applicants being corporations who opt for personal collection must attend by their authorised representatives bearing letters of authorisation from their corporation stamped with the corporation's chop. Both individuals and authorised representatives of corporations must produce, at the time of collection, identification and (where applicable) authorisation documents acceptable to our Hong Kong Share Registrar.

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

Applicants who have applied through the **HK eIPO White Form** service for 1,000,000 or more Hong Kong Offer Shares under the Hong Kong Public Offering can collect their Share certificates (if any) in person from our Hong Kong Share Registrar between 9:00 a.m. to 1:00 p.m. on Tuesday, 14 April 2020. For applicants who apply through the **HK eIPO White Form** service and paid the application monies from a single bank account, e-Auto Refund payment instructions (if any) will be despatched to their application payment bank account on or before Tuesday, 14 April 2020. For applicants who apply through the **HK eIPO White Form** service and used multi-bank accounts to pay the application monies, refund cheque, will be despatched to the address specified in their electronic application instruction to the **HK eIPO White Form** service Provider on or before Tuesday, 14 April 2020.

Applicants who apply for Hong Kong Offer Shares by giving **electronic application instructions** to HKSCC should refer to the section headed "How to Apply for our Hong Kong Offer Shares" in this prospectus. Uncollected Share certificates and/or refund cheques will be despatched by ordinary post, at the applicants' own risk to the addresses specified in the relevant applications. Further information is set forth in the section headed "How to Apply for our Hong Kong Offer Shares—Applying through **HK eIPO White Form** service" in this prospectus.

Further information on the structure of the Share Offer, including the conditions thereto, is set forth in the section headed "Structure and Conditions of the Share Offer" in this prospectus.

Prospective investors of our Hong Kong Offer Shares should note that the Hong Kong Underwriters are entitled to terminate its obligations under the Hong Kong Underwriting Agreement by notice in writing to us given by the Sole Bookrunner (for itself and on behalf of the other Hong Kong Underwriters) upon the occurrence of any of the events set forth in the section headed "Underwriting — Underwriting arrangements and expenses — Hong Kong Public Offering — Grounds for termination" in this prospectus at any time prior to 8:00 a.m. (Hong Kong time) on the day on which dealings in our Shares commence on the Stock Exchange.

CONTENTS

IMPORTANT NOTICE TO INVESTORS

This prospectus is issued by our Company solely in connection with the Hong Kong Public Offering and does not constitute an offer to sell or a solicitation of an offer to buy any securities other than our Hong Kong Offer Shares offered pursuant to the Hong Kong Public Offering. This prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in any other jurisdiction or in any other circumstances. No action has been taken to permit a public offering of our Offer Shares in any jurisdiction other than Hong Kong and no action has been taken to permit the distribution of this prospectus in any jurisdiction other than Hong Kong. The distribution of this prospectus for purposes of a public offering and the offering and sale of our Offer Shares in jurisdictions other than Hong Kong are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorisation by the relevant securities regulatory authorities or an exemption therefrom.

You should rely only on the information contained in this prospectus and the Application Forms to make your investment decision in our Hong Kong Offer Shares. We have not authorised anyone to provide you with information that is different from what is contained in this prospectus. Any information or representation not contained nor made in this prospectus and the Application Forms must not be relied on by you as having been authorised by our Company, our Directors, and any of the Relevant Persons.

	<i>Page</i>
EXPECTED TIMETABLE	i
CONTENTS	iv
SUMMARY AND HIGHLIGHTS	S-1
DEFINITIONS	1
GLOSSARY OF TECHNICAL TERMS	12
PROJECT ABBREVIATIONS	14
RISK FACTORS	18
FORWARD-LOOKING STATEMENTS	34
INFORMATION ABOUT THIS PROSPECTUS AND THE SHARE OFFER	35
DIRECTORS AND PARTIES INVOLVED IN THE SHARE OFFER	40
CORPORATE INFORMATION	45
INDUSTRY OVERVIEW	47

CONTENTS

	<i>Page</i>
APPLICABLE LAWS AND REGULATIONS	60
HISTORY, DEVELOPMENT, AND REORGANISATION	74
BUSINESS	82
DIRECTORS, SENIOR MANAGEMENT, AND EMPLOYEES	183
CONTROLLING SHAREHOLDERS AND SUBSTANTIAL SHAREHOLDERS	203
RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS	204
FINANCIAL INFORMATION	210
REASONS FOR THE LISTING AND PROPOSED USE OF THE NET PROCEEDS FROM THE SHARE OFFER	275
SHARE CAPITAL	288
UNDERWRITING	291
STRUCTURE AND CONDITIONS OF THE SHARE OFFER	301
HOW TO APPLY FOR OUR HONG KONG OFFER SHARES	310
APPENDIX I — ACCOUNTANTS' REPORT	I-1
APPENDIX II — UNAUDITED PRO FORMA FINANCIAL INFORMATION	II-1
APPENDIX III — SUMMARY OF THE CONSTITUTION OF OUR COMPANY AND CAYMAN ISLANDS COMPANY LAW	III-1
APPENDIX IV — STATUTORY AND GENERAL INFORMATION	IV-1
APPENDIX V — DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES AND AVAILABLE FOR PUBLIC INSPECTION IN HONG KONG ...	V-1

SUMMARY AND HIGHLIGHTS

This section aims to give you an overview of the information contained in this prospectus. As this is a summary, it does not contain all the information that may be important to you. You should read this prospectus in its entirety before you decide to invest in our Hong Kong Offer Shares.

There are risks associated with any investment. Some of the particular risks in investing in our Hong Kong Offer Shares are set forth in the section headed “Risk Factors” in this prospectus. You should read that section carefully before you decide to invest in our Hong Kong Offer Shares. Various expressions used in this section are defined or explained in the section headed “Definitions” in this prospectus.

OVERVIEW

We are a subcontractor engaged in the provision of design, supply, and installation services for façade works and building metal finishing works projects in Hong Kong. With more than a decade of industry experience, we have completed various façade works and building metal finishing works projects for commercial properties, residential properties, and public facilities in Hong Kong, including public facilities projects initiated by the Hong Kong Government and residential and commercial properties with distinguished and remarkable designs. During the Track Record Period, we have participated in a number of projects including the installation of aluminium claddings and ceilings within the *MTR* stations and mega columns within the main station hall of *Hong Kong West Kowloon Station*.

According to the Ipsos Report, the façade works industry in Hong Kong has experienced steady growth with an increase in the gross output value from HK\$4.8 billion in 2014 to HK\$5.7 billion in 2018, representing a CAGR of 4.0%. The increasing use of façade in building construction is largely due to its modern appearance, energy efficiency, and ease of installation and maintenance. The use of façade in residential properties accounted for 70% of the total gross output value of the façade works industry in Hong Kong during the five-year period from 2014 to 2018. According to the Ipsos Report, the gross output value of the building metal finishing works industry in Hong Kong has increased from HK\$6.9 billion in 2014 to HK\$11.1 billion in 2018, representing a CAGR of 12.9%. Our Directors expect that both the façade works industry and the building metal finishing works industry would benefit from the commitment of the Hong Kong Government to increase the supply of 450,000 residential units between 2018/19 and 2027/28 and the commencement of the construction of various infrastructure projects, including (a) *MTR* route extension projects; (b) *West Kowloon Cultural District*, a public space of 23 hectares for a variety of arts and cultural facilities; and (c) *Hong Kong International Airport Master Plan 2030*, a long-term plan for the third runway and the related terminals and supporting facilities which will provide further momentum to our business growth.

Driven by the industrial growth and our devoted efforts and commitments, our revenue increased from HK\$105.8 million during the year ended 31 March 2017 to HK\$166.8 million during the year ended 31 March 2018, and further to HK\$202.8 million during the year ended 31 March 2019. Our net profit increased from HK\$16.4 million during the year ended 31 March 2017 to HK\$32.6 million during the year ended 31 March 2018, and further to HK\$36.5 million during the year ended 31 March 2019. Our revenue and net profit increased from HK\$84.0 million and HK\$14.3 million during the six months ended 30 September 2018, respectively, to HK\$126.2 million and HK\$18.1 million during the six months ended 30 September 2019, respectively.

SUMMARY AND HIGHLIGHTS

See the section headed “Business” in this prospectus for further information.

BUSINESS MODEL AND SCOPE OF SERVICES PROVIDED

We offer design, supply, and installation services for façade works and building metal finishing works projects in Hong Kong. For each project undertaken by us, we are responsible for project management and provision of system design solutions according to the design intent provided by our customers. All of the site installation works for our projects are outsourced to the subcontractors. Our works encompass customised system design of façade works and building metal finishing works, shop drawings, sourcing and procurement of materials, material fabrication and processing, on-site installation works, performance testing, and post-installation maintenance.

As part of our services, we also provide repairs and maintenance services for curtain walls, aluminium windows and doors, and replacement of damaged components mainly for property development projects for which we had acted as subcontractors or at the request of our customers. During the three years ended 31 March 2019, the revenue generated from the provision of repairs and maintenance services, which was treated as part of the revenue generated from façade works projects, amounted to nil, HK\$62,000, and HK\$550,000, respectively. During the six months ended 30 September 2019, the revenue generated from the provision of repairs and maintenance services amounted to HK\$188,000, as compared to nil for the six months ended 30 September 2018.

OUR DESIGN, SUPPLY, AND INSTALLATION PROJECTS

Façade works projects and building metal finishing works project

During the Track Record Period, we had completed 27 design, supply, and installation projects, of which 12 were façade works projects and 15 were building metal finishing works projects.

Revenue

The table below sets forth an analysis of our revenue by the types of services provided by us during the Track Record Period (with the comparative figures during the six months ended 30 September 2018):

	Year ended 31 March						Six months ended 30 September			
	2017		2018		2019		2018		2019	
	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000	%
	<i>(Unaudited)</i>									
Façade works	77,392	73.1	82,268	49.3	139,381	68.7	44,521	53.0	97,088	76.9
Building metal finishing works	28,430	26.9	84,483	50.7	63,405	31.3	39,469	47.0	29,129	23.1
Total	105,822	100.0	166,751	100.0	202,786	100.0	83,990	100.0	126,217	100.0

Revenue generated from building metal finishing works projects increased from HK\$28.4 million during the year ended 31 March 2017 to HK\$84.5 million during the year ended 31 March 2018, representing an increase of 197.5%. During the year ended 31 March 2018, we focused our resources on accelerating completion of the installation works for projects including *Hong Kong West Kowloon*

SUMMARY AND HIGHLIGHTS

Station (Projects 13–17 and Project 20), *Sung Wong Toi Station and To Kwa Wan Station (A)* (Project 26) and *Sung Wong Toi Station and To Kwa Wan Station (B)* (Project 27) per the requests of our customers then. As such, we derived revenue in an aggregate amount of HK\$75.3 million from such projects during the year ended 31 March 2018, comparing with the revenue of HK\$19.6 million during the year ended 31 March 2017.

Gross profit and gross profit margin

The table below sets forth an analysis of the amount of gross profit and the gross profit margins by types of services provided by us during the Track Record Period (with the comparative figures during the six months ended 30 September 2018):

	Year ended 31 March						Six months ended 30 September			
	2017		2018		2019		2018		2019	
	<i>Gross profit margin</i>		<i>Gross profit margin</i>		<i>Gross profit margin</i>		<i>Gross profit margin</i>		<i>Gross profit margin</i>	
	<i>HK\$'000</i>	(<i>%</i>)	<i>HK\$'000</i>	(<i>%</i>)	<i>HK\$'000</i>	(<i>%</i>)	<i>HK\$'000</i>	(<i>%</i>)	<i>HK\$'000</i>	(<i>%</i>)
	<i>(Unaudited)</i>									
Façade works	22,401	28.9	24,851	30.2	42,689	30.6	11,495	25.8	27,790	28.6
Building metal finishing works	8,499	29.9	25,927	30.7	19,095	30.1	11,679	29.6	8,371	28.7
Total	30,900	29.2	50,778	30.5	61,784	30.5	23,174	27.6	36,161	28.7

Revenue by sectors

Out of the 27 completed projects during the Track Record Period, six projects were residential properties, six projects were commercial properties, and 15 projects were in relation to public facilities, including nine *MTR* station projects, one public housing project, three education institution projects, and two projects on public recreational facilities.

The table below sets forth an analysis of our revenue by sectors during the Track Record Period (with the comparative figures during the six months ended 30 September 2018):

	Year ended 31 March						Six months ended 30 September			
	2017		2018		2019		2018		2019	
	<i>HK\$'000</i>	(<i>%</i>)	<i>HK\$'000</i>	(<i>%</i>)	<i>HK\$'000</i>	(<i>%</i>)	<i>HK\$'000</i>	(<i>%</i>)	<i>HK\$'000</i>	(<i>%</i>)
	<i>(Unaudited)</i>									
Residential properties	7,776	7.3	39,495	23.7	59,807	29.5	13,914	16.6	74,015	58.7
Commercial properties	34,701	32.8	41,033	24.6	57,472	28.3	23,973	28.5	20,624	16.3
Public facilities	63,345	59.9	86,223	51.7	85,507	42.2	46,103	54.9	31,578	25.0
Total	105,822	100.0	166,751	100.0	202,786	100.0	83,990	100.0	126,217	100.0

SUMMARY AND HIGHLIGHTS

Gross profit and gross profit margin by sectors

The table below sets forth an analysis of the amount of gross profit and the gross profit margin by sectors during the Track Record Period (with the comparative figures during the six months ended 30 September 2018):

	Year ended 31 March						Six months ended 30 September			
	2017		2018		2019		2018		2019	
	<i>Gross profit margin</i>		<i>Gross profit margin</i>		<i>Gross profit margin</i>		<i>Gross profit margin</i>		<i>Gross profit margin</i>	
	<i>HK\$'000</i>	<i>(%)</i>	<i>HK\$'000</i>	<i>(%)</i>	<i>HK\$'000</i>	<i>(%)</i>	<i>HK\$'000</i>	<i>(%)</i>	<i>HK\$'000</i>	<i>(%)</i>
	<i>(unaudited)</i>									
Residential properties	2,681	34.5	13,239	33.5	16,161	27.0	4,219	30.3	20,192	27.3
Commercial properties	8,159	23.5	10,841	26.4	19,087	33.2	5,738	23.9	6,867	33.3
Public facilities	20,060	31.7	26,698	31.0	26,536	31.0	13,217	28.7	9,102	28.7
Total	<u>30,900</u>	29.2	<u>50,778</u>	30.5	<u>61,784</u>	30.5	<u>23,174</u>	27.6	<u>36,161</u>	28.7

SUMMARY AND HIGHLIGHTS

Information on the design, supply, and installation projects undertaken by us

As of 31 March 2017, 2018, and 2019, and 30 September 2019, we had 18, 22, 15, and 21 design, supply, and installation projects in progress, respectively. As of the Latest Practicable Date, we had 23 design, supply, and installation projects in progress. The table below sets forth the number of projects and changes in project backlog for projects undertaken by us during the Track Record Period and for the period from 1 October 2019 to the Latest Practicable Date:

	Year ended 31 March				From 1 October 2019 to the Latest Practicable Date															
	2017		2018		2019		Six months ended 30 September 2019		Original contract sum orders HKS'000 (Unaudited)											
	Original contract sum HKS'000	Variation orders HKS'000	Total HKS'000	Number of projects	Original contract sum HKS'000	Variation orders HKS'000	Total HKS'000	Number of projects	Original contract sum HKS'000 (Unaudited)	Variation orders HKS'000 (Unaudited)	Total HKS'000 (Unaudited)	Number of projects	Original contract sum HKS'000 (Unaudited)	Variation orders HKS'000 (Unaudited)	Total HKS'000 (Unaudited)	Number of projects				
Projects in progress as of 1 April 2016, 2017, 2018, and 2019, and 1 October 2019	13	158,293	7,376	165,669	18	296,231	—	296,231	22	321,346	16,047	337,393	15	275,839	22,065	297,904	21	298,163	22,713	320,876
Awarded design, supply, and installation projects during the year/period	9	236,384	—	236,384	9	178,111	29,802	207,913	7	135,337	27,960	163,297	10	141,390	7,799	149,189	5	122,248	7,512	129,760
	22	394,677	7,376	402,053	27	474,342	29,802	504,144	29	456,683	44,007	500,690	25	417,229	29,864	447,093	26	420,411	30,225	450,636
Amount of revenue recognised (a) from the completed projects during the same year/period	(4)	(18,516)	(1,885)	(20,401)	(5)	(25,141)	(5,028)	(30,169)	(14)	(12,071)	(17,962)	(30,033)	(4)	(409)	(410)	(819)	(3)	(3,968)	2,650	(1,318)
(b) from the projects completed during other years of Track Record Period	12	(36,665)	(659)	(37,324)	11	(84,706)	(8,727)	(93,433)	1	—	(3,332)	(3,332)	3	—	(449)	(449)	3	—	(657)	(657)
(c) from the projects previously completed	1	—	(4,832)	(4,832)	—	—	—	—	1	—	(231)	(231)	—	—	—	—	—	—	—	—
(d) from the ongoing projects	6	(43,265)	—	(43,265)	10	(43,149)	—	(43,149)	15	(168,773)	(417)	(169,190)	20	(118,657)	(6,292)	(124,949)	20	(99,946)	(24,106)	(124,052)
	(98,446)	(7,376)	(105,822)	(115,296)	(137,355)	(166,751)	(180,844)	(202,786)	(180,844)	(21,942)	(21,942)	(202,786)	(119,066)	(7,151)	(126,217)	(103,914)	(103,914)	(22,113)	(126,027)	
Project backlog for projects in progress as of 31 March 2017, 2018, and 2019, 30 September 2019, and the Latest Practicable Date	18	296,231	—	296,231	22	321,346	16,047	337,393	15	275,839	22,065	297,904	21	298,163	22,713	320,876	23	316,497	8,112	324,609

Notes to the above tables are set forth on page 97 in this prospectus.

SUMMARY AND HIGHLIGHTS

See the section headed “Business — Our design, supply, and installation projects” in this prospectus for further information.

Tender and tender success rates for projects

We generally source and identify design, supply, and installation projects through business referrals by way of (a) tendering or (b) invitation for quotation. We receive tender invitations from prospective customers and professionals in the construction sector with whom we have business relationship. We also receive invitations for quotation for projects of less technical complexity, small scale, and short duration through business referrals or recommendations from architecture firms or façade consultants. The tender process may take two to six months to complete. Design, supply, and installation projects undertaken by us would generally require 12 to 24 months to complete. Project duration varies due to a number of factors including project scale, construction progress, construction schedules, technical complexity and project requirements. Revenue attributable to projects awarded to us by tenders during the three years ended 31 March 2019 amounted to HK\$105.8 million, HK\$166.8 million, and HK\$202.8 million, respectively. During the six months ended 30 September 2019, the revenue attributable to tendered projects amounted to HK\$126.2 million.

During the three years ended 31 March 2019, the tender success rate for façade works projects were 26.7%, 25.0%, and 26.0%, respectively, while the tender success rate for building metal finishing works projects were 28.6%, nil, and 16.7%, respectively. We were not able to obtain any building metal finishing works projects in 2018 as we had focused on the projects on hand due to constraints on our financial and human resources. During the six months ended 30 September 2019, the tender success rate for façade works projects was 21.2% and the tender success rate for building metal finishing works projects was 23.1%. The slight decrease in the tender success rate for façade works projects during the six months ended 30 September 2019, as compared to 26.0% for the year ended 31 March 2019, was due to the fact that several tenders were still under consideration as of the Latest Practicable Date.

CUSTOMERS

Our principal customers include contractors and property developers. All of our customers are Independent Third Parties. We acted as Domestic Subcontractor and Nominated Subcontractor during the Track Record Period. All projects undertaken by us are located in Hong Kong and all of our revenue was denominated in Hong Kong dollars during the Track Record Period.

During the three years ended 31 March 2019, the revenue generated from our largest customer amounted to HK\$21.0 million, HK\$49.9 million, and HK\$52.9 million, respectively, and accounted for 19.8%, 29.9%, and 26.1%, of our revenue during the same years. During the three years ended 31 March 2019, the revenue generated from our five largest customers amounted to HK\$87.5 million, HK\$157.2 million, and HK\$164.1 million, respectively, and accounted for 82.8%, 94.2%, and 80.9%, of our revenue during the same years.

During the six months ended 30 September 2019, the revenue generated from our largest customer amounted to HK\$46.5 million, and accounted for 36.8% of our revenue during the period, as compared to HK\$27.0 million and 32.2% during the six months ended 30 September 2018. During the six months ended 30 September 2019, the revenue generated from our five largest customers amounted to HK\$118.7 million, and accounted for 94.0% of our revenue during the period, as compared to HK\$74.7 million and 88.9% during the six months ended 30 September 2018.

SUMMARY AND HIGHLIGHTS

A significant percentage of our revenue was generated from projects awarded by a few customers. Such customer concentration, and the fact that our business is project-based, would expose us to the risk of fluctuations in the amount of revenue recognised during a particular year or period, further information on which is set forth in the section headed “Risk Factors — Risk relating to our business — We rely on the revenue generated from projects awarded by a limited number of customers during the Track Record Period” of this prospectus.

See the section headed “Business — Customers” in this prospectus for further information.

SUPPLIERS

Our suppliers include suppliers for (a) building materials used in our design, supply, and installation projects, such as aluminium, steel products, and glass; (b) material fabrication or processing services; and (c) providers of other miscellaneous services such as transportation, rental of machinery and equipment, and laboratory testing services. All of our suppliers are Independent Third Parties. During the Track Record Period, our major suppliers were located in Hong Kong, South Korea, and the PRC.

We settle our purchase price with our suppliers in Hong Kong in Hong Kong dollars, while our purchase amount with suppliers in the PRC and South Korea was denominated in RMB and US dollars, respectively.

During the three years ended 31 March 2019, the purchase from our largest supplier amounted to HK\$6.4 million, HK\$12.6 million, and HK\$14.4 million, respectively, and accounted for 18.2%, 23.8%, and 24.0%, of our purchase during the same years. The purchase from our five largest suppliers amounted to HK\$21.0 million, HK\$30.5 million, and HK\$36.0 million, respectively, and accounted for 59.7%, 57.8%, and 60.1%, of our purchase during the same years. During the six months ended 30 September 2019, the purchase from our largest supplier amounted to HK\$17.8 million, and accounted for 42.1% of our purchase during the period, as compared to HK\$6.3 million and 22.8% during the six months ended 30 September 2018. During the six months ended 30 September 2019, the total purchase from our five largest suppliers amounted to HK\$31.3 million, and accounted for 74.0% of our total purchase during the period, as compared to HK\$18.9 million and 68.4% during the six months ended 30 September 2018.

See the section headed “Business — Raw materials and suppliers” in this prospectus for further information.

SUBCONTRACTORS

Our subcontractors include subcontractors for (a) on-site installation works and (b) the lease of machinery and equipment. We engage subcontractors to perform on-site installation works for our façade works and building metal finishing works projects. All of our subcontractors are Independent Third Parties. As we do not own machinery and equipment for on-site installation, we would lease the required machinery and equipment, such as modular working platform and aluminium mobile stand, for our subcontractors to perform the relevant on-site installation works or otherwise, may also request our subcontractors to arrange for the machinery and equipment by themselves at our own cost.

SUMMARY AND HIGHLIGHTS

During the Track Record Period, all of our subcontractors were located in Hong Kong and the subcontracting fees we paid and payable to our subcontractors were denominated in Hong Kong dollars. During the three years ended 31 March 2019, the subcontracting fees paid and payable by us for the installation works of our façade works and building metal finishing works projects accounted for 32.6%, 37.9%, and 36.3% of our cost of sales, respectively. During the six months ended 30 September 2019, the subcontracting fees incurred by us for the installation works accounted for 32.1% of our cost of sales, as compared to 31.3% during the six months ended 30 September 2018.

During the three years ended 31 March 2019, the subcontracting fees paid and payable by us to our largest subcontractor amounted to HK\$10.3 million, HK\$15.5 million, and HK\$11.7 million, respectively, and accounted for 42.4%, 35.3%, and 22.8%, of the total amount of subcontracting fees during the same years. During the three years ended 31 March 2019, the subcontracting fees paid and payable by us to our five largest subcontractors amounted to HK\$21.9 million, HK\$38.9 million, and HK\$42.3 million, respectively, and accounted for 89.9%, 88.4%, and 82.6%, of the total amount of subcontracting fees during the same years.

During the six months ended 30 September 2019, the subcontracting fees paid and payable by us to our largest subcontractor amounted to HK\$18.9 million, and accounted for 65.3% of the amount of subcontracting fees during the period, as compared to HK\$7.9 million and 41.4% during the six months ended 30 September 2018. During the six months ended 30 September 2019, the subcontracting fees paid and payable by us to our five largest subcontractors amounted to HK\$27.8 million, and accounted for 96.1% of the amount of subcontracting fees during the period, as compared to HK\$17.0 million and 89.3% during the six months ended 30 September 2018.

See the section headed “Business — Subcontractors” in this prospectus for further information.

FINANCIAL INFORMATION

Selected financial information from the consolidated statements of profit or loss and comprehensive income

	Year ended 31 March			Six months ended 30 September	
	2017	2018	2019	2018	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
				<i>(Unaudited)</i>	
Revenue	105,822	166,751	202,786	83,990	126,217
Gross profit	30,900	50,778	61,784	23,174	36,161
Profit before taxation	19,603	38,961	44,996	17,287	22,640
Profit and total comprehensive income for the year	16,403	32,555	36,490	14,337	18,091

During the three years ended 31 March 2019, our revenue amounted to HK\$105.8 million, HK\$166.8 million, and HK\$202.8 million, respectively. During the six months ended 30 September 2019, our revenue amounted to HK\$126.2 million, as compared to HK\$84.0 million during the six

SUMMARY AND HIGHLIGHTS

months ended 30 September 2018. The increase in revenue recognised by us during the Track Record Period was primarily due to the increase in the number of ongoing and completed design, supply, and installation projects undertaken by us and the size of the projects undertaken by us.

Selected financial information from the consolidated statements of financial position

	As of 31 March			As of 30 September
	2017	2018	2019	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current assets	4,892	5,318	4,026	5,631
Current assets	28,847	39,358	100,118	121,641
Current liabilities	24,515	24,936	75,228	79,307
Net current assets	4,332	14,422	24,890	42,334
Total assets less current liabilities	9,224	19,740	28,916	47,965
Non-current liability	1,812	1,773	810	1,768
Net assets	7,412	17,967	28,106	46,197

As of 31 March 2017, 2018, and 2019, and 30 September 2019, the amounts of net current assets and net assets increased with our business growth and the increases in the amount of contract assets and trade receivables as a result of completion of an increasing number of design, supply, and installation projects. Our current assets increased from HK\$39.4 million as of 31 March 2018 to HK\$100.1 million as of 31 March 2019, representing an increase of HK\$60.7 million or 154.4%. Such increase was primarily due to the significant increase in contract assets of HK\$56.9 million, mainly attributable to significant works performed by us which have yet to be certified by our customers or retention money withheld by our customers for various projects, which primarily included *So Kwun Wat Road* (Project 29), *King's Road* (Project 31), and *Museum+* (Projects 32–33).

Our current liabilities also increased from HK\$24.9 million as of 31 March 2018 to HK\$75.2 million as of 31 March 2019, representing an increase of HK\$50.3 million or 201.7%. Such increase was primarily due to (i) the increase in bank borrowings of HK\$32.5 million which were used for the payment of the Upfront Costs for the increased number of designs, supply, and installation projects undertaken by us; and (ii) the increase in dividend payable of HK\$16.9 million.

See the section headed “Financial Information — Our operating results” and “Financial Information — Principal components of our current assets and current liabilities” in this prospectus for further information.

SUMMARY AND HIGHLIGHTS

Selected financial information from the consolidated statements of cash flow

	Year ended 31 March			Six months ended 30 September	
	2017	2018	2019	2018	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
				<i>(Unaudited)</i>	
Operating cash flows before movements in working capital	24,213	41,801	46,698	18,798	24,149
Changes in working capital	9,629	7,472	(69,926)	(39,068)	(14,860)
Hong Kong profits tax paid	(1,138)	(3,789)	(9,319)	—	(1,628)
Net cash from (used in) operating activities .	32,704	45,484	(32,547)	(20,270)	7,661
Net cash (used in) investing activities	(12,655)	(21,774)	(6,012)	(4,852)	(310)
Net cash (used in) financing activities	(16,712)	(1,087)	25,614	3,277	(6,214)
Net increase (decrease) in cash and cash equivalents	3,337	22,623	(12,945)	(21,845)	1,137
Cash and cash equivalents at beginning of the year/period	442	3,779	26,402	26,402	13,457
Cash and cash equivalents at end of the year/period, representing bank balances and cash	<u>3,779</u>	<u>26,402</u>	<u>13,457</u>	<u>4,557</u>	<u>14,594</u>

During the six months ended 30 September 2018 and year ended 31 March 2019, we recorded net cash used in operating activities of HK\$20.3 million and HK\$32.5 million, respectively, primarily due to the increase in the amount of Upfront Costs and the balance of the contract assets for certain façade works projects, such as *King's Road* (Project 31) and *So Kwun Wat Road (A)* (Project 29), for which we have performed our works, but these works have yet to be certified/confirmed by our customers. Our net cash used in investing activities increased from HK\$12.7 million during the year ended 31 March 2017 to HK\$21.8 million during the year ended 31 March 2018, primarily due to the increase in the advances to Mr. CHU of HK\$10.1 million for his personal use.

See the section headed “Financial Information — Liquidity and capital resources” in this prospectus for further information.

Accumulated loss brought forward at the beginning of the Track Record Period

We recorded accumulated loss as of 1 April 2016 primarily due to the loss incurred in the early stage of business operation of ICGL (Hong Kong). At that time, we spent significant amount of resources on team building and establishing business relationships with our customers, suppliers, and subcontractors. Due to our limited human and financial resources during the early establishment stage, we submitted less tenders than we did during the Track Record Period and only secured façade works and building metal finishing works projects of small contract sum. We began generating profit from the year ended 31 March 2015 and have improved our profitability since then, although the amount of profit was not yet sufficient to offset the accumulated loss position as of 1 April 2016, as our tender prices were generally lower than the prices that could be secured by us during the Track Record Period due to the lack of credentials and reputation.

SUMMARY AND HIGHLIGHTS

The adoption of HKFRS 15 also reduced the amount of revenue recognised in the years prior to the commencement of the Track Record Period.

As of 1 April 2016, the decrease in retained earnings as a result of the adoption of HKFRS 15, amounted to HK\$2.4 million. This amount of decrease represented a reduction of the net assets due to the increases in the amount of contract liabilities of HK\$3.5 million and the amount of contract assets of HK\$1.1 million. As of 1 April 2016, ICGL (Hong Kong) recorded an accumulated loss of HK\$7.0 million. During the year ended 31 March 2017, ICGL (Hong Kong) declared and paid interim dividend of HK\$12.0 million out of the profit of HK\$16.4 million (which was based on the then applicable accounting standards), which had reduced the balance of the accumulated loss to HK\$2.6 million as of 31 March 2017. Our Directors confirm that ICGL (Hong Kong) had sufficient reserve for distribution during the year ended 31 March 2017 at the time of declaration of the interim dividend based on the then applicable accounting standards and the negative reserve had no impact on us.

See the section headed “Financial Information — Consolidated statements of financial position” in this prospectus for further information.

MARKET AND COMPETITION

The façade works industry in Hong Kong is a mature and consolidated industry with 30 to 40 façade companies actively performing façade works in March 2020. The development of the façade works industry is primarily driven by the increasing number of construction projects and the popularity of environmental-friendly buildings. The building metal finishing works industry in Hong Kong is relatively fragmented. In March 2020, there were 448 contractors registered as metal works subcontractors with the Construction Industry Council. Building metal finishing works industry is primarily driven by the increasing number of building construction projects in Hong Kong and the initiatives of the Hong Kong Government to boost the demand for renovating the existing buildings in Hong Kong.

We mainly compete with our competitors in terms of work quality and capability to implement the architectural designs of our customers. Based on our Group’s proven track record, we believe that we have a good reputation and established relationship with our customers, and compete effectively in the industry.

See the section headed “Industry Overview” in this prospectus for further information.

SELECTED FINANCIAL RATIOS

	Year ended 31 March			Six months ended 30 September	
	2017	2018	2019	2018	2019
				<i>(Unaudited)</i>	
Gross profit margin (%)	29.2	30.5	30.5	27.6	28.6
Net profit margin (%)	15.5	19.5	18.0	17.1	14.3
Return on equity (%)	221.3	181.2	129.8	N/A	N/A
Return on assets (%)	48.6	72.9	35.0	N/A	N/A
Interest coverage (times)	68.8	355.2	138.2	299.1	35.2

SUMMARY AND HIGHLIGHTS

	As of 31 March			As of
				30 September
	2017	2018	2019	2019
Gearing ratio (%)	N/A	N/A	115.6	71.4
Net debt to equity ratio (%)	N/A	N/A	67.7	39.8
Current ratio (<i>times</i>)	1.2	1.6	1.3	1.5

See the section headed “Financial Information — Key Financial Ratios” in this prospectus for further information.

REASONS FOR THE LISTING AND PROPOSED USE OF THE NET PROCEEDS FROM THE SHARE OFFER

Our Directors believe that the Listing is beneficial to our business development as the net proceeds from the Share Offer would provide us with additional financial resources without incurring additional bank borrowings. During the Track Record Period, we relied on bank borrowings to support our business growth and in particular, the payment of the Upfront Costs. In addition, as we are a subcontractor, the Listing will enhance our corporate profile from the perspective of main contractors and property developers and require us to comply with the financial reporting requirements which would promote business and financial transparency. This will enhance our competitiveness as most of our competitors have been listed on the Stock Exchange. As a listed company, our Directors believe that it would help us to retain members of the senior management team and recruit new staff.

Assuming that the Offer Price is HK\$0.27 (being the mid-point of the indicative range of the Offer Price) and that the Over-allotment Option is not exercised, we estimate that the net proceeds from the Share Offer (after deducting underwriting commission and estimated expenses in connection with the Share Offer) will be HK\$87.7 million.

We intend to apply the net proceeds from the Share Offer as follows:

- (a) HK\$50.6 million, representing 57.8% of the amount of the net proceeds from the Share Offer, will be used for the funding of the Upfront Costs to be incurred after the Listing Date for the Awarded UOP Projects;
- (b) HK\$9.8 million, representing 11.2% of the amount of the net proceeds from the Share Offer, will be used as collateral for the Performance Bonds that would be required to be issued for the Awarded UOP Projects;
- (c) HK\$13.2 million, representing 15.0% of the amount of the net proceeds from the Share Offer, will be used for strengthening our teams of professional staff in Hong Kong;
- (d) HK\$12.8 million, representing 14.6% of the amount of the net proceeds from the Share Offer, will be used for establishing our in-house system design team in the PRC; and
- (e) HK\$1.3 million, representing 1.4% of the amount of the net proceeds from the Share Offer, will be used for the purchase of the rights to use the BIM solution and enterprise resources software.

SUMMARY AND HIGHLIGHTS

The net proceeds from the Share Offer will be used in the same proportion as above if the Offer Price is determined at the high-end or low-end of the indicative range of the Offer Price or the Over-allotment Option is exercised in full or in part. If the net proceeds from the Share Offer are not sufficient for the purposes because the Offer Price is less than HK\$0.27 (being the mid-point of the indicative range of the Offer Price), we will finance the shortfall out of our internal financial resources.

See the section headed “Reasons for the Listing and Proposed Use of the Net Proceeds from the Share Offer” in this prospectus for further information.

UPFRONT COSTS

We are required to pay Upfront Costs for the design, supply, and installation projects undertaken by us. Upfront Costs are project-related expenses, such as system design cost paid to Independent Third Parties, insurance, purchase cost building materials, subcontracting fees, and other expenses, incurred by us during the period from the date of commencement of the project to the date of receipt of the subsequent monthly payments to be equal to the total amount of such expenses. During the Track Record Period, we principally used internal financial resources and bank borrowings to finance the payment of Upfront Costs, which represented 10.2% to 40.4% of the original contract sum of such projects. During the Track Record Period, the amount of the Upfront Costs represented on average 19.7% of the total contract sum of the projects undertaken by us.

DIVIDENDS AND DIVIDEND POLICY

During the three years ended 31 March 2019, we declared dividends of HK\$12.0 million, HK\$22.0 million, and HK\$26.0 million, representing dividend payout ratio of 73.2%, 67.6%, and 71.3%, respectively. As of 30 September 2019, the amount of the dividend payable was HK\$12.2 million and was settled in full as of the Latest Practicable Date. Any future declaration of dividend may or may not reflect our historical declaration of dividend. Our Company may declare dividends in the future after taking into account the operating results, earnings, capital requirements, general financial condition, and other factors as our Directors may deem relevant at such time. Following the Listing, the declaration of dividend is subject to the discretion of our Directors and the approval of the Shareholders (except for interim dividends) as may be necessary. Any declaration and payment as well as the amount of dividends will be subject to the constitutional documents of our Company and the Cayman Companies Law. Our Company currently does not have a fixed dividend policy.

LISTING EXPENSES

Our expenses on the Listing mainly include underwriting commissions and professional fees paid or payable to professional parties for their services rendered in relation to the Listing and the Share Offer. The estimated amount of expenses for the Listing (based on the mid-point of the indicative range of the Offer Price and assuming that the Over-allotment Option is not exercised), including underwriting commissions, is HK\$47.3 million, which represents 35.0% of the gross proceeds from the Share Offer. During the Track Record Period, we recognised HK\$12.0 million as the Listing expenses in consolidated statements of profits or loss and other comprehensive income. We expect that the remaining expenses for the Listing would be HK\$35.3 million, of which HK\$8.4 million is expected to be recognised in the consolidated statements of profit or loss and other comprehensive income and HK\$26.9 million is expected to be recognised as a deduction from equity upon Listing.

SUMMARY AND HIGHLIGHTS

OUR CONTROLLING SHAREHOLDERS

Our Controlling Shareholders are Mr. CHU and Platinum Lotus, and they are a group of Controlling Shareholders for the purpose of the Listing Rules. Immediately upon completion of the Share Offer and the Capitalisation Issue (without taking into account any Shares which may be issued upon the exercise of the Over-allotment Option and/or any option which may be granted under the Post-IPO Share Option Scheme), our Controlling Shareholders will beneficially own 75.0% of our Shares in issue.

OFFER STATISTICS

Offer size.	Initially 500,000,000 Shares, representing 25.0% of the enlarged number of Shares in issue (subject to the Over-allotment Option)
Offer structure	Initially 90% International Offering and 10% Hong Kong Public Offering (subject to re-allocation and the Over-allotment Option)
Over-allotment Option.	Up to 15% of the initial number of our Offer Shares
Offer Price.	HK\$0.25 to HK\$0.29 for each Share

	Based on the low end of the indicative range of the Offer Price of HK\$0.25	Based on the high end of the indicative range of the Offer Price of HK\$0.29
Market capitalisation of our Shares	HK\$500.0 million	HK\$580.0 million
Unaudited pro forma adjusted net tangible assets per Share	HK\$0.07	HK\$0.08

COMPETITIVE STRENGTHS

Our Directors believe that we have the following competitive advantages:

- We have a good reputation and a proven track record in façade works and building metal finishing works in Hong Kong.
- We deliver quality works in façade works and building metal finishing works projects undertaken by us.
- We have strong capability to implement the architectural designs of our customers.
- We have established business relationship with our major customers, suppliers, and subcontractors.
- We have an experienced and dedicated management team.

See the section headed “Business — Competitive strengths” in this prospectus for further information.

SUMMARY AND HIGHLIGHTS

BUSINESS STRATEGIES

Our Directors believe that upon completion of the Share Offer, we will have sufficient financial resources and capability that would allow us to undertake sizeable façade works and building metal finishing works projects. We will pursue the following principal business strategies:

- We will strengthen our capital base.
- We will strengthen our teams of professional staff.
- We will commence using specialised BIM solution and enterprise resources planning solution.

See the section headed “Business — Business strategies” in this prospectus for further information.

PRINCIPAL RISK FACTORS

Our operations and the Share Offer involve certain risks and uncertainties. See “Risk Factors” of this prospectus for further information. Some of the major risks we face include:

- Our business is project-based and any failure to secure new projects could materially and adversely affect our business and financial positions.
- We rely on the revenue generated from projects awarded by a limited number of customers during the Track Record Period.
- We may fail to maintain our business relationship with project owners and as a result, our business acting as Nominated Subcontractor could be adversely affected.
- Revenue generated from a project may be different from the original contract sum due to factors such as variation orders and recoverability of contract assets.
- Occurrence of widespread health epidemic, other outbreaks or natural disaster could have a material impact on our business.
- We cannot assure you that we will succeed in the tender process.
- Our failure to make accurate estimation of our project costs in our tenders may lead to cost overruns or result in losses.
- We rely on subcontractors in providing our services and if we cannot maintain our relationship or effectively monitor their operations, our business could be adversely affected.
- We may fail to complete the projects in a timely manner could materially and adversely affect our reputation and financial performance.
- We cannot assure you that our customers will make timely or full payments or return retention money on time.

SUMMARY AND HIGHLIGHTS

- We had negative operating cash flow from operating activities during the six months ended 30 September 2018 and during the year ended 31 March 2019.
- Adverse changes in the social, political, and economic condition in Hong Kong could materially and adversely affect our business.

See the section headed “Risk Factors” in this prospectus for further information.

IMPACT OF THE OUTBREAK OF NOVEL CORONAVIRUS DISEASE (COVID-19)

Background of the COVID-19 outbreak

The outbreak of the COVID-19 was reported in Wuhan, China in December 2019. Common signs of human infection include respiratory symptoms, fever, cough, shortness of breath, and breathing difficulties. In more severe cases, infection can cause pneumonia, severe acute respiratory syndrome, kidney failure, and even death. The outbreak of the COVID-19 was declared by World Health Organization as a “Public Health Emergency of International Concern” on 30 January 2020.

On 11 March 2020, the World Health Organization has declared that the outbreak of the COVID-19 can be characterised as a global pandemic. According to World Health Organization, as of 20 March 2020, there were 266,073 reported cases of the COVID-19 infection around the world, including 81,416 reported cases in China (including cases confirmed in Hong Kong, Macau and Taiwan) and 184,657 confirmed cases outside China. The outbreak has caused 3,261 casualties in the PRC and 7,923 casualties in all other countries as of 20 March 2020.

A series of tough measures to contain the spread of the COVID-19 from person to person have been implemented in China. Various PRC cities have been completely sealed off as a result. The Chinese New Year holiday has been significantly extended, and schools and businesses have been ordered to suspend their activities. In response to such outbreak, in January 2020, the People’s Government of Guangdong Province and the local government in Shenzhen announced certain measures to prevent the widespread of the disease in the community, among others, (a) people coming from Hubei Province are required to report to the local authority and impose self-quarantine at home for 14 days, (b) corporates were not allowed to resume operation before 10 February 2020, and (c) corporates were required to strengthen the epidemic prevention, in particular to people who have been to the epidemic area.

In Hong Kong, the number of confirmed infection cases was 274 and caused four deaths as of 21 March 2020. Following the earlier measures on school suspension, work-from-home arrangement for certain government departments and private companies, and suspension of some public services and public events, most of the transport and border control point services at border crossings between Hong Kong and Mainland China have been suspended. A 14-day mandatory quarantine has also been imposed on all people entering Hong Kong from Mainland China, though the freight services between Hong Kong and Mainland China have generally not been affected.

With regard to the construction industry in Hong Kong, while a few contractors have temporarily suspended their ongoing construction works for 14 days, most contractors in Hong Kong have experienced minimal impact due to the outbreak of the COVID-19 and managed to continue their construction works with strengthened safety and health measures, including but without limitation to,

SUMMARY AND HIGHLIGHTS

regular sanitisation, temperature checking and provision of necessary protective gears such as surgical masks and goggles. Regarding the supply of building materials, construction contractors in Hong Kong mainly rely on the suppliers in the PRC, particularly Guangdong Province, either through direct sourcing or establishing fabrication plants in Guangdong Province. According to the Ipsos Report, in the event that the outbreak of COVID-19 prolongs or the situation gets worse which results in material delay in the construction, the construction contractors may consider sourcing raw materials from countries and territories in Southeast Asia and fabricate in Hong Kong-based fabrication plants.

Impact on the progress of our ongoing projects as of the Latest Practicable Date

Our Directors confirm that (a) we have commenced the installation works for all our ongoing projects after the 2020 Chinese New Year holiday and (b) we have not been notified by our customers that any of the 23 ongoing design, supply, and installation projects currently undertaken by us would be suspended or cancelled due to the outbreak of the COVID-19 in Hong Kong.

Our Directors consider that if the outbreak of the COVID-19 continues, it would affect not only our Group, but also all companies in Hong Kong construction industry and companies in the supply chain of raw materials and services in Hong Kong and the PRC. As such, all main contractors, subcontractors, and suppliers of raw matters would encounter similar difficulties. We may not be subject to penalty if the entire project is delayed. In the less likely event that we fail to comply with the completion timetable due to our own reasons, we may be subject to a delay penalty under the existing contracts, the amount of which would not exceed HK\$80,000 per day.

Our Directors further confirm that none of our ongoing projects have been suspended as of the Latest Practicable Date.

Impact on the supply of raw materials and labour from our major suppliers and major subcontractors as of the Latest Practicable Date

Our Directors have been confirmed by our major suppliers for the 23 ongoing projects, a majority of them are our five largest suppliers during the Track Record Period, that there would be no significant delay in the supply and delivery of the raw materials to us, as these suppliers would operate beyond normal production hours once the production activities have commenced. As confirmed by our major suppliers, they have resumed production activities since February 2020.

Our Directors have also been confirmed by our subcontractors for the 23 ongoing projects, a majority of them are our five largest subcontractors during the Track Record Period, that they are able to provide labour for the installation services as requested by us. All of these subcontractors are located in Hong Kong.

Impact on the establishment of our in-house design team in the PRC

Due to the recent outbreak of the COVID-19 in the PRC, we expect to delay our plan to establish our in-house design team in the PRC from March 2020 to May 2020. If the situation continues, we may further delay the establishment of our in-house design team in the PRC. As a result, we have to continue to outsource the design works and will not be able to achieve the cost saving of 9.9% per year as planned.

SUMMARY AND HIGHLIGHTS

Contingency plans that may be implemented by us

Supply of raw materials

Our Directors confirm that a majority of our suppliers are in Guangdong Province, the PRC and these suppliers have confirmed to us that their production activities resumed in February 2020. We are assured by these suppliers that the delivery schedule for our raw materials would not be affected as they would operate beyond the normal production hours. We also closely monitor the situation and have prepared the following contingency plans if our major suppliers in Guangdong Province are not able to deliver the required raw materials.

Our raw materials generally include steel, aluminium, glass, and metal parts, accessories and sealant. Our contingency plans are to identify alternate sources of these materials in other locations if our suppliers in Guangdong Province are not able to provide the required raw materials to us.

The raw materials of our steel products are sourced either by us or the fabrication plants in Guangdong Province. We have identified and contacted a number of established steel traders in Hong Kong, and one of them is also one of our five major suppliers during the Track Record Period. Our Directors believe that we would be able to source steel products from other countries and territories, such as Taiwan, India, and Turkey, without compromising the quality of steel. There are also steel fabrication plants in Hong Kong (some of them are on our approved list of suppliers) which can provide similar services as our fabrication plants in Guangdong Province, the PRC. The cost of fabrication is expected to be higher than the cost currently charged by our fabrication plants in Guangdong Province, the PRC. We expect that the cost of our fabricated steel material will increase by approximately 15.6%.

For aluminium materials, we have sourced these materials from our supplier in South Korea, which is one of our major suppliers during the Track Record Period. We believe that we may replace our suppliers of aluminium materials in Guangdong Province with those in South Korea. Generally speaking, we expect that the cost would increase by approximately 4.5% if we source all aluminium materials from our suppliers in South Korea.

We can source glass products from the suppliers in Taiwan and we expect that the cost would increase by approximately 15.0% than if all our glass products are sourced in the PRC. Our Directors understand that the supply of glass products from glass manufacturers in the PRC is generally not affected by the outbreak of the COVID-19.

We currently source the metal parts, accessories, and sealants from countries other than the PRC and hence, our Directors do not consider it necessary to identify any alternate supply.

Our Directors confirm that as of the Latest Practicable Date, we had 23 ongoing projects, of which (a) 9 projects were in the preliminary design stage with no site installation works involved and (b) 14 projects were in site installation stage. Out of these 14 projects, (a) five projects were very close to completion and would not require any substantial amount of building materials to be sourced from the suppliers in the PRC; (b) four projects required labour supplied by our subcontractors in Hong Kong for the on-site installation of the building materials sourced from overseas; and (c) the building materials for the remaining five projects had been delivered on-site or scheduled for delivery from the fabrication

SUMMARY AND HIGHLIGHTS

plants in the PRC. Our Directors confirm that the level of the building materials as of 31 January 2020 can support the installation works for these five projects for up to four months, depending on the actual progress required by our customers.

Our Directors have estimated the required quantity of raw materials for these ongoing projects and have been confirmed by the overseas suppliers that they have sufficient capacity and are able to satisfy our demand, if required. Based on the information currently available to us, our costs would increase by approximately 4.5% to approximately 15.6% if we source the principal raw materials from overseas. Our profit margin would then decrease, but we would not have any loss-making project because of the increased cost of raw materials. In light of the foregoing, our Directors believe that the source of supply of raw materials required by us would not be disrupted in any material respect with the contingency plans above in place.

Labour supply

We have engaged five subcontractors to provide onsite installation services in 10 projects undertaken by us as of the Latest Practicable Date. We have not noticed any shortage of labour supply, and each of these five subcontractors has confirmed to us that there is no impact on the provision of subcontracting services as a result of the COVID-19 outbreak. If there is any shortage of labour in any subcontractor, we would request other subcontractors to provide support services. As of the Latest Practicable Date, our approved list of subcontractors had 40 subcontractors which can provide labour supply upon request.

Precautionary measures adopted by us

We have implemented various precautionary measures at our offices as well as the installation sites to minimise the infection risk of our staff and the labour provided by our subcontractors.

At our Hong Kong offices, we request our staff to work from home or stay at home and take sick leave if he or she show symptoms of fever or respiratory tract infection or cough. In addition, any staff who has visited Mainland China during the past 14 days are not allowed to return to work until the lapse of the 14 days' quarantine period at home. We require all our staff to wear surgical masks at all times when working in our office. All of our office equipment and apparatuses are sanitised regularly to ensure that they are clean and non-contaminated. We have also circulated updated information on personal hygiene and the latest development of the COVID-19 outbreak to our staff for their information.

We do not have any staff that is required to travel to Mainland China. Communications or meetings with our suppliers in Mainland China will be conducted either by way of teleconference or other electronic means without any face-to-face interactions. Discussions with our subcontractors would be held at the installation sites.

SUMMARY AND HIGHLIGHTS

As we are a subcontractor, our main contractors have requested our staff (and the workers provided by our subcontractors) to follow a series of precautionary measures at the installation sites as follows:

- Representatives of our main contractors will measure the body temperature of our staff and the workers provided by our subcontractors before entering the installation sites.
- All persons entering the installation sites are required to fill in the health declaration forms to be provided and collected by the main contractor.
- The following persons are restricted from entering the installation sites:
 - (a) Persons with body temperature higher than 37.5 degree Celsius or
 - (b) Persons who have paid visits to China during the past 14 days or
 - (c) Persons who stay and resides in China or
 - (d) Persons who cough or show symptoms of respiratory tract infection.
- Our staff and the workers provided by our subcontractors are required to wear appropriate masks at the installation sites.
- Our staff and the workers provided by our subcontractors are required to maintain a clean and hygienic environment at the installation sites.

We have provided our subcontractors with details of the above precautionary measures. Our safety supervisors at the installation sites will ensure that workers provided by our subcontractors fully comply with the above precautionary measures. We also maintain a list to track the absence of workers due to the above and their respective quarantine end dates. As part of our routine procedures, our safety supervisors will report to us the compliance status with the above precautionary measures at the installation sites on a daily basis.

NON-COMPLIANCE WITH LAWS AND REGULATIONS

In July 2015, ICGL (Hong Kong) was convicted of the breach of sections 118(2A) and 119(a) of the Copyright Ordinance in relation to installation of certain software without the required licences from the licence holders. ICGL (Hong Kong) was fined a total sum of HK\$70,000 which had been settled in full.

After due consideration, our Directors are of the view, which the Sole Sponsor concurs, that internal control measures have been adequately implemented to avoid the reoccurrence of the non-compliance incident, and our non-compliance incident does not have any material impact on the suitability for listing of our Company under Rule 8.04 of the Listing Rules.

See the section headed “Business — Non-compliance with laws and regulations” in this prospectus for further information.

SUMMARY AND HIGHLIGHTS

LITIGATIONS

During the Track Record Period and as of the Latest Practicable Date, we were involved in a number of litigations and claims, as well as ongoing and potential litigations as part of our ordinary course of business. Our Directors are of the view that these claims are not uncommon in the construction industry.

In July 2018, we received an improvement notice in relation to failure to ensure that suitable goggles or effective screens were provided for the protection of the workers using the goggles or screens. We received a summons in relation to the alleged breach as stated on the said improvement notice on 9 January 2019 and the hearing for the summons is scheduled to be held on 20 April 2020.

In May 2019, we received two improvement notices from the Labour Department in relation to the lack of adequate steps taken to: (a) prevent a person from falling from a height of two metres or more and (b) ensure that suitable and adequate safe access to and egress from a place of work was provided and properly maintained. We received two summonses in relation to the alleged breaches as stated on the said improvement notices on 1 November 2019. As at the Latest Practicable Date, the hearing for both summonses is scheduled to be held on 27 March 2020.

In July 2019, we also received two improvement notices from the Labour Department in relation to the failure to ensure: (a) suitable goggles or effective screens were provided for the protection of the workman and the workman used the goggles or screens and (b) no timber with projecting nails were left on the place where the construction work was being carried out. We received a summons in relation to the alleged breach of failure to provide suitable goggles or effective screens and ensure the workman used the goggles or screens as stated on the said improvement notices on 13 January 2020. The hearing for the summons is scheduled to be held on 8 May 2020. We have not received any summons in relation to the alleged breach of failure to ensure no timber with projecting nails were left on the construction site. Our Directors consider that these notices would not cause any material disruption to our business or otherwise materially affect our business or financial positions.

With the advice from our Compliance Counsel, our Directors consider that the litigation involving us during the Track Record Period are immaterial to our business operations and have not caused any material disruption to our business.

See the section headed “Business — Litigations” in this prospectus for further information.

RECENT DEVELOPMENT AND NO MATERIAL ADVERSE CHANGE

Our business model and revenue and cost structure remain unchanged after the Track Record Period. Based on our unaudited management accounts for the four months ended 31 January 2020, our average monthly revenue was comparable with the average monthly revenue for the six months ended 30 September 2019 and we have achieved similar gross profit margin as the six months ended 30 September 2019.

SUMMARY AND HIGHLIGHTS

As of the Latest Practicable Date, we had 23 projects in progress with an aggregate project backlog of HK\$324.6 million, among which five projects with total project value of HK\$122.2 million have been awarded to our Group subsequent to the Track Record Period. Our Directors anticipate that several sizeable projects which constitute part of the project backlog as of the Latest Practicable Date are expected to be completed during the two years ending 31 March 2022, namely *Hong Kong International Airport* (Project 36), *Pok Fu Lam* (Project 47), *Western District* (Project 51), and *Wong Chuk Hang* (Project 53). All these four sizeable projects are façade works projects with each of them contributing more than HK\$30.0 million of project backlog as of the Latest Practicable Date, representing in aggregate 48.9% of our project backlog as of the Latest Practicable Date.

Subsequent to the Track Record Period and up to the Latest Practicable Date, we continued our business expansion in Hong Kong and have submitted a number of tenders for façade works and building metal finishing works projects. As of the Latest Practicable Date, we are awaiting results of nine tenders with an aggregate tender sum of HK\$209.1 million, including (a) a potential façade works project in relation to a residential property in Tai Kok Tsui with an estimated contract sum of HK\$65.3 million and (b) a potential façade works project in relation to a residential property in Prince Edward with an estimated contract sum of HK\$31.7 million. We act as Nominated Subcontractor in both tenders. Our Directors believe that our Group is likely to secure these two façade works projects given that (a) we have attended the relevant tender interviews and have been shortlisted and requested for submission of the revised tenders based on the updated information provided by the property developers and (b) according to our record, we achieved higher tender success rate for projects with our role acted as the Nominated Subcontractor than that of the Domestic Subcontractor. Our Directors expect that the tender results of the above nine tenders would be announced during the first half of 2020.

In addition to the tenders submitted above and our projects on hand, we have received invitations for tender/submission of quotation for five projects with an aggregate estimated contract sum of HK\$440.0 million for which we are considering to tender, subject to the availability of our financial and human resources.

As of 31 January 2020, our total indebtedness amounted to HK\$36.7 million, which included our bank borrowings and lease liabilities.

Further information on the impact of the COVID-19 is set forth in the paragraphs under “Impact of the outbreak of novel coronavirus disease (COVID-19)” above.

Our Directors confirm that, save as disclosed above and the impact of the Listing expenses, there is no event which could materially affect the information shown in our consolidated financial statements included in the Accountants’ Report following the Track Record Period and as of the date of this prospectus, there has been no material adverse change in our financial or trading position or prospect.

DEFINITIONS

In this prospectus, unless the context otherwise requires, the following terms shall have the meanings set forth below.

“Accountants’ Report”	the accountants’ report of our Company, the text of which is set forth in Appendix I to this prospectus
“affiliate(s)”	with respect to any specific person, any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
“Application Form(s)”	WHITE Application Form(s), YELLOW Application Form(s), and GREEN Application Form(s), individually or collectively, as the context may require
“Application Lists”	the application lists for the Hong Kong Public Offering
“Articles of Association” or “Articles”	the articles of association of our Company, conditionally adopted on 5 March 2020 which will become effective upon the Listing and as amended, supplemented or modified from time to time, a summary of which is set forth in Appendix III to this prospectus
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Audit Committee”	a committee established by our Board on 5 March 2020 for the purpose of overseeing the accounting and financial reporting process of our Group and the audit of the financial statements of our Company
“Awarded UOP Projects”	the design, supply, and installation projects awarded to us as of the Latest Practicable Date, of which (a) majority of the installation works had yet to be commenced as of the Latest Practicable Date and (b) the payment of the Upfront Cost and/or the issuance of the Performance Bonds would be financed by the net proceeds from the Share Offer, further information on which is set forth in the section headed “Reasons for the Listing and Proposed Use of the Net Proceeds from the Share Offer” in this prospectus
“Board”	our board of Directors
“Bonham Engineering”	Bonham Engineering Co., Limited (寶恆工程有限公司), a company incorporated in Hong Kong with limited liability on 17 November 2015, which was owned as to 50% by ICGL (Hong Kong) and 50% by an Independent Third Party, and ceased to be a member of our Group following completion of deregistration under the Companies Ordinance on 23 December 2016

DEFINITIONS

“Buildings Ordinance”	Buildings Ordinance (Chapter 123 of the Laws of Hong Kong), as amended or supplemented or otherwise modified from time to time
“business day”	a day (other than a Saturday, Sunday or public holiday in Hong Kong) on which banks in Hong Kong are open for normal banking business
“BVI”	the British Virgin Islands
“Capitalisation Issue”	the issue of 1,499,999,800 Shares to be made on the capitalisation of certain sums standing to the credit of the share premium account of our Company referred to in the paragraphs under “A. Further information about our Company and our subsidiaries — 3. Written resolutions of our sole Shareholder passed on 5 March 2020” in Appendix IV to this prospectus
“Cayman Companies Law” or “Companies Law”	Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands, as amended, supplemented and modified from time to time
“Cayman Islands Principal Registrar”	Conyers Trust Company (Cayman) Limited, our principal share registrar in the Cayman Islands
“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 a 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 Participant”	a CCASS Clearing Participant, a CCASS Custodian Participant or a CCASS Investor Participant
“close associate(s)”	has the meaning ascribed to it under the Listing Rules
“Companies Ordinance”	Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended or supplemented or otherwise modified from time to time

DEFINITIONS

“Companies (Winding Up and Miscellaneous Provisions) Ordinance” or “Companies (WUMP) Ordinance”	Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended or supplemented or otherwise modified from time to time
“Company” or “our Company”	Lotus Horizon Holdings Limited (智中國際控股有限公司), an exempted company incorporated in the Cayman Islands with limited liability on 14 November 2018 under the Companies Law
“Competition Ordinance”	Competition Ordinance (Chapter 619 of the Laws of Hong Kong), as amended or supplemented or otherwise modified from time to time
“Compliance Counsel”	Mr. CHAN Chung, a barrister-at-law practising in Hong Kong instructed by our Hong Kong legal advisers for the purpose of giving his advice on the litigations involving us and certain compliance matters under Hong Kong law
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Constant Raise”	Constant Raise Engineering Services Limited (毅昇工程服務有限公司), a company incorporated in Hong Kong with limited liability on 5 November 2013 and deregistered on 21 September 2018
“Construction Industry Council”	Construction Industry Council, a statutory body corporate established by the Hong Kong Government under the Construction Industry Council Ordinance (Chapter 587 of the Laws of Hong Kong) to forge consensus on long-term strategic issued on construction industry in Hong Kong
“Controlling Shareholder(s)”	has the meaning ascribed to it under the Listing Rules and in the case of our Company, Mr. CHU, and Platinum Lotus
“Copyright Ordinance”	Copyright Ordinance (Chapter 528 of the Laws of Hong Kong), as amended or supplemented or otherwise modified from time to time
“core connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Corporate Governance Code”	the Corporate Governance Code, the text of which is set forth in Appendix 14 to the Listing Rules
“COVID-19”	a mild to severe respiratory illness caused by a new strain of coronavirus and characterised especially by fever, cough, and shortness of breath and may progress to pneumonia and respiratory failure

DEFINITIONS

“CWR Ordinance”	Construction Workers Registration Ordinance (Chapter 583 of the Laws of Hong Kong), as amended or supplemented or otherwise modified from time to time
“Deed of Indemnity”	the deed of indemnity dated 5 March 2020 executed by our Controlling Shareholders in favour of our Company, further information on which is set forth in the paragraphs under “F. Other information — 1. Tax and other indemnities” in Appendix IV to this prospectus
“Director(s)”	the director(s) of our Company
“Employment Ordinance”	Employment Ordinance (Chapter 57 of the Laws of Hong Kong), as amended or supplemented or otherwise modified from time to time
“FIU(SM)R”	Factories and Industrial Undertaking (Safety Management) Regulation (Chapter 59AF of the Laws of Hong Kong) as amended or supplemented or otherwise modified from time to time
“General Mandate”	the unconditional mandate granted to our Directors by our Shareholders in relation to the issue of new Shares, further information of which is set forth in the section headed “Share Capital — General Mandate” in this prospectus
“GREEN Application Form(s)”	the application form(s) to be completed by the HK eIPO White Form Service Provider
“Group” or “our Group”	our Company and our subsidiaries or, where the context so requires, in respect of the period prior to our Company becoming the holding company of the present subsidiaries, such subsidiaries as if they were subsidiaries of our Company at that time
“HK eIPO White Form”	the application for Hong Kong Offer Shares to be issued in the applicant’s own name by submitting applications online through the designated website of HK eIPO White Form at www.hkeipo.hk or the IPO App
“HK eIPO White Form Service Provider”	the HK eIPO White Form service provider designated by us, as specified on the designated website of HK eIPO White Form at www.hkeipo.hk or in the IPO App
“HKFRS”	Hong Kong Financial Reporting Standards (including Hong Kong Accounting Standards and their interpretations) issued by the HKICPA
“HKICPA”	the Hong Kong Institute of Certified Public Accountants

DEFINITIONS

“HKSCC”	Hong Kong Securities Clearing Company Limited
“HKSCC Nominees”	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC
“HK\$” or “HK dollars” or “Hong Kong dollars” and “cents”	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong
“Hong Kong”	The Hong Kong Special Administrative Region of the People’s Republic of China
“Hong Kong Government”	the government of Hong Kong
“Hong Kong Offer Shares”	the 50,000,000 new Shares initially being offered by us for subscription at the Offer Price under the Hong Kong Public Offering, subject to the adjustment set forth in the section headed “Structure and Conditions of the Share Offer” in this prospectus
“Hong Kong Public Offering”	the conditional offering of our Hong Kong Offer Shares by our Company for subscription by members of the public in Hong Kong upon the terms and conditions stated in this prospectus and the Application Forms
“Hong Kong Share Registrar”	Tricor Investor Services Limited
“Hong Kong Underwriters”	the underwriters of the Hong Kong Public Offering listed in the section headed “Underwriting — Hong Kong Underwriters” in this prospectus
“Hong Kong Underwriting Agreement”	the underwriting agreement dated 27 March 2020 relating to the Hong Kong Public Offering entered into by our Company, our Controlling Shareholders, our executive Directors, the Sole Sponsor, the Sole Bookrunner, and the Hong Kong Underwriters, further information on which is set forth in the section headed “Underwriting — Underwriting arrangements and expenses — Hong Kong Public Offering” in this prospectus
“ICGL (Hong Kong)”	ICGL Technical Works (HK) Limited (弘建營造(香港)有限公司), formerly known as Inka Engineering (HK) Limited (盈力工程(香港)有限公司), a company incorporated in Hong Kong with limited liability on 4 May 2007, an indirect wholly-owned subsidiary of our Company, and the sole operating subsidiary of our Group
“Independent Third Party(ies)”	a person or entity who is not considered a connected person of our Company under the Listing Rules

DEFINITIONS

“Innovax Capital” or “Sole Sponsor”	Innovax Capital Limited, a licensed corporation under the SFO permitted to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities (as defined under the SFO), acting as the sole sponsor to the Listing
“Internal Control Consultant”	RSM Consulting (Hong Kong) Limited, the internal control consultant appointed by our Company for the purpose of reviewing our internal control systems and making recommendations on improvement
“International Offering”	the conditional offering of our International Offer Shares for and on behalf of our Company outside the United States in offshore transactions in reliance on Regulation S, including to professional, institutional and other investors in Hong Kong, as set forth in the section headed “Structure and Conditions of the Share Offer” in this prospectus
“International Offer Shares”	the 450,000,000 new Shares being initially offered for subscription under the International Offering together with any additional Shares that may be issued pursuant to the exercise of the Over-allotment Option, subject to the adjustment set forth in the section headed “Structure and Conditions of the Share Offer” in this prospectus
“International Underwriters”	the underwriters of the International Offering listed in the section headed “Underwriting — International Underwriters” in this prospectus
“International Underwriting Agreement”	the international underwriting agreement relating to the International Offering which is expected to be entered into by our Company, our Controlling Shareholders, our executive Directors, the Sole Sponsor, the Sole Bookrunner, and the International Underwriters on the Price Determination Date, further information on which is set forth in the section headed “Underwriting — Underwriting arrangements and expenses — International Underwriting” in this prospectus
“IPO App”	the mobile application for HK eIPO White Form services which can be downloaded by searching “ IPO App ” in App Store or Google Play or at www.hkeipo.hk/IPOApp or www.tricorglobal.com/IPOApp
“Ipsos”	Ipsos Limited, the independent industry consultant engaged by us for the purpose of the Ipsos Report

DEFINITIONS

“Ipsos Report”	the report commissioned by us and prepared by Ipsos, an extract of which is set forth in the section headed “Industry Overview” in this prospectus
“Joint Lead Managers”	Sunfund Securities Limited, Innovax Securities Limited, Sang Woo (Kirin) Securities Limited, First Fidelity Capital (International) Limited, and Realord Asia Pacific Securities Limited
“Labour Department”	Labour Department of the Hong Kong Government
“Latest Practicable Date”	22 March 2020, being the latest practicable date prior to the printing of this prospectus for ascertaining certain information in this prospectus
“Listing”	the listing of our Shares on the Main Board
“Listing Committee”	the listing committee of the board of directors of the Stock Exchange
“Listing Date”	15 April 2020, being the date on which dealings in our Shares on the Main Board are expected to first commence
“Listing Rules”	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended from time to time
“Main Board”	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with GEM of the Stock Exchange
“Memorandum” or “Memorandum of Association”	the memorandum of association of our Company, as amended from time to time
“Mr. CHU”	Mr. CHU Kwok Fun (朱國歡先生), our founder, Chairman, Chief Executive Officer, executive Director, and one of our Controlling Shareholders
“Mr. TSANG”	Mr. TSANG Chiu Wan (曾昭維先生), our executive Director
“MTR”	the Mass Transit Railway in Hong Kong
“Nomination Committee”	a committee established by our Board on 5 March 2020 with the responsibility to nominate our Directors and the senior management of our Group

DEFINITIONS

“Offer Price”	the final Hong Kong dollar price per Offer Share (exclusive of brokerage of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%) at which our Hong Kong Offer Shares are to be subscribed and our International Offer Shares are to be offered, to be determined in the manner set forth in the section headed “Structure and Conditions of the Share Offer — Pricing and allocation” in this prospectus
“Offer Shares”	our Hong Kong Offer Shares and our International Offer Shares, including the additional Shares that might be issued under any exercise of the Over-allotment Option
“OSH Ordinance”	Occupational Safety and Health Ordinance (Chapter 509 of the Laws of Hong Kong) as amended or supplemented or otherwise modified from time to time
“Over-allotment Option”	the option expected to be granted by our Company to the International Underwriters (exercisable by the Sole Bookrunner) pursuant to which our Company may be required to issue up to aggregate of 75,000,000 additional Offer Shares at the Offer Price, to cover, among others, over-allocations in the International Offering, if any, further information on which is set forth in the section headed “Structure and Conditions of the Share Offer” in this prospectus
“Performance Bond(s)”	bond instrument(s) issued by bank or financial institution as surety against our failure to meet the obligations under a project, which are usually required by main contractors or property developers
“Plateau Star”	Plateau Star Limited, a company incorporated in BVI with limited liability on 3 May 2018 and a wholly-owned subsidiary of our Company
“Platinum Lotus”	Platinum Lotus Holdings Limited, a company incorporated in BVI with limited liability on 3 May 2018, which is wholly-owned by Mr. CHU, and one of our Controlling Shareholders
“Post-IPO Share Option Scheme”	the share option scheme conditionally adopted by our Company on 5 March 2020, a summary of its principal terms is set forth in the paragraphs under “E. Post-IPO Share Option Scheme” in Appendix IV to this prospectus
“PRC” or “China”	The People’s Republic of China and, except where the context requires and only for the purpose of this prospectus, references in this prospectus to the PRC or China do not apply to Taiwan, Hong Kong and the Macau Special Administrative Region

DEFINITIONS

“Predecessor Companies Ordinance”	Companies Ordinance (Chapter 32 of the Laws of Hong Kong) prior to its repeal and replacement on 3 March 2014 by the Companies Ordinance and the Companies (WUMP) Ordinance
“Price Determination Date”	the date on which the Offer Price is to be determined by the Sole Bookrunner (for itself and on behalf of the other Underwriters) and us, which is expected to be on or around Thursday, 2 April 2020 and in any event not later than Sunday, 5 April 2020
“Registered Minor Works Contractor”	minor works contractors registered with the Buildings Department under the Buildings Ordinance who are qualified to carry out such minor works belonging to the class, type and item specified in the register in which they are registered
“Relevant Persons”	the Sole Sponsor, the Sole Bookrunner, the Joint Lead Managers, the Underwriters, other parties involved in the Share Offer, and their respective directors, officers, agents or representatives
“Remuneration Committee”	a committee established by our Board on 5 March 2020 and vested with the responsibility to determine the remuneration of our Directors and the senior management of our Group
“Reorganisation”	the corporate reorganisation steps undergone by our Group in preparation for the Listing as described in the section headed “History, Development, and Reorganisation — Reorganisation” in this prospectus
“Repurchase Mandate”	the unconditional mandate granted to our Directors by our Shareholders in relation to the repurchase of Shares, further information on which is set forth in the section headed “Share Capital — Repurchase Mandate” in this prospectus
“RMB” or “Renminbi”	Renminbi yuan, the lawful currency of the PRC
“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
“Share(s)”	ordinary share(s) with a nominal value of HK\$0.01 each in the share capital of our Company, which are to be traded in Hong Kong dollars and listed on the Main Board following the Listing
“Share Offer”	the Hong Kong Public Offering and the International Offering
“Shareholder(s)”	holder(s) of Share(s)

DEFINITIONS

“Sole Bookrunner”	Sunfund Securities Limited
“Stabilizing Manager”	Sunfund Securities Limited
“Stock Borrowing Agreement”	the stock borrowing agreement to be entered into between the Stabilizing Manager as borrower and Platinum Lotus as lender on the Price Determination Date
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“Substantial Shareholder(s)”	has the meaning ascribed to it under the Listing Rules and in the case of our Company for the purpose of this prospectus, refers to our Controlling Shareholders
“Summit Sino”	Summit (Sino) Holdings Limited (極高控股有限公司), a company incorporated in Hong Kong with limited liability on 3 January 2012, which is wholly-owned by Mr. CHU, and was the sole shareholder of ICGL (Hong Kong) prior to the Reorganisation
“Takeovers Code”	The Codes on Takeovers and Mergers and Share Buybacks, as amended, supplemented or otherwise modified from time to time
“Track Record Period”	the three years ended 31 March 2019 and the six months ended 30 September 2019
“U.S. dollars” or “US\$”	United States dollars, the lawful currency of the United States
“Underwriter(s)”	the Hong Kong Underwriters and the International Underwriters
“Underwriting Agreements”	the Hong Kong Underwriting Agreement and the International Underwriting Agreement
“Upfront Costs”	project-related expenses, such as system design cost paid to Independent Third Parties, insurance, purchase cost of building materials, subcontracting fees, and other expenses, incurred by us during the period from the date of commencement of the project, as confirmed by the date of the letter of acceptance/nomination or the relevant subcontracting agreement, to the date of receipt of the subsequent monthly payments to be equal to the total amount of such expenses, i.e. the date on which the net cash flows generated from the relevant project becomes positive
“we”, “us” or “our”	our Company or our Group, as the context may require

DEFINITIONS

“ WHITE Application Form(s)”	the application form(s) for use by members of the public in Hong Kong who require such Hong Kong Offer Shares to be issued in the applicants’ own names
“ YELLOW Application Form(s)”	the application form(s) for use by members of the public in Hong Kong who require such Hong Kong Offer Shares to be deposited directly in CCASS
“%”	per cent.

* *For identification purpose only*

Certain amounts and percentage figures included in this prospectus have been subject to rounding adjustments. Unless stated otherwise, all the numerical figures are rounded to one decimal place.

GLOSSARY OF TECHNICAL TERMS

This glossary contains certain definitions and technical terms used in this prospectus in connection with our business. As such, some terms and definitions may not correspond to standard industry definitions or usage of such terms.

“BIM”	building information modelling, an industry standard of generating three-dimensional and digital representation of building data for ease of communications between architects, engineers, and construction companies for construction purpose
“CAGR”	compound annual growth rate
“Domestic Subcontractor”	subcontractor selected by the contractor to perform specific works of a project
“GDP”	gross domestic product
“ISO”	the International Organisation for Standardisation, an international standard-setting body composed of representatives from various national standards organisations, which promotes worldwide proprietary, industrial and commercial standards
“ISO 9001”	an international standard adopted by ISO that specifies the requirements for quality management system of an organisation
“Nominated Subcontractor”	subcontractor nominated by the property developer to perform specific works of a project
“certificate of practical completion”	a certificate issued by the architect or other authorised person under a construction contract confirming that the works have satisfied the required tests and inspections and have been substantially completed to the satisfaction of the architect
“project backlog”	the aggregate amount of the original contract sum, the amount of variation orders, and the amount of re-measurement of the as-built condition of a design, supply, and installation project, net of the amount of revenue recognised by us
“project value”	the aggregate amount of the original sum, the amount of variation orders, and the amount of re-measurement of the as-built condition of a design, supply, and installation project
“subcontractor”	in respect of a construction project, a construction company appointed by the main contractor or another subcontractor to carry out specific tasks of the project, and can generally be classified as Domestic Subcontractor and Nominated Subcontractor

GLOSSARY OF TECHNICAL TERMS

“systems design”

a process of designing, defining, and testing the interface and the materials used in façade works and building metal finishing works projects for the purpose of implementing the design intent and satisfying the related architectural and statutory requirements, which are part of our services provided under design, supply, and installation projects

PROJECT ABBREVIATIONS

The following sets forth the abbreviations of our design, supply, and installation projects used in this prospectus. Detailed information on each project is set forth in the section headed “Business — Our design, supply, and installation projects” in this prospectus.

<u>Project number</u>	<u>Project name</u>	<u>Project location/description</u>	<u>Type of project</u>	<u>Nature of the buildings or facilities</u>
Project 01	Sai Ying Pun Station and HKU Station	Sai Ying Pun MTR Station and HKU MTR Station, Hong Kong	Building metal finishing works	MTR station
Project 02	Kennedy Town Station	Kennedy Town MTR Station, Hong Kong	Building metal finishing works	MTR station
Project 03	Ho Man Tin Station	Yau Ma Tei to Whampoa tunnels and Ho Man Tin MTR Station, Kowloon	Building metal finishing works	MTR station
Project 04	Kennedy Town Swimming Pool	Kennedy Town Swimming Pool, Hong Kong	Façade works	Swimming pool
Project 05	Marriott Hotel (A)	Marriott Hotel, Ocean Park, Hong Kong	Façade works	Hotel
Project 06	Tsuen Wan Adventist Hospital (A)	Tsuen Wan Adventist Hospital, New Territories	Façade works	Hospital
Project 07	Argyle Street (A)	Kadoorie Lookout, 110 Argyle Street, Mong Kok, Kowloon	Façade works	Residential property
Project 08	Argyle Street (B)	Kadoorie Lookout, 110 Argyle Street, Mong Kok, Kowloon	Façade works	Residential property
Project 09	Kau To Shan	STTL 525, Area 56A, Kau To Shan, Sha Tin, New Territories	Building metal finishing works	Residential property
Project 10	Tseung Kwan O Industrial Estate	Lot No. 39, Tseung Kwan O Industrial Estate, New Territories	Building metal finishing works	Commercial property
Project 11	Sha Tin	Shatin Area 4C, 4D & 31, New Territories	Building metal finishing works	Residential property
Project 12	Perkins Road	No. 47-49 Perkins Road, Jardine’s Lookout, Hong Kong	Façade works	Residential property/Private
Project 13	Hong Kong West Kowloon Station (A)	Hong Kong West Kowloon Station, Kowloon	Building metal finishing works	MTR station

PROJECT ABBREVIATIONS

Project number	Project name	Project location/description	Type of project	Nature of the buildings or facilities
Project 14	Hong Kong West Kowloon Station (B)	Hong Kong West Kowloon Station, High Speed Rail, Kowloon	Building metal finishing works	MTR station
Project 15	Hong Kong West Kowloon Station (C)	Hong Kong West Kowloon Station, High Speed Rail, Kowloon	Building metal finishing works	MTR station
Project 16	Hong Kong West Kowloon Station (D)	Hong Kong West Kowloon Station, High Speed Rail, Kowloon	Building metal finishing works	MTR station
Project 17	Hong Kong West Kowloon Station (E)	Hong Kong West Kowloon Station, High Speed Rail, Kowloon	Building metal finishing works	MTR station
Project 18	Sheung Yuet Road	Chevalier Engineering Service Centre, No. 21 Sheung Yuet Road, Kowloon Bay, Kowloon	Façade works	Commercial property
Project 19	Salisbury Road	Salisbury Garden, Salisbury Road, Kowloon	Building metal finishing works	Recreational garden
Project 20	Hong Kong West Kowloon Station (F)	Hong Kong West Kowloon Station, Kowloon	Building metal finishing works	MTR station
Project 21	Lohas Park	Lohas Park Package 5, Tseung Kwan O, New Territories	Façade works	Residential property
Project 22	Argyle Street (C)	Kadoorie Lookout, 110 Argyle Street, Mong Kok, Kowloon	Façade works	Residential property
Project 23	Marriott Hotel (B)	Marriott Hotel, Ocean Park, Hong Kong	Building metal finishing works	Hotel
Project 24	Sai Yee Street	Sai Yee Street, Mong Kok, Kowloon	Façade works	Composite building
Project 25	THEi New Campus (A)	THEi New Campus, Chai Wan, Hong Kong	Façade works	Education institution
Project 26	Sung Wong Toi Station and To Kwa Wan Station (A)	Sung Wong Toi Station and To Kwa Wan MTR Station, Shatin to Central Link, Kowloon	Building metal finishing works	MTR station
Project 27	Sung Wong Toi Station and To Kwa Wan Station (B)	Sung Wong Toi Station and To Kwa Wan MTR Station, Shatin to Central Link, Kowloon	Building metal finishing works	MTR station

PROJECT ABBREVIATIONS

Project number	Project name	Project location/description	Type of project	Nature of the buildings or facilities
Project 28	Fuk Tong Road	Integrated Rehabilitation Services Complex, 4 Fuk Tong Road, Kwun Tong, Kowloon	Façade works	Composite building
Project 29	So Kwun Wat Road (A)	So Kwun Wat Road, Tuen Mun, New Territories	Façade works	Residential property
Project 30	So Kwun Wat Road (B)	So Kwun Wat Road, Tuen Mun, New Territories	Façade works	Residential property
Project 31	King's Road	999-1021 King's Road, Quarry Bay, Hong Kong	Façade works	Commercial property
Project 32	Museum+ (A)	Museum+, The West Kowloon Cultural District, Kowloon	Building metal finishing works	Museum
Project 33	Museum+ (B)	Museum+, The West Kowloon Cultural District, Kowloon	Building metal finishing works	Museum
Project 34	Hai Tan Street	Hai Tan Street, Sham Shui Po, Kowloon	Façade works	Residential property
Project 35	Au Tau	Au Tau, Yuen Long, New Territories	Façade works	Residential property
Project 36	Hong Kong International Airport	Hong Kong International Airport — Terminal 1, East Hall Expansion Works, New Territories	Façade works	Airport terminal
Project 37	Kwun Tong Road	Grande Building, 398-402 Kwun Tong Road, Kowloon	Façade works	Commercial property
Project 38	Yuen Long	YLTL510, Yuen Long, New Territories	Façade works	Residential property
Project 39	Sheung Shui (A)	Advanced Technology Centre, Sheung Shui, 2 Choi Fat Street, New Territories	Façade works	Commercial property
Project 40	THEi New Campus (B)	THEi New Campus, Chai Wan, Hong Kong	Façade works	Education institution
Project 41	Tsuen Wan Adventist Hospital (B)	Tsuen Wan Adventist Hospital, New Territories	Façade works	Commercial property

PROJECT ABBREVIATIONS

Project number	Project name	Project location/description	Type of project	Nature of the buildings or facilities
Project 42	Poly U	The Hong Kong Polytechnic University, Kowloon	Building metal finishing works	Education institution
Project 43	Xiqu Centre	The West Kowloon Cultural District, 88 Austin Road West, Kowloon	Building metal finishing works	Cultural facilities
Project 44	Wan Chai Exhibition Centre MTR Station (A)	Wan Chai Exhibition Centre MTR Station, Shatin to Central Link, Hong Kong	Façade works	MTR station
Project 45	Wan Chai Exhibition Centre MTR Station (B)	Wan Chai Exhibition Centre MTR Station, Shatin to Central Link, Hong Kong	Building metal finishing works	MTR station
Project 46	Cochrane Street	Cochrane Street, Central, Hong Kong	Façade works	Commercial property
Project 47	Pok Fu Lam	Pok Fu Lam, Hong Kong	Façade works	Residential property
Project 48	Kowloon Bay	Kowloon Bay, Kowloon	Façade works	Commercial property
Project 49	Sheung Shui (B)	Advanced Technology Centre, 2 Choi Fat Street, Sheung Shui, New Territories	Façade works	Commercial property
Project 50	Kowloon East	Ngau Tau Kok, Kowloon	Building metal finishing works	Police station
Project 51	Western District	Western District, Hong Kong	Façade works	Residential property
Project 52	Sheung Wan	Jervois Street, Hong Kong	Façade works	Commercial property
Project 53	Wong Chuk Hang	Wong Chuk Hang, Aberdeen, Hong Kong	Façade works	Residential property

RISK FACTORS

An investment in our Shares involves various risks. You should consider carefully all the information set forth of this prospectus and, in particular, the risks and uncertainties described below before making an investment in our Shares.

As an investment in our Shares is meant to produce returns over the long-term, you should not expect to obtain short-term gains. The price of our Shares, and the income that may be derived from selling them, may rise or fall and may not fully reflect the underlying net assets attributable to them. You may not get back your original investment and you may not receive any distributions.

The occurrence of any of the following events could materially and adversely affect our business and financial condition, operating results and business prospects. If any of these events occurs, the trading price of our Shares could decline and you may lose all or part of your investment. You should seek professional advice from your relevant advisers regarding your prospective investment in the context of your particular circumstances.

RISKS RELATING TO OUR BUSINESS

Our business is project-based and any failure to secure new projects could materially and adversely affect our business and financial positions.

During the Track Record Period and up to the Latest Practicable Date, our revenue was mainly derived from façade works and building metal finishing works projects in Hong Kong which were awarded to us by way of tender or submission of quotation by our customers. Our future growth of business depends on our ability to continue to secure tender and contract awards. In addition, our business is contract-based and on a non-recurring basis. The projects undertaken by us are awarded on a project-by-project basis. During the Track Record Period and up to the Latest Practicable Date, we secured our façade works and building metal finishing works projects mainly through competitive tender process. The result of such process is beyond our control, and we cannot assure you that we can secure new projects from future tender submissions.

We do not have long-term commitment with our customers and our customers are under no obligation to award projects to us. As such, there is no guarantee that we will be able to secure new business from our customers. Further, we cannot assure that we will be invited to the tender process by our existing and potential customers in the future. We also cannot assure that the future projects could be secured with reasonable gross profit margin. As such, the number and scale of projects and the amount of revenue we are able to derive therefrom may vary significantly from period to period, and it may be difficult to forecast on the volume of our future business. In the event that we are unable to secure new contracts or there is a significant decrease in the number of tender invitations or contracts available for bidding in the future, our business and financial positions, operating results, and prospects could be materially and adversely affected.

RISK FACTORS

We rely on the revenue generated from projects awarded by a limited number of customers during the Track Record Period.

A significant portion of our revenue was derived from a limited number of customers. During the three years ended 31 March 2019, our revenue amounted to HK\$105.8 million, HK\$166.8 million, and HK\$202.8 million, respectively, of which 82.8%, 94.2%, and 80.9% were generated from our five largest customers, respectively. During the six months ended 30 September 2019, the amount of revenue generated from our five largest customers amounted to HK\$118.7 million, and accounted for 94.0% of our revenue during the period, as compared to HK\$74.7 million and 88.9% during the six months ended 30 September 2018.

We cannot assure you that we will continue to obtain contracts from our major customers in the future. There may also be significant decrease in the number or scale of projects awarded by our major customers in the future. We do not enter into any long-term agreements with our existing customers as our contracts are awarded on a project-by-project basis. During the Track Record Period, we secured new businesses mainly through direct invitation for submission of quotation or tender by our customers, and contracts are normally awarded to us through a tendering process. 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 business and financial position and operating results could be materially and adversely affected.

Further, in the event that our major customers experience any liquidity problem, this may result in delay or default of payments to us, in which case our business and financial positions, operating results, and prospects could be materially and adversely affected.

We may fail to maintain our business relationship with project owners and as a result, our business acting as Nominated Subcontractor could be adversely affected.

Our major customers include property developers and main contractors. During the Track Record Period, we acted as Domestic Subcontractor and Nominated Subcontractor in the design, supply, and installation projects for façade works and building metal finishing works projects. A Domestic Subcontractor is a subcontractor selected by the main contractor or its subcontractor and a Nominated Subcontractor is a subcontractor selected and nominated by the project owner and the main contractor is not involved in the selection of the Nominated Subcontractor.

While selecting Nominated Subcontractor, the project owner or their architectural firms usually sends out tender invitation to contractors on its approved list only. Thus, the number of invitees is generally lower when compared to the invitations for the role of Domestic Subcontractor. Further, given that the property market in Hong Kong is dominated by a few major property developers, we believe that it is important for us to maintain good business relationships with project owners in order to secure design, supply, and installation projects in the capacity as Nominated Subcontractors. During the Track Record Period, we generated revenue of HK\$0.3 million, HK\$5.3 million, HK\$52.7 million, and HK\$19.3 million from projects in which we acted as the Nominated Subcontractors of recurring customers, respectively. Despite the fact that our established business relationship with the property owners has earned us business opportunities, we cannot, however, assure you that we can maintain and develop further our business relationship with the project owners, who provide us with business

RISK FACTORS

opportunities. In such event, we may not be able to secure new projects from these customers of such amount and in such number comparable to those during the Track Record Period. Our business and financial positions, operating results, and prospects could be materially and adversely affected.

Revenue generated from a project may be different from 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 due to a number of factors, such as variation orders placed by our customers and the recoverability of the balance of the contract assets. The design and technical specifications of a project may change from time to time and hence, the contract sum may change based on the measurement of the actual quantity of materials required for project installation. As such, we cannot assure you that the amount of revenue derived from our design, supply, and installation projects will not be substantially different from the original contract sum as specified in the relevant contracts.

During the Track Record Period, the amount of revenue recognised was higher than the original contract sum due to the variation orders requested by our customers, and such difference amounted to HK\$7.4 million, HK\$13.8 million, HK\$21.9 million, and HK\$7.2 million, respectively.

Contract assets include retention money (generally 10% of each interim payment until the accumulated retention money reaches five per cent. of the total contract sum) and works performed but not yet certified and billed. While we estimate that the amount of loss allowance for expected credit losses on contract assets based on reasonable and supportable forward-looking information (taking into account the current and economic growth rate forecast and unemployment rate in Hong Kong, which reflect the general economic conditions of the industry in which the debtors operate) that is available without undue cost or effort, we cannot assure you that we will be able to recover the full amount of contract assets.

As of the Latest Practicable Date, we had 23 design, supply, and installation projects in progress, with an aggregate project backlog of HK\$324.6 million. We expect that these projects will contribute revenue to us in the coming three years. Due to the above reason, we cannot assure you that the actual amount of revenue to be recognised from such contracts in progress will not be substantially different from the original contract sum as specified in the relevant contracts.

Occurrence of widespread health epidemic, other outbreaks or natural disaster could have a material impact on our business.

Our business is subject to general economic and social conditions in Hong Kong. Natural disasters, epidemics, acts of war or terrorism or other factors beyond our control could adversely affect the economy and the livelihood of people in Hong Kong where we conduct our business. Widespread health epidemic or other outbreaks, such as the COVID-19, Ebola, the severe acute respiratory syndrome, or SARS, the human swine influenza A (H1N1), the human avian influenza A (H5N1), and the human avian influenza A (H7N9) could result in widespread health crisis that could materially adversely affect the economic systems in Hong Kong. Outbreaks of epidemic, pandemic, or contagious diseases such as COVID-19, could have an adverse effect on our business and financial positions, operating results, and prospects. The spread of COVID-19 has resulted in the World Health Organization declaring the

RISK FACTORS

outbreak of COVID-19 as a global pandemic. International stock markets have begun to reflect the uncertainty associated with the slow-down in the global economy and the reduced levels of international travel experienced since the beginning of March 2020 was largely attributed to the effects of COVID-19.

In Hong Kong, the outbreak of the COVID-19 has caused prolonged suspension of business and production activities in Hong Kong and Mainland China and passenger travelling between Hong Kong and Mainland China as well as certain countries and territories. A series of tough measures to contain the spread of the COVID-19 from person to person have been implemented in China. Various PRC cities had been completely sealed off as a result. The Chinese New Year holiday was significantly extended, and schools and businesses have been ordered to suspend their activities. In response to such outbreak, in January 2020, the People's Government of Guangdong Province and the local government in Shenzhen announced certain measures to prevent the widespread of the disease in the community, among others, (a) people coming from Hubei Province are required to report to the local authority and impose self-quarantine at home for 14 days, (b) corporates were not allowed to resume operation before 10 February 2020, and (c) corporates were required to strengthen the epidemic prevention, in particular to people who have been to the epidemic area. In Hong Kong, following the earlier measures on school suspension, work-from-home arrangement for certain government departments and private companies, and suspension of some public services and public events, most of the transport and border control point services at border crossings between Hong Kong and Mainland China have been suspended. A 14-day mandatory quarantine has also been imposed on all people entering Hong Kong, though the freight services between Hong Kong and Mainland China have generally not been affected. All of these measures may have negative impact on the progress of the ongoing projects undertaken by us, as well as the planned supply of raw materials and labour for completion of the projects.

Based on the information currently available to us, if our supply of raw materials were affected by the outbreak of COVID-19 and we had to implement the contingency plans to source the principal raw materials from overseas, our Directors estimate that the additional costs that may be incurred by us on the purchase of the principal raw materials for the ongoing projects as of the Latest Practicable Date would have been increased by approximately 4.5% to approximately 15.6%. If the current situation prolongs and as a result, some of our ongoing projects as of the Latest Practicable Date are suspended or cancelled, our project backlog of HK\$324.6 million may not be realised and recognised as our revenue.

Any of the above factors and other factors beyond our control could have an adverse effect on the overall business sentiment in Hong Kong and other countries and territories, cause uncertainties in the industry in which we operate and cause our business to suffer in ways that we cannot predict and could materially adversely impact our business and financial condition, operating results, and prospects.

We cannot assure you that we will succeed in the tender process.

Our projects are generally obtained through the tender process with the tender document specifying the general terms of the contract to be entered into between us and the customer as well as the necessary requirements of the tender.

During the three years ended 31 March 2019, we secured design, supply, and installation projects for façade works through tendering, and the tender success rates were decreasing at 26.7%, 25.0%, and 26.0%, respectively. During the three years ended 31 March 2019, the tender success rate was 28.6%, nil, and 16.7%, respectively, for building metal finishing works projects. We were not able to secure any building metal finishing works projects in 2018 due to our focus on the then projects on hand and the

RISK FACTORS

constraints on our financial and human resources. During the six months ended 30 September 2019, the tender success rate was 21.2% for façade works projects and 23.1% for building metal finishing works projects. Our Directors believe that changes in our tender success rates during the Track Record Period were primarily affected by our tendering strategy and our limited financial and human resources although we received invitations from our established customers from time to time.

We cannot assure you that we will be able to maintain similar tender success rate or have sufficient resources to prepare tender for submission similar to the level of our Group during the Track Record Period.

In addition, so far as our Directors are aware, most of our customers have maintained an evaluation system for their tenders to ensure that contractors meet certain standards of management, industrial expertise, financial capability, reputation and regulatory compliance which may change from time to time. Our overall score under the evaluation system of our customers may reduce due to fatal accidents in our projects or material breaches of law. In case of such events, we may not be granted tender and furthermore, our business and financial positions, operating results, and prospects could be adversely affected.

Our failure to make accurate estimation of our project costs in our tenders may lead to cost overruns or result in losses.

We determine the tender price or quotation by adopting a mark-up pricing model, taking into account the estimated amount of project costs involved, which include the quotations of our suppliers and subcontractors, price trend of raw materials, wages of labour, implementation timetable of the project, our previous tender or quotation records, and the awarded price of similar projects. In most cases, the main contractors or project owners or property developers will have relatively strong negotiation power on the contractual terms, including the price and the timetable, and they would normally select the lowest tender amongst subcontractors of the same capability and credentials. The actual project costs incurred and time required to complete the project may differ from our estimation due to various factors, including the change in the building material costs and subcontracting fees. During the Track Record Period, we did not have any loss-making project due to cost overruns or underestimation of the costs involved. However, in one of the building metal finishing works projects completed by us during the Track Record Period, we incurred an insignificant amount of loss of HK\$0.9 million due to competitive pricing for business development purpose.

We are also subject to the risk in relation to the fluctuations in the building material costs. Our building material costs accounted for 47.0%, 45.6%, and 42.5% of our cost of sales during the three years ended 31 March 2019, respectively. During the six months ended 30 September 2019, our building material costs accounted for 47.0% of our cost of sales, as compared to 45.3% during the six months ended 30 September 2018. Any significant increase in the building material costs or any failure on our part to prepare an accurate estimation of the building material costs could substantially increase our building material costs and our cost of sales. Further, the building material costs may fluctuate from time to time due to the external factors such as the macroeconomic conditions, production quantity and market condition, which are entirely beyond our control. If there is any unexpected and significant fluctuation in the building material costs due to the above factors or other factors beyond our expectation, the actual costs incurred by us could be greater than our estimated costs, and our profitability could be materially and adversely affected.

RISK FACTORS

It is important that we submit tender proposal at a competitive price with adequate profit margin that can maintain our profitability. We may be subject to liquidated damages due to the delay in completing the project, calculated on the basis of a fixed sum per day or according to certain damages calculating mechanism as stipulated under the contract for the period during which the works remain incomplete. Any material inaccurate estimation of the time and costs involved in a project may give rise to delays in completion of works and/or cost overruns, which in turn may materially and adversely affect our business and financial positions, operating results and liquidity.

We rely on subcontractors in providing our services and if we cannot maintain our relationship or effectively monitor their operations, our business could be adversely affected.

As we do not employ any direct labour to execute the installation works on site, we generally procure subcontractors from our approved list to carry out the installation works for our façade works and building metal finishing works projects. During the three years ended 31 March 2019, the subcontracting fees paid and payable by us accounted for 32.6%, 37.9%, and 36.3% of our total cost of sales, respectively. During the six months ended 30 September 2019, the subcontracting fees paid and payable by us accounted for 32.1% of our total cost of sales during the period, as compared to 31.3% during the six months ended 30 September 2018. The subcontracting fees may fluctuate from time to time due to changes in the macroeconomic conditions, and the supply and cost of labour in the market. If there is any unexpected and significant increase in subcontracting fees due to the above factors, the actual costs of the project may be greater than the estimated costs, and our profitability may be materially and adversely affected.

As we are generally engaged for non-recurring projects, we do not have any long-term contracts with our subcontractors and only engage them as required for specific projects. Therefore, if our subcontractors decide not to continue business relationship with us and we are unable to find a suitable replacement, our quality of service may be affected and financial results may suffer. We also cannot assure you that we will find suitable subcontractors where our existing subcontractors do not operate, thereby affecting our expansion plans and prospects. To ensure quality of our services, we generally select our subcontractors for our projects from our list of approved subcontractors. See the section headed “Business — Subcontractors” in this prospectus for detailed information. However, they are responsible for and we rely on them to provide quality work and to govern their employees. We are exposed to the risk of receiving claims for the breach of contract or law if our subcontractors fail to perform the subcontracted works satisfactorily or on time or if they fail to manage their staff in accordance with relevant legal requirements such as in compliance of safety regulations or public health laws. In such event, our business reputation, business and financial positions, operating results and prospects could be adversely affected.

In addition, we remain accountable to our customers for the quality of works rendered by our subcontractors. We are exposed to legal liabilities if we fail to monitor the performance of our subcontractors, or if our subcontractors violate any laws, rules or regulations in relation to health and safety matters. We are also exposed to risks associated with any non-performance, performance delay or sub-standard performance by our subcontractors or their respective employees. We may also incur additional costs or we may be subject to liability due to the delay in work schedule or defects in the works performed by our subcontractors or if there is any accident causing personal injuries or death of our subcontractors’ employees. Any of these events may have impact on our reputation and operating results, and may result in litigation or claims for damages.

RISK FACTORS

We may fail to complete the projects in a timely manner could materially and adversely affect our reputation and financial performance.

Project delay can be caused by various factors, including shortage of manpower, adverse weather or factors attributable to the main contractor of the construction projects, or other factors beyond our control. The installation of façade and building metal finishing components can only be commenced upon completion of construction of the principal structure of the relevant buildings. Any delay in the construction process for whatever reason could result in extension of the time period required for completion of the project, and this could adversely affect our business and financial positions if we are facing the uncertainties on cost increase, availability of subcontractors or change of design or specifications. In addition, we may be required to settle payment with our suppliers notwithstanding the delay in the project if we have placed purchase orders with our suppliers. Hence, a delay in a project will adversely affect our receipt of interim payments and our operational cash flows. We may also be liable to pay damages and any additional costs to the contracting parties if the delay is caused by us as stipulated in the contracts. In such event, our reputation and operating results may be materially and adversely affected.

We cannot assure you that our customers will make timely or full payments or return retention money on time.

Generally speaking, we apply for progress payments each month during the course of the project for works completed subject to examination of completed works as detailed in the section headed “Business — Principal steps involved in project implementation” in this prospectus. Given that there is an examination or certification process, we cannot assure you that our customers will pay in a timely manner or the full amount invoiced by us. If there is a substantial delay in the examination process or dispute as to the works completed, payments may be delayed. During the course of the project, our customers may require additional services or changes in the design or specifications and provide us with variation orders. As the fees for variation orders are not covered in the original contract sum, the fees involved will need to be assessed by or negotiated with our customers’ agents generally during the various stages of the project although we may receive progress payments on part of the amount during the course of the project. If we disagree with our customers on such fees, our business reputation and operating results could be adversely affected.

Our trade receivables amounted to HK\$5.7 million, HK\$4.9 million, HK\$18.0 million, and HK\$19.5 million as of 31 March 2017, 2018, and 2019, and 30 September 2019, respectively. In addition, as of 31 March 2017, 2018, and 2019, and 30 September 2019, retention receivables from the five most significant balances amounting to HK\$7.2 million, HK\$10.0 million, HK\$9.5 million, and HK\$9.9 million, representing 58.0%, 69.7%, 63.5%, and 60.2% of the retention receivables, respectively.

We are subject to the credit risk of our customers and rely on the timeliness of receipt of progress payment and retention money from our customers to meet our payment obligations to our suppliers and subcontractors. If there is any delay of payment from our customers, we would experience significant cash flow mismatch when there is a significant timing difference between the making of payments to our suppliers and subcontractors and receiving payments from our customers. If any of our customers runs into financial difficulties or we have disputes with our customer or the project owner which lead to the

RISK FACTORS

delay of payment by our customer to us, we may not be able to receive payment in full or at all. Non-payment or delays in payment by our customers may materially and adversely affect our business and financial positions, operating results, and prospects.

We had negative cash flow from operating activities during the six months ended 30 September 2018 and the year ended 31 March 2019.

We had negative cash flow from operating activities of HK\$20.3 million and HK\$32.5 million during the six months ended 30 September 2018 and the year ended 31 March 2019, respectively. During the six months ended 30 September 2018, the negative cash flow from operating activities was primarily attributable to the increase in the amount of trade and other receivables of HK\$27.4 million. During the year ended 31 March 2019, the negative cash flow from operating activities was primarily attributable to the increases in the amounts of contract assets of HK\$56.5 million and trade and other receivables of HK\$15.2 million.

During the year ended 31 March 2019, we recorded a profit before taxation of HK\$45.0 million and net cash used in operating activities of HK\$32.5 million. The difference was mainly attributable to (a) a net cash outflow for movement in working capital of HK\$69.9 million; (b) depreciation of property and equipment of HK\$1.8 million; and (c) Hong Kong profits tax paid of HK\$9.3 million. For the net cash outflow for movement in working capital of HK\$69.9 million during the year ended 31 March 2019, it was primarily due to (a) an increase in contract assets of HK\$56.5 million which was mainly related to the longer period required for certification of contract works of some big projects which were submitted to quantitative surveyor of the owner plus the time to review for contra charges to be raised to us; (b) a decrease in contract liabilities of HK\$7.2 million which was mainly related to those projects with contract liabilities at year ended 31 March 2018 but completed in the year 2019; (c) an increase in trade and other receivables of HK\$15.2 million; and (d) an increase in trade and other payables of HK\$9.0 million. The increases in contract assets and trade and other receivables were primarily due to the fact that a number of significant façade works projects were in progress during the period, such as *King's Road* (Project 31) and *So Kwun Wat Road (A)* (Project 29), which our works had been performed but had not been examined by our customers.

Negative operating cash flow requires us to obtain sufficient external financing to meet our financing needs and obligations. If we are unable to do so, we could be in default of our payment obligations and may not be able to expand our business. Thus, our business and financial positions, operating results, and prospects could be materially and adversely affected.

Our cash flows may fluctuate as a result of Upfront Costs incurred at the early stage of the project and the time for receipt of interim payments from our customers.

We generally incur start-up costs, including subcontracting fees and procurement costs of materials at the early stage of a project while the aggregate payment received from our customers then is insufficient to cover. Our customers generally make interim payments with reference to the value of works done. See the section headed “Business — Customers — Principal terms of the design, supply, and installation contracts with our customers” in this prospectus for further information. Therefore, we normally incur net cash outflows at an early stage of our projects and our cash flows in respect of a particular project will change from net cash outflows at the early stage to accumulative net cash inflow gradually with the progress of the project. We undertake various projects during a given period of time, and the cash outflow of a particular project could be compensated by the cash inflows of other projects.

RISK FACTORS

If we undertake a large number of projects, we cannot assure you that we would be able to maintain sufficient financial resources and have timely cash inflows from other projects. Our cash position could be materially affected if a significant number of projects is at the initial design stage, which would not be able to generate significant amount of cash inflows. We rely on prompt settlement of interim payments by our customers to meet our payment obligations for costs incurred in our projects. If there is any material mismatch in time between the receipt of interim payments from our customers and the payment of our costs and that we fail to manage our cash flows, our business and financial positions, and operating results could be adversely affected.

We are exposed to interest rate risks.

We rely on bank borrowings to meet our financial needs that arise from time to time in our business. As of 31 March 2019, our bank borrowings included factoring loans of HK\$8.3 million and other bank borrowings of HK\$24.2 million. As of 30 September 2019, our bank borrowings included factoring loans of HK\$1.9 million and other bank borrowings of HK\$31.1 million. As of 31 January 2020, our bank borrowings included factoring loans of HK\$4.9 million and other bank borrowings of HK\$28.7 million, which are subject to floating interest rates. We are exposed to interest rate risk through the impact of rate changes on interest bearing financial assets and liabilities, mainly the interest bearing bank balances and bank borrowings at variable interest rates. Our interest rate risk is mainly concentrated on the fluctuations of the Prime Rate and the Hong Kong Interbank Offered Rate (HIBOR) arising from our bank borrowings. During the three years ended 31 March 2019, our interest expense on bank borrowings amounted to HK\$0.2 million, nil, and HK\$0.2 million, respectively. During the six months ended 30 September 2019, our interest expense on bank borrowings amounted to HK\$0.6 million, as compared to nil during the six months ended 30 September 2018. We expect that our interest on bank borrowing will increase with our business growth and the increasing use of bank borrowings to finance the implementation of our projects. Should the interest rates continue to increase in the future, business and positions, operating results, and prospects could be adversely affected.

We may be subject to defect liability claims and warranty claims in relation to our projects.

Our customers normally require a defect liability period ranging from 12 to 24 months from the date of issuance of the certificate of practical completion of the project, pursuant to which we are required to rectify any defects (defective works or materials used) identified at our own cost. We cannot assure you that our subcontractors will be able to satisfy the relevant requests raised by our customers and/or any other interested parties for fixing the defects pursuant to the terms of contracts we entered with our subcontractors. In case there is any significant claims raised against us by our customers or other interested parties for defect liability or default in relation to our works, we may incur significant amount in rectifying such defects or in settlement of such claims and in such event our profitability would be adversely affected. As such, we may incur extra expenses for the remedial works which may be substantial.

In addition to the defect liability period, we normally provide to our customers a warranty period of up to 15 years from the date of the certificate of practical completion or the end of the defect liability period, whichever is earlier, on certain aspects of craftsmanship of our works, including glazing and watertightness of the curtain walls installed. In general, we would require our suppliers of glass to provide back-to-back warranty for a period up to ten years on their products.

RISK FACTORS

During the Track Record Period, however, we did not incur any material amount on follow-up works required to be done for rectifying any defects during the defect liability period and no material claim had been brought against us by our customers nor had we brought any claims against our suppliers because of product defects. On this basis, our Directors do not consider that we would encounter any significant risk of defect liability or warranty claim in relation to the façade and the building metal finishing parts supplied and installed by our suppliers. Hence, our Directors consider that no provision would be required to be made.

Although we have not received any material defect liability or warranty claim for defects in facade works or building metal finishing works projects completed by us during the Track Record Period, we cannot assure you that we will not be subject to warranty claims or legal proceedings in future. We may need to incur resources to defend ourselves in case claims or legal proceedings are instituted against us. Although we generally require a similar defect liability period to be provided by our subcontractors and we may have claims against our subcontractors for the defective works performed by them, we may not be able to recover the full amount or at all from our subcontractors. In case claims or legal proceedings are instituted against us, we may be required to bear the damages to our customers at our own costs and expenses, and our reputation, business and financial positions, and operating results could be materially and adversely affected.

Inability to attract and retain members of our senior management and project teams will adversely affect our operations and financial performance.

Our success is, to a large extent, attributable to the strategies and visions of our executive Directors' as well as their efforts in key aspects of our business, including but not limited to, developing and maintaining new/existing customer relationships, evaluation of tender and pricing strategy and development and management of our business operations. Our success and growth therefore depends on our ability to identify, hire, train and retain suitable, skilled and qualified key personnel.

If our senior management and project personnel cease to be with our Group in the future and we are unable to find suitable replacements in a timely manner, there will be an adverse impact on our business and financial positions and operating results.

We may be exposed to disputes, claims, and litigation.

We may be exposed to claims or disputes with customers, suppliers, subcontractors, workers and other parties involved in the projects from time to time. Claims against us may result from, among others things, the delay in work completion of works, defects in the contracted works, personal injuries, and employees' compensation, resulting in our incurring significant amounts in rectifying such defects or settling such claims.

As of the Latest Practicable Date, we were involved in ongoing legal proceedings relating to employee compensation and/or personal injury claims. See the paragraphs under "Business — Litigation" in this prospectus for further information.

RISK FACTORS

Any such claims and potential claims may lead to time-consuming and costly litigation, arbitration, administrative proceedings or other legal procedures. Expenses incurred in legal proceedings may have material and adverse impact on our financial situation. Further, the unfavourable result in judgment or findings would harm our reputation, which in turn, could materially and adversely impact our business and financial conditions and operating results.

We may fail to maintain our registration under the Registered Specialist Trade Contractors Scheme (“RSTCS”).

During the Track Record Period, ICGL (Hong Kong) was registered as a registered specialist trade contractor and registered subcontractor under the RSTCS implemented by the Construction Industry Council, further information on which is set forth in the section headed “Business — Licences and registrations” in this prospectus. In order to participate in projects commissioned by the Hong Kong Government and certain statutory bodies, such as the Development Bureau and Hong Kong Housing Authority, ICGL (Hong Kong) is required to maintain our registration status under the RSTCS. RSTCS has a number of requirements, and one of which is to employ the required number of qualified personnel overseeing the design, supply, and installation projects undertaken by us. We cannot assure you that we can maintain or renew our registration status under the RSTCS. If we fail to maintain our registration status under the RSTCS, we may not be able to tender the projects or undertake works that require such registration status. The development of our business could then be adversely affected.

Our current insurance coverage may not be sufficient against all risks.

We cannot assure you 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 will have to bear any losses, damages or liabilities in the course of our operations arising from events for which we do not have adequate insurance cover. We are generally covered by employees’ compensation insurance and contractors’ all risks insurance maintained by the main contractor and/or us for claims in relation to personal injuries or damage to property due to accidents at the construction sites of our projects. However, we may become subject to liabilities arising from events for which we do not have adequate insurance cover. Should any significant property damage or personal injury occur in the construction sites or to the employees due to accidents, natural disasters, or similar events which are not wholly or partially covered by insurance, our business may be materially and adversely affected, potentially leading to a loss of assets, lawsuits, employee compensation obligations, or other form of economic loss.

Further, the insurance premium payable by our Group depends on various factors including the scope and contract sum of the projects undertaken by us and our track record of insurance claims. The insurers will also review the policies each year and there is no guarantee that we can renew the policies or can renew on similar or other acceptable terms. We cannot assure you that the insurance premium payable by us 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 exceeding the limits of our insurance coverage, or the insurance premium payable by us increases significantly, our business and financial positions and operating results could be materially and adversely affected.

RISK FACTORS

We may not be able to implement our business strategies and future plans successfully.

The successful implementation of our business strategies and future plans as described in the section headed “Reasons for the Listing and Proposed Use of the Net Proceeds from the Share Offer” in this prospectus are based on our current estimates and assumptions and depend on a number of factors including the availability of funds, market competition, tender results, project progress and our ability to maintain our existing competitive advantages. Some of the factors are beyond our control and by nature, are subject to uncertainty, such as the occurrence of widespread health epidemic or other outbreak, general market conditions of the construction industry, economic environment and the change in government policies. Due to the recent outbreak of the COVID-19 in the PRC, we expect to delay our plan to establish our in-house design team in the PRC from March 2020 to May 2020. If the situation continues, we may further delay the establishment of our in-house design team in the PRC. As a result, we have to continue to outsource the design works and will not be able to achieve the cost saving of 9.9% per year as planned. We cannot assure you that our business strategies and future plans can be implemented successfully. Any failure or delay in the implementation of any or all of these strategies and plans or any adverse change in the operating environment may have a material adverse effect on our business and financial positions, operating results, and prospects.

Dividends declared in the past may not be indicative of the dividend policy in the future

During the three years ended 31 March 2019, we declared dividends of HK\$12.0 million, HK\$22.0 million, and HK\$26.0 million, respectively, representing dividend payout ratio of 73.2%, 67.6%, and 71.3%. We did not declare any dividend during the six months ended 30 September 2019. The dividends were paid by way of cash or settled against the amount due from Mr. CHU.

Any declaration of dividend proposed by our Directors after the Listing and the amount of such dividends will depend on various factors. These factors include our results of operation, financial conditions, future prospects and other factors which our Directors may consider to be important then. See the section headed “Financial Information — Dividends and dividend policy” in this prospectus for further information on our dividend policy. Dividends declared in the past are not indicative of our future dividend policy. We cannot assure that we would declare and pay dividends in the future.

RISKS RELATING TO THE INDUSTRY IN WHICH OUR GROUP OPERATES

Adverse changes in the social, political, and economic condition in Hong Kong could materially and adversely affect our business.

Our operations are based in Hong Kong and our revenue is entirely derived from façade works and building metal finishing works projects in Hong Kong. Demand for our services is principally connected to the level of construction activities in Hong Kong, and we are affected by the cyclical nature of the construction sector in Hong Kong. In addition, any major changes to Hong Kong’s social, political and economic condition will have a significant impact on our business and future growth.

Recent protests and demonstrations in Hong Kong arising from a proposal by the Hong Kong Government to implement the extradition bill have caused social unrest, which affect the economic development in Hong Kong. We are unable to foresee the trend of the movement. New investments in housing and infrastructure projects could slow down and the construction industry could be adversely

RISK FACTORS

affected as a result if the social unrest continues to mounting. If such protests and demonstration persist for a prolonged period of time or that the economic, political and social conditions in Hong Kong are to be disrupted, our overall business and results of operations may be adversely affected.

Our operating performance is dependent on the market conditions of the construction industry and the overall economy.

All of our revenue was derived from our business operations in Hong Kong during the Track Record Period. The future growth and level of profitability of our business are likely dependent upon the level of major construction and building activities in Hong Kong and the continued availability of façade works and building metal finishing works projects and building construction projects. The number of projects awarded to us is highly dependent on, among other things, the continued growth of the construction industry, property development market, and the prospects of the Hong Kong economy. The continued availability of large construction projects and the project size and timing of such projects will be determined by a variety of factors such as land supply in Hong Kong, public housing policy, government budgets, investment of property developers and Hong Kong Government's plan on infrastructure projects. Any downturn in the construction industry and economy in Hong Kong is likely to result in the possibility of postponement, delay or cancellation of construction projects and delay in recovery of receivables or decrease in the value and number of construction projects in Hong Kong, which would have material and adverse impact on our business and financial positions, operating results, and prospects.

We operate in a competitive market.

The construction industry in Hong Kong has many participants and is highly competitive. We face competition from other contractors in tender submission for projects. Market players generally compete in terms of tender price, track record and operating histories. To compete with the large number of competitors, we may face significant downward pricing pressure in order to remain competitive. Increased competition may lead to lower profit margins and loss of market share, and materially and adversely impact on our profitability and operating results. If we cannot adapt to market conditions and customer preferences or otherwise fail to provide a competitive bid as compared to our competitors, our service may not be attractive to customers and our business and prospects could be materially and adversely affected.

Changes in the rules and regulations may adversely affect our operations.

Laws and regulations relevant to our business operations may change from time to time, which include environmental protection, labour safety and licencing and qualification requirements. In the event that there are any material changes in the existing regulatory regime, we may incur additional costs in compliance or we may not be able to comply with all such requirements in time or at all, which may result in regulatory non-compliances and in turn materially and adversely affect our business and financial positions, operating results, and prospects.

RISK FACTORS

Increase in operating costs could adversely affect our profit margin.

Pursuant to the Ipsos Report, the increase in operating costs for the building industry in Hong Kong is attributed to the increasing wage trend of construction workers due to labour shortage, which is partly due to the ageing workforce and the lack of skilled talent. The significant increase in labour costs will result in an increase in our cost of sales, thereby reducing our profit margin. The increases in labour costs will also result in the increase of subcontracting fees for the installation works performed by the subcontractors. Our subcontractors will also pass on the increase in their costs to us by increasing their subcontracting fees. In the event that these costs continue to increase and we fail to pass on the increase to our customers, our business and financial positions, operating results, and prospects could be materially and adversely affected.

RISKS RELATING TO INFORMATION CONTAINED OF THIS PROSPECTUS

Certain statistics and facts of this prospectus have come from various government official publications whose reliability cannot be assumed or assured.

This prospectus includes certain statistics and facts extracted in whole or in part from various publicly available government official sources and publications or from the Ipsos Report or other sources. We believe that the sources of these statistics and facts are appropriate and we have taken reasonable care in extracting and reducing such statistics and facts from their respective sources. We have no reason to believe that such statistics and facts are false or misleading in any material respect or that any fact has been omitted that would render such statistics and facts false or misleading in any material respect. These statistics and facts have not yet been independently verified by our Company, the Sole Sponsor, the Sole Bookrunner, the Joint Lead Managers, the Underwriters, their respective directors and advisers or any other parties involved in the Share Offer. In addition, the information contained in the Ipsos Report was derived by means of, inter alia, desk research, client consultation and interviewing with key stakeholders and industry experts, which includes information that is not publicly available. Therefore, we make no representation as to the accuracy or completeness of these statistics and facts, as such these statistics and facts should not be unduly relied upon.

Purchasers of our Shares in the Share Offer will experience immediate dilution and may experience further dilution if we issue additional Shares in the future.

The Offer Price is higher than the net tangible asset value per Share of the outstanding Shares issued to our existing Shareholders immediately prior to the Share Offer. Therefore, purchasers of our Shares in the Share Offer will experience an immediate dilution in terms of the pro forma net tangible asset value. In addition, we may consider offering and issuing additional Shares or equity-related securities in the future to raise additional funds, finance acquisitions or for other purposes. Purchasers of our Shares may experience further dilution in terms of the net tangible asset value per Share if we issue additional Shares in the future at a price that is lower than the net tangible asset value per Share.

RISK FACTORS

The price and the trading volume of our Shares may be volatile which could result in substantial losses for investors purchasing our Shares under the Share Offer.

The price and trading volume of our Shares may be volatile. The market price of our Shares may fluctuate significantly and rapidly as a result of the following factors, among others, some of which are beyond our control:

- actual or anticipated changes in our operating environment and operating results;
- changes in securities analysts' estimates or market perception of our financial performance;
- announcement by us of significant acquisitions or dispositions;
- addition or departure of key senior management or other key personnel;
- fluctuations in stock market price and volume;
- regulatory or legal developments, including involvement in litigation; and
- general economic, political, and stock market conditions in Hong Kong.

You should note that the securities markets have from time to time experienced significant price and volume fluctuations that are not related to the operating performance of particular companies. Such market fluctuations may materially and adversely affect the market price of our Shares.

Since there will be a gap of several days between pricing and trading of our Shares, holders of our Shares are subject to the risk that the price of our Shares could fall when the trading of our Shares commences.

The Offer Price is expected to be determined on the Price Determination Date. However, our Shares will not commence trading on the Stock Exchange until they are delivered, which is expected to be after the Price Determination Date. As a result, investors may not be able to sell or otherwise deal in our Shares during that period. Accordingly, holders of our Shares are subject to the risk that the price or value of our Shares could fall when trading commences as a result of adverse market conditions or other adverse developments that could occur between the time of sale and the time trading begins.

Our interests may conflict with those of our Controlling Shareholders, who may take actions that are not in, or may conflict with, our or our public shareholders' best interests.

The interests of our Controlling Shareholders may differ from the interests of our other Shareholders. If the interests of our Controlling Shareholders conflict with the interests of our other Shareholders, or if our Controlling Shareholders cause our business to pursue strategic objectives that conflict with the interests of our other Shareholders, the non-controlling shareholders could be disadvantaged by the actions that our Controlling Shareholders choose to cause us to pursue.

RISK FACTORS

Our Controlling Shareholders could have significant influence in determining the outcome of any corporate transaction or other matter submitted to the Shareholders for approval, including but not limited to mergers, privatisations, consolidations and the sale of all, or substantially all, of our assets, election of directors, and other significant corporate actions. Our Controlling Shareholders have no obligation to consider the interests of our Company or the interests of our other Shareholders. Consequently, our Controlling Shareholders' interests may not necessarily be in line with the best interests of our Company or the interests of our other Shareholders, which may have a material and adverse effect on our Company's business operations and the price at which our Shares are traded on the Stock Exchange.

Future sale or major divestment of Shares by our Controlling Shareholders or our investors could materially and adversely affect the prevailing market price of our Shares.

The future sale of a significant number of our Shares in the public market after the Share Offer, or the possibility of such sales, by our Controlling Shareholders or investors could materially and adversely affect the market price of our Shares and could materially impair our future ability to raise capital through offerings of our Shares. Although our Controlling Shareholders and investors have agreed to a lock-up on their Shares, any major disposal of our Shares by any of such Controlling Shareholder and investors upon expiry of the relevant lock-up periods (or the perception that these disposals may occur) may cause the prevailing market price of our Shares to fall which could negatively impact our ability to raise equity capital in the future.

You should read the entire prospectus carefully and we strongly caution you not to place any reliance on any information contained in press articles or other media regarding us and the Share Offer.

We strongly caution you not to rely on any information contained in the press articles or other media regarding us and the Share Offer. Prior to the publication of this prospectus, there has been press and media coverage regarding us and the Share Offer, including certain financial information, industry comparisons, and/or other information about the Share Offer and us. There may continue to be additional press and media coverage on us and this Share Offer. We do not accept any responsibility for any such press or media coverage or the accuracy or completeness of any such information. We make no representation as to the appropriateness, accuracy, completeness or reliability of any such information or publication. To the extent that any such information appearing in publications other than this prospectus is inconsistent with, or conflicts with, the information contained in this prospectus, we disclaim it, and accordingly you should not rely on any such information. In making your decision as to whether to purchase our Shares, you should rely only on the information included in this prospectus.

FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements that are, by their nature, subject to significant risks and uncertainties. These forward-looking statements include, without limitation, statements relating to:

- our business and operating strategies and our ability to implement such strategies;
- our operations and business prospects, including development plans for our existing and/or new businesses;
- future developments, trends, and conditions in the industry and markets in which we operate or plan to operate;
- our dividend policy;
- the regulatory environment in terms of changes in laws and government regulations, policies, and approval processes in the regions where we develop or manage our projects; and
- all other risks and uncertainties described in the section headed “Risk Factors” in this prospectus.

The words “anticipate”, “believe”, “could”, “expect”, “going forward”, “intend”, “may”, “ought to”, “plan”, “seek”, “will”, “would”, and similar expressions, as they relate to us, in particular, in the sections headed “Business” and “Financial Information” in this prospectus, are intended to identify a number of these forward-looking statements. These statements are based on numerous assumptions regarding our present and future business strategy and the environment in which we will operate in the future. They reflect the current views of our management with respect to future events and are subject to certain risks, uncertainties and assumptions, including the risk factors described of this prospectus.

Subject to the requirements of applicable laws, rules, and regulations, we do not have any obligation to update or otherwise revise the forward-looking statements in this prospectus, whether as a result of new information, future events or otherwise. Hence, should one or more of these risks or uncertainties materialise, or should underlying assumptions prove to be incorrect, our financial condition may be adversely affected and may vary materially from those described herein as anticipated, believed, or expected. Accordingly, such statements are not a guarantee of future performance and you should not place undue reliance on such forward-looking information. All forward-looking statements contained in this prospectus are qualified by reference to the cautionary statements set forth in this section.

INFORMATION ABOUT THIS PROSPECTUS AND THE SHARE OFFER

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 (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 purpose of giving information with regard to us.

Our Directors, having made all reasonable enquiries, confirm to the best of their knowledge and belief that the information contained in this prospectus is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this prospectus misleading.

PROFESSIONAL TAX ADVICE RECOMMENDED

You should consult your professional advisers if you are in doubt as to the taxation implications of subscribing for, purchasing, holding, disposing of or dealing in our Shares (or exercising rights attached to them). No responsibility is accepted by our Company, our Directors, and any of the Relevant Persons for any tax effects or liabilities resulting from the subscription for, purchase, holding or disposing of, or dealing in, our Shares or your exercise of any rights attaching to our Shares.

INFORMATION AND REPRESENTATION

This prospectus is published solely in connection with the Hong Kong Public Offering, which forms part of the Share Offer. For applicants in the Hong Kong Public Offering, this prospectus and the Application Forms set forth the terms and conditions of the Hong Kong Public Offering. Our Hong Kong Offer Shares are offered solely on the basis of the information contained and representations made in this prospectus and the Applications Forms and on the terms and subject to the conditions set forth herein and therein.

We have not authorised anyone to provide any information or to make any representation not contained in this prospectus and the Application Forms. You should not rely on any information or representation not contained in this prospectus and the Application Forms as having been authorised by our Company, our Directors, and any of the Relevant Persons. No representation is made that there has been no change or development reasonably likely to involve a change in our affairs since the date of this prospectus or imply that the information contained in this prospectus is correct as of any date subsequent to the date of this prospectus.

Share Offer

500,000,000 Shares (excluding any Shares to be allotted and issued pursuant to the exercise of the Over-allotment Option) comprising 50,000,000 Hong Kong Offer Shares and 450,000,000 International Offer Shares, in each case subject to re-allocation. All Offer Shares are new Shares to be allotted and issued by our Company.

Further information on the structure of the Share Offer, including its conditions, is set forth in the section headed "Structure and Conditions of the Share Offer" in this prospectus.

INFORMATION ABOUT THIS PROSPECTUS AND THE SHARE OFFER

Indicative range of the Offer Price	HK\$0.25 to HK\$0.29
Procedures for application for our Hong Kong Offer Shares	The application procedures for our Hong Kong Offer Shares are set forth in the section headed “How to Apply for our Hong Kong Offer Shares” of this prospectus and on the relevant Application Forms.
Stock borrowing arrangements in connection with settlement	The Stabilizing Manager or any person acting for it may borrow from Platinum Lotus up to 75,000,000 Shares.
Number of Shares to be issued under the Over-allotment Option	Up to 75,000,000 additional new Shares to be allotted and issued by our Company.
Number of Shares outstanding after the Share Offer and Capitalisation Issue (assuming that the Over-allotment Option is not exercised)	2,000,000,000 Shares
Number of Shares outstanding after the Share Offer and Capitalisation Issue (assuming that the Over-allotment Option is exercised in full)	2,075,000,000 Shares
Commencement of dealings in our Shares	Dealings in our Shares on the Stock Exchange are expected to commence on Wednesday, 15 April 2020. Our Shares will be traded on the Main Board in board lots of 8,000 Shares each. The stock code of our Shares will be 6063.
Lock-up undertaking by our Company and the Controlling Shareholders and our Substantial Shareholders	Further information is set forth in the section headed “Underwriting — Underwriting Arrangements and Expenses — Undertakings” in this prospectus.
Dividend and dividend policy	During the three years ended 31 March 2019, we declared dividends of HK\$12.0 million, HK\$22.0 million, and HK\$26.0 million, representing dividend payout ratio of 73.2%, 67.6%, and 71.3%, respectively. We did not declare any dividend during the six months ended 30 September 2019.

INFORMATION ABOUT THIS PROSPECTUS AND THE SHARE OFFER

Our Company may declare dividends in the future after taking into account the operating results, earnings, capital requirements, general financial condition, and other factors as our Directors may deem relevant at such time. Following the Listing, the declaration of dividend is subject to the discretion of our Directors and the approval of the Shareholders (except for interim dividends) as may be necessary. Any declaration and payment as well as the amount of dividends will be subject to the constitutional documents of our Company and the Cayman Companies Law. Our Company currently does not have a fixed dividend policy. Our Directors have not determined any fixed percentage for the declaration and payment of our future dividends following the Listing.

Voting rights

Holder of each Share is entitled to one vote at our general meetings.

Registers and Hong Kong stamp duty

Our Company's principal register of members will be maintained by our Cayman Islands Principal Registrar and our Company's branch share register of members will be maintained by our Hong Kong Share Registrar. Unless otherwise approved by our Directors, all documents evidencing transfer of title to any Shares must be lodged for registration by our Hong Kong Share Registrar and cannot be lodged in the Cayman Islands.

Dealings in our Shares registered in our Company's branch share register of members in Hong Kong will be subject to Hong Kong stamp duty.

Restrictions on offers and offers for sale

No action has been taken to permit a public offering of our Offer Shares or the general distribution of this prospectus and/or the Application Forms in any jurisdiction other than Hong Kong. Accordingly, this prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in any jurisdiction or in any circumstances in which such an 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 our Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions and pursuant to registration with or authorisation by the relevant securities regulatory authorities or an exemption therefrom.

INFORMATION ABOUT THIS PROSPECTUS AND THE SHARE OFFER

Each person subscribing for our Hong Kong Offer Shares will be required to, or be deemed by its/his/her subscription for our Hong Kong Offer Shares to, confirm that it/he/she is aware of the restrictions on offers of our Hong Kong Offer Shares described in this prospectus and on the relevant Application Forms.

Application for Listing

Application has been made to the Listing Committee for the listing of, and permission to deal in, our shares in issue and to be issued pursuant to the Share Offer (including any Shares which may be issued pursuant to the Capitalisation Issue and the exercise of the Over-allotment Option).

No part of our share or loan capital of our Company is listed on or dealt in on any other stock exchange and nor is there at present any proposal to do so. The Listing is sponsored by the Sole Sponsor.

Underwriting

Our Hong Kong Offer Shares are fully underwritten by the Hong Kong Underwriters pursuant to the Hong Kong Underwriting Agreement. The International Underwriting Agreement is expected to be entered into on the Price Determination Date, subject to the agreement on the Offer Price between the Sole Bookrunner (for itself and on behalf of the other Underwriters) and us. The Share Offer is managed by the Sole Bookrunner.

If, for any reason, the Offer Price is not agreed, the Share Offer will not proceed and will lapse. Further information on the Underwriters and the underwriting arrangements is set forth in the section headed “Underwriting” in this prospectus.

Share will be Eligible for admission 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, our Shares will be accepted as eligible securities by HKSCC for deposits, clearance and settlement in CCASS with effect from the Listing Date 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.

INFORMATION ABOUT THIS PROSPECTUS AND THE SHARE OFFER

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 stockbroker or other professional adviser for further information on 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.

DIRECTORS AND PARTIES INVOLVED IN THE SHARE OFFER

DIRECTORS

<u>Name</u>	<u>Residential address in Hong Kong</u>	<u>Nationality</u>
Executive Directors		
Mr. CHU Kwok Fun (朱國歡先生) <i>(Chairman and Chief Executive Officer)</i>	Flat B, 2/F Peak Garden Court 11 Magnolia Road Kowloon Tong Kowloon Hong Kong	Chinese
Mr. TSANG Chiu Wan (曾昭維先生)	Room C, 5/F Kingston Lodge 5 Kong Pui Street Shatin New Territories Hong Kong	Chinese
Independent non-executive Directors		
Ms. LEUNG Yin Fai (梁燕輝女士)	Flat B, 7/F, Block 7 Whampoa Garden Bamboo Mansions Kowloon Hong Kong	Chinese
Mr. MA Tsz Chun (馬時俊先生)	Flat A, 2/F, Block 47 Savanna Garden 4283 Tai Po Road Tai Po Kau New Territories Hong Kong	Chinese
Ms. YUEN Wai Yee (袁慧儀女士)	Room 2, 24/F, Block F Kam Lai House Kam Tai Court Shatin New Territories Hong Kong	Chinese

Further information is set forth in the section headed “Directors, Senior Management, and Employees” in this prospectus.

DIRECTORS AND PARTIES INVOLVED IN THE SHARE OFFER

PARTIES INVOLVED IN THE SHARE OFFER

Sole Sponsor

Innovax Capital Limited
Room 2002, 20th Floor
Chinachem Century Tower
178 Gloucester Road
Wanchai
Hong Kong
Licensed corporation under the SFO to engage in type 1 (dealing in securities) and type 6 (advising on corporate finance) of the regulated activities as defined in the SFO

Sole Bookrunner

Sunfund Securities Limited
18th Floor, Hip Shing Hong Centre
55 Des Voeux Road Central
Central
Hong Kong
Licensed corporation under the SFO to engage in type 1 (dealing in securities) and type 4 (advising on securities) of the regulated activities as defined in the SFO

Joint Lead Managers

Sunfund Securities Limited
18th Floor, Hip Shing Hong Centre
55 Des Voeux Road Central
Central
Hong Kong
Licensed corporation under the SFO to engage in type 1 (dealing in securities) and type 4 (advising on securities) of the regulated activities as defined in the SFO

Innovax Securities Limited
Unit A–C, 20th Floor
Neich Tower
128 Gloucester Road
Wanchai
Hong Kong
Licensed corporation under the SFO to engage in type 1 (dealing in securities) and type 4 (advising on securities) of the regulated activities as defined in the SFO

Sang Woo (Kirin) Securities Limited
12/F, Overseas Trust Bank Building
160 Gloucester Road
Wanchai
Hong Kong
Licensed corporation under the SFO to engage in type 1 (dealing in securities) and type 4 (advising on securities) of the regulated activities as defined in the SFO

DIRECTORS AND PARTIES INVOLVED IN THE SHARE OFFER

First Fidelity Capital (International) Limited
Room 908–909, 9/F
Great Eagle Centre
23 Harbour Road
Wanchai
Hong Kong
Licensed corporation under the SFO to engage in type 1 (dealing in securities), type 4 (advising on securities), and type 9 (asset management) of regulated activities as defined in the SFO

Realord Asia Pacific Securities Limited
Suite 2402, 24/F
Jardine House
1 Connaught Place
Central
Hong Kong
Licensed corporation under the SFO to engage in type 1 (dealing in securities) of the regulated activities as defined in the SFO

Underwriters

Sunfund Securities Limited
18th Floor, Hip Shing Hong Centre
55 Des Voeux Road Central
Central
Hong Kong

Innovax Securities Limited
Unit A–C, 20th Floor
Neich Tower
128 Gloucester Road
Wanchai
Hong Kong

Sang Woo (Kirin) Securities Limited
12/F, Overseas Trust Bank Building
160 Gloucester Road
Wanchai
Hong Kong

First Fidelity Capital (International) Limited
Room 908–909, 9/F
Great Eagle Centre
23 Harbour Road
Wanchai
Hong Kong

DIRECTORS AND PARTIES INVOLVED IN THE SHARE OFFER

Realord Asia Pacific Securities Limited
Suite 2402, 24/F
Jardine House
1 Connaught Place
Central
Hong Kong

Legal advisers to our Company

as to Hong Kong law:
Stevenson, Wong & Co.
39th Floor
Gloucester Tower
The Landmark
15 Queen's Road Central
Hong Kong

as to Cayman Islands law:
Conyers Dill & Pearman
Cricket Square, Hutchins Drive
PO Box 2681
Grand Cayman
KY1-1111
Cayman Islands

**Legal advisers to the Sole Sponsor
and the Underwriters**

as to Hong Kong law:
Squire Patton Boggs
29th Floor
Edinburgh Tower
The Landmark
15 Queen's Road Central
Hong Kong

Auditors and reporting accountants

Deloitte Touche Tohmatsu
Certified Public Accountants
35th Floor, One Pacific Place
88 Queensway
Hong Kong

Independent industry consultant

Ipsos Limited
6th Floor, China Life Center
Tower A, One Harbour Gate
18 Hung Luen Road
Hung Hom
Hong Kong

DIRECTORS AND PARTIES INVOLVED IN THE SHARE OFFER

Internal control consultant

RSM Consulting (Hong Kong) Limited
29th Floor, Lee Garden Two
28 Yun Ping Road
Causeway Bay
Hong Kong

Receiving bank

DBS Bank (Hong Kong) Limited
16th Floor, The Center
99 Queen's Road Central
Hong Kong

CORPORATE INFORMATION

Registered Office	Cricket Square, Hutchins Drive PO Box 2681 Grand Cayman KY1-1111 Cayman Islands
Head office and principal place of business of Hong Kong	Unit 1001–02, 10/F, Delta House 3 On Yiu Street Shatin, New Territories Hong Kong
Authorised representatives (for the purpose of the Listing Rules)	Mr. CHU Kwok Fun (朱國歡先生) Flat B, 2nd Floor Peak Garden Court 11 Magnolia Road Kowloon Hong Kong Mr. LEE Wai Hung Garic (李偉鴻先生) (<i>HKICPA — Non-Practising</i>) Flat C, 40th Floor 18 Farm Road To Kwa Wan Kowloon Hong Kong
Company secretary	Mr. LEE Wai Hung Garic (李偉鴻先生) (<i>HKICPA — Non-Practising</i>) Flat C, 40th Floor 18 Farm Road To Kwa Wan Kowloon Hong Kong
Compliance adviser	Innovax Capital Limited Room 2002, 20th Floor Chinachem Century Tower 178 Gloucester Road Wanchai Hong Kong
Company's website	www.lotushorizonholdings.com (<i>Information contained in this website does not form part of this prospectus</i>)

CORPORATE INFORMATION

Audit Committee	Mr. MA Tsz Chun (馬時俊先生) (<i>Chairman</i>) Ms. LEUNG Yin Fai (梁燕輝女士) Ms. YUEN Wai Yee (袁慧儀女士)
Remuneration Committee	Ms. LEUNG Yin Fai (梁燕輝女士) (<i>Chairlady</i>) Mr. TSANG Chiu Wan (曾昭維先生) Mr. MA Tsz Chun (馬時俊先生) Ms. YUEN Wai Yee (袁慧儀女士)
Nomination Committee	Mr. CHU Kwok Fun (朱國歡先生) (<i>Chairman</i>) Mr. MA Tsz Chun (馬時俊先生) Ms. LEUNG Yin Fai (梁燕輝女士)
Cayman Islands Principal Registrar	Conyers Trust Company (Cayman) Limited Cricket Square, Hutchins Drive PO Box 2681 Grand Cayman KY1-1111 Cayman Islands
Hong Kong Share Registrar	Tricor Investor Services Limited Level 54 Hopewell Centre 183 Queen's Road East Hong Kong
Principal bankers	Shanghai Commercial Bank Limited G28 Franki Centre 320 Junction Road Kowloon Tong Hong Kong Dah Sing Bank, Limited 35th Floor, Everbright Centre 108 Gloucester Road Hong Kong Industrial and Commercial Bank of China (Asia) Limited 33rd Floor ICBC Tower 3 Garden Road Central Hong Kong

INDUSTRY OVERVIEW

The information and statistics set forth in this section and elsewhere in this prospectus have been derived from an industry report, commissioned by us and independently prepared by Ipsos in connection with the Share Offer. In addition, certain information is based on, or derived or extracted from, among other sources, publications of government authorities and internal organisations, market data providers, communications with various government agencies or other independent third-party sources unless otherwise indicated. We believe that the sources of such information and statistics are appropriate and have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information and statistics are false or misleading in any material respect or that any fact has been omitted that would render such information and statistics false or misleading. Our Directors confirm that, after taking reasonable care, they are not aware of any adverse change in market information since the date of this prospectus which may qualify, contradict or adversely impact the quality of the information in this section. None of our Company, our Directors, and any of the Relevant Persons (other than Ipsos) have independently verified such information and statistics contained in the Ipsos Report and no representation has been given as to their accuracy. Accordingly, such information should not be unduly relied upon.

SOURCE AND RELIABILITY OF INFORMATION

We commissioned Ipsos, an independent market research consulting firm, to conduct an analysis on and to report on the industry development trends, market demand and competitive landscape of the façade works industry and building metal finishing works industry in Hong Kong for the period from 2014 to 2023, at a fee of HK\$496,000 and our Directors consider that such fee reflects the market rates. Ipsos is an independent market research and consulting company which conducts research on market profiles, market size, share and segmentation analyses, distribution and value analyses, competitor tracking and corporate intelligence and has been engaged in a number of market assessment projects in connection with initial public offering transactions in Hong Kong. Founded in Paris, France in 1975 and publicly-listed on the NYSE Euronext Paris since 1999, Ipsos SA acquired Synovate Ltd. in October 2011. After the acquisition, Ipsos became one of the largest market research and consulting companies in the world, and employs over 16,500 personnel worldwide across 88 countries.

The information contained in the Ipsos Report is derived by means of data and intelligence gathering through: (i) desktop research including Government statistics, journals and financial reports; and (ii) primary research including face-to-face and phone interviews with key stakeholders and industry experts in Hong Kong, such as the Government officials, developers, main contractors, subcontractors, architects, quantity surveyors, industry experts and associations in the construction industry in Hong Kong. Information gathered by Ipsos has been analysed, assessed and validated using Ipsos in-house analysis models and techniques. According to Ipsos, information gathered can be cross-referenced to ensure factors, forecasts and statistics in this prospectus obtained from sources such as Government publication, market data providers and the Ipsos Report.

Our Directors are of the view that the sources of information used in this section are reliable as the information and statistics set forth in this section have been extracted from the Ipsos Report. Our Directors confirm that, after taking reasonable care, there has been no adverse change, since the date of the Ipsos Report which may qualify, contradict or have a material impact on the information in this section.

INDUSTRY OVERVIEW

ASSUMPTION USED IN THE IPSOS REPORT

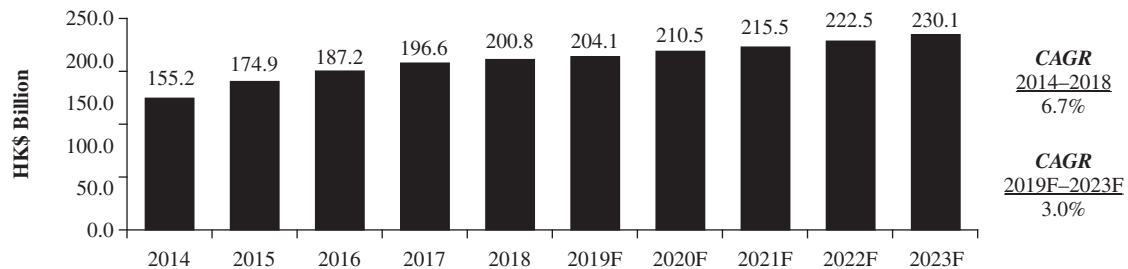
The following assumptions are adopted in the preparation of the Ipsos Report:

- (1) The supply and demand of the façade works industry and building metal finishing works industry are assumed to remain stable during the forecast period from 2019 to 2023.
- (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 façade works and building metal finishing works in Hong Kong during the forecast period from 2019 to 2023.

OVERVIEW OF THE CONSTRUCTION INDUSTRY IN HONG KONG

Gross output value of construction industry

Gross output value of construction works industry in Hong Kong from 2014 to 2023



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

Note: The letter "F" denotes forecast figures

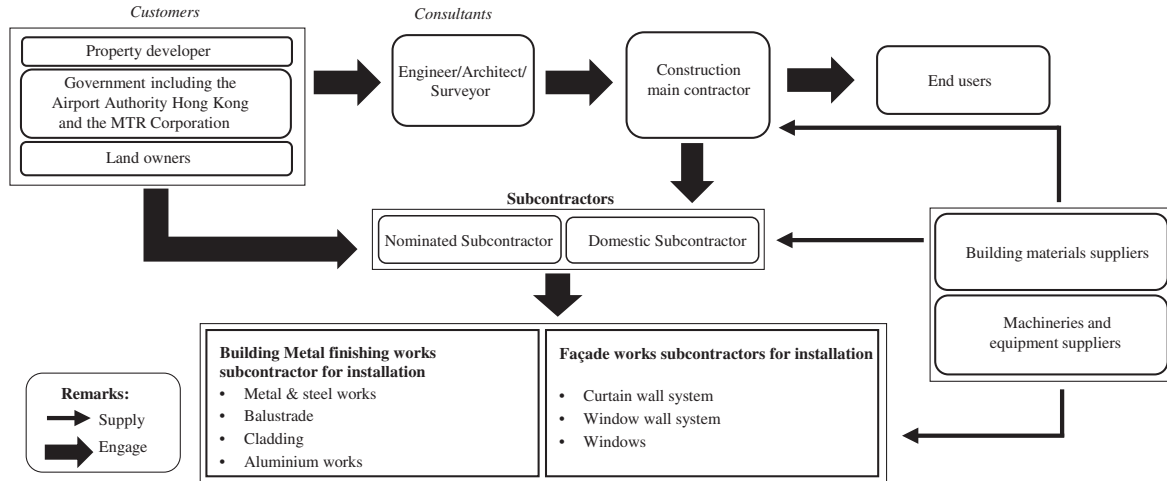
The construction industry contributed to 4.4% to 5.1% of the GDP between 2014 and 2017 in Hong Kong. The total gross output value of the construction works industry in Hong Kong increased from approximately HK\$155.2 billion in 2014 to approximately HK\$200.8 billion in 2018 at a CAGR of approximately 6.7%. The growth was mainly supported by government projects such as the *Ten Major Infrastructure Projects* and the *Public Housing Development Programme*.

In the forecast period from 2019 to 2023, the total gross output value of the construction works industry is expected to increase at a CAGR of approximately 3.0%, from HK\$204.1 billion to HK\$230.1 billion largely supported by government projects such as the expansion plan for Hong Kong railway system, the *10-year Hospital Development Plan*, the *Third Runway System Project* at the Hong Kong International Airport and the *North East New Territories New Development Areas* etc.

INDUSTRY OVERVIEW

Value chain of the construction industry

The graph below illustrates the value chain of the construction industry as well as the façade works industry and building metal finishing works industry in Hong Kong.



Source: Ipsos research and analysis;

Note: The above value chain was mainly derived from interviews with industry stakeholders conducted by Ipsos.

In a typical new building project, façade works and building metal finishing works are considered to be part of the overall building construction works. To carry out a new building construction works, customers, namely property developers, the government or land owners will choose a main contractor to be responsible for project management and on-site construction. After a main contractor is selected, there will be further subcontracting to different contractors in accordance with their expertise including façade works and building metal finishing works. In this case, façade works contractors and building metal finishing works contractors are either engaged by the main contractor or its subcontractor as Domestic Subcontractor or nominated by the property developer as Nominated Subcontractor. In particular for façade works which involve design and installation of the external envelope of a building, it is not uncommon to plan such works at the early stage of the overall construction process.

In respect of the terms of engagement between the customers and the subcontractors, it is a common practice in the construction industry to require subcontractors to purchase performance bond, especially when (i) the construction project is of large scale with sizeable contract sum and (ii) the business relationship between the customer and the subcontractor is relatively new. The amount of performance bond equals to approximately 10% of the total contract sum. Performance bond should be purchased prior to the commencement of onsite installation works, which is material to the construction project.

For maintenance and repair works, although performance bond is seldom required, the process flow is similar to that of a new building project. It is not uncommon for property owners to nominate a façade works contractor to perform such works given the previous business relationship in which the façade works contractor has demonstrated the capabilities and experiences to delivery quality works in a timely fashion.

INDUSTRY OVERVIEW

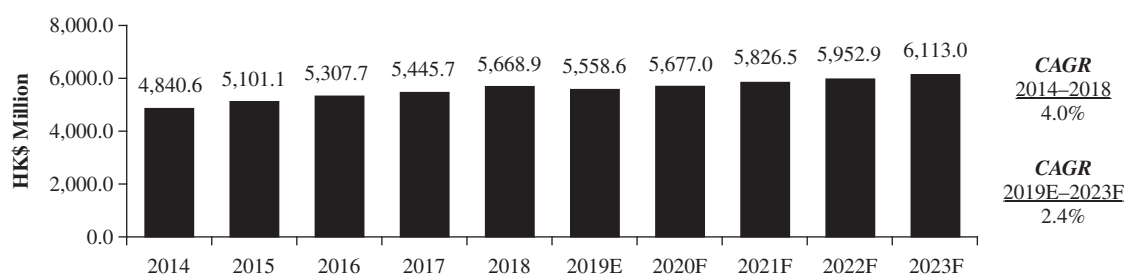
THE FAÇADE WORKS INDUSTRY IN HONG KONG

Façade generally refers to the exterior surface of the building, which can be made up of different materials, such as glass, granite and other cladding materials, or a combination of different materials. Façade can be typically categorised into four types: (i) window; (ii) window wall systems; (iii) curtain wall systems and (iv) other façade systems with respect to their differentiations in appearances, functions, locations, materials, and installation methods.

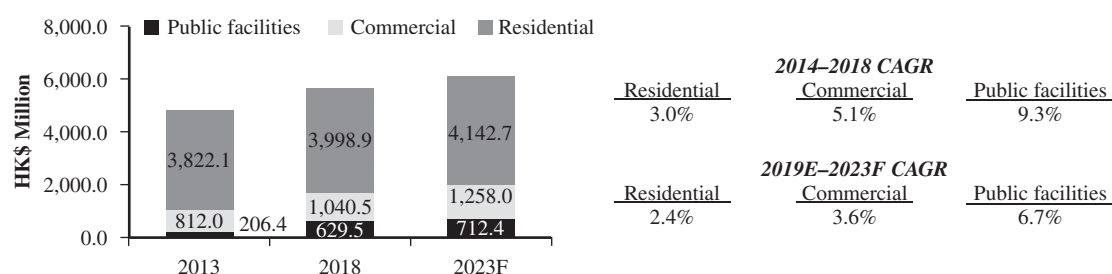
There are three common types of façade installation methods, namely (i) stick wall system by which façade work are assembled on-site piece by piece; (ii) unitised curtain wall system by which components and modules are first prefabricated off-site, then delivered as panels to the construction site for on-site installation; and (iii) semi-unitised system which is a combination of stick wall system and unitised system, by which main frames such as mullions and transoms, and glass panels are first prefabricated off-site, then delivered to the construction site for on-site installation.

Gross output value of façade works industry

Gross output value of façade works industry in Hong Kong from 2014 to 2023F



Gross output value of façade works industry in Hong Kong segmented by building types



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

Notes:

- (1) The letter “E” denotes estimated figure and the letter “F” denotes forecast figures.
- (2) Due to rounding, the total of the gross output value of façade works segmented by building types may not add up to the gross output value of façade works in Hong Kong.
- (3) 2019 is an estimated figure based on available government information up to the third quarter of 2019 only and subject to revise when the information of the fourth quarter is publicly available by the second half of 2020.

INDUSTRY OVERVIEW

The gross output value of the façade works industry in Hong Kong increased from HK\$4,840.6 million in 2014 to HK\$5,668.9 million in 2018, representing a CAGR of approximately 4.0%.

The façade works industry in Hong Kong experienced constant growth in recent years because (1) façade is comparably modern and sophisticated in terms of appearance, (2) façade is more energy efficient, and (3) façade is more cost-effective as less effort is required for maintenance. Such growth was mainly supported by the residential sector, which accounted for over 70% of the total gross output value of the façade works industry in Hong Kong on average from 2014 to 2018. In mid to high-end private development projects, application of substantial façade as the building envelope has become increasingly common. Commercial sector such as office, hotel and retail was another driving force of the façade works industry, accounting for approximately 19.5% on average of the total gross output value of the façade works industry in Hong Kong from 2014 to 2018. The adoption of façade in the building construction works for public facilities has been increasingly common as well. Particularly in 2018, numerous large scale public facility projects have been completed, notable examples were *Xiqu Centre*, *Hong Kong West Kowloon Station*, *Hong Kong Children's Hospital*, and the *Hong Kong-Zhuhai-Macao Bridge Passenger Clearance Building*, which contributed to the significant growth of a CAGR of approximately 9.3% public facilities façade from 2014 to 2018.

Similar to the historical period, the application of façade in residential and commercial development projects are expected to be more common. The façade works industry is expected to be supported by various development projects and programmes initiated by the government. For example, the ongoing “*Energising Kowloon East*” which aims to develop Kowloon East to become another premier central business district of Hong Kong, commercial development projects will be conducted. Also, the Kai Tak Development under the “*Energising Kowloon East*”, involving more than 320 hectares of land, will be carried out as residential development projects to accommodate 90,000 residents. Moreover, the government has put forth the *North East New Territories New Development Areas* and redevelopment projects through the Urban Renewal Authority to increase housing supply as well. According to the *Hong Kong Airport Master Plan 2030*, the SKYCITY, an integrated development project which comprises retail complexes, hotels and office etc., involving 25 hectares of land, will be built with targeted completion date in 2027.

After a fruitful year in 2018, the gross output value of façade works industry is expected to drop in 2019 mainly attributed to a significant decrease in the newly completed private residential building units which dropped by 34.9% from 2018 to 2019 as a result of insufficient land supply. To tackle such issue, besides existing development plans such as *the North East New Territories New Development Areas*, the government is actively looking for different means to increase land supply for housing production. For example, the Urban Renewal Authority is planning to expand its redevelopment business, increasing the annual supply from the current level at 860 units to 2,100 units. Also, the government is progressing the implementation of *the Land Sharing Pilot Scheme* which aims at utilising privately-owned agricultural land for residential development. The aforementioned supportive measures are expected to support the future growth of both the building construction industry and façade works industry in Hong Kong. Further, government programmes such as *Energising Kowloon East*, *Hong Kong Airport Master Plan 2030* and MTR railway networks extension and improvement projects are expected to provide continued growth momentum to the façade works industry given its popularity in building construction. Therefore, the façade works industry is expected to increase from HK\$5,558.6 million in 2019 to HK\$6,113.0 million in 2023, at a CAGR of approximately 2.4%.

INDUSTRY OVERVIEW

COMPETITIVE LANDSCAPE OF THE FAÇADE WORKS INDUSTRY IN HONG KONG

The façade works industry in Hong Kong is a mature and consolidated market. It is estimated that there were 30 to 40 façade works contractors actively performing façade works as of March 2020, providing integrated façade solutions with scope of services ranging from design to fabrication and installation of façade. The façade works industry in Hong Kong is dominated by a few established industry players. In 2018, top five façade works contractors contributed to approximately 50.8% of the façade works industry in terms of revenue. During the Track Record Period, despite changes in revenue and corresponding market share of individual façade works contractors largely due to (1) business development plans and strategies and (2) project execution stages, there were no significant changes in the top five players in the façade works industry in Hong Kong.

Façade works are regarded as specialist trade in the construction industry and there are high level of technical requirements on façade works contractors. Under such concentrated market, to increase tender success rate and to secure projects with higher profit margin, it is important for façade works contractors to showcase their capabilities and experiences in providing comprehensive façade design and build solutions which involve high degree of technical specification in terms of design. Moreover, it is equally important for façade works contractors to provide cost-effective solutions to customers.

Rank	Contractor	Headquarter	Major Geographical coverage	Listing Status	Company Background	Estimated Revenue in 2018 (HK\$ million)	Approximate market share in 2018
1	Company A	Hong Kong	Hong Kong, the PRC, North America	Listed	Established in 1981, Company A provides services in design, supply and installation of curtain wall systems.	1,016.9	17.9%
2	Company B	Hong Kong	Hong Kong	Private	Established in 1996, Company B provides façade and curtain wall integrated solutions in Hong Kong	613.0	10.8%
3	Company C	China	Hong Kong and the PRC	Private	Established in 2005, Company C provides services in design, production and installation of curtain wall systems.	476.2	8.4%
4	Company D	Italy	North America, South America, Europe, Middle East and Asia including Hong Kong	Private	Established in 1973, Company C provides services in design, fabrication and installation of architectural envelopes and interior systems for iconic architectures.	414.8	7.3%
5	Company E	Hong Kong	Hong Kong	Listed	Established in 1993, Company E provides podium façade systems in Hong Kong	365.4	6.4%
	Our Group	Hong Kong	Hong Kong	Application Proof	Established in 2007, our Group provides design, supply, and installation services for façade works and building metal finishing works project in Hong Kong.	139.4	2.5%
	Others (excluding top five and the Company)					2,643.2	46.7%
	Total					5,668.9	100.0%

Note: Only revenue generated from facade works in Hong Kong was included.

Sources: Annual Reports of relevant companies; Ipsos research and analysis

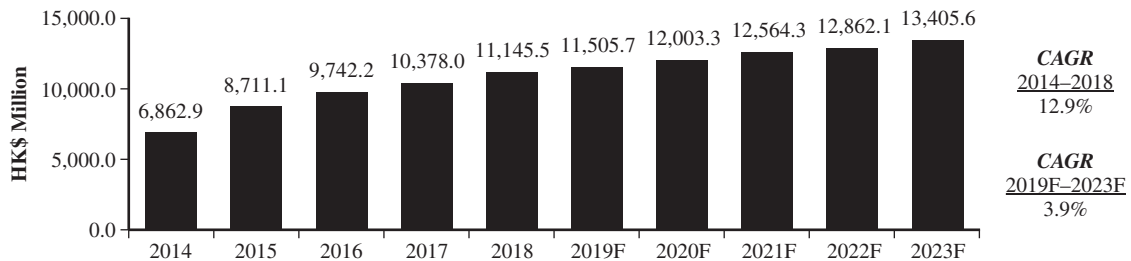
INDUSTRY OVERVIEW

BUILDING METAL FINISHING WORKS INDUSTRY IN HONG KONG

Building metal finishing works, also known as steel and metal works, refer to metal structures that are permanently installed in the exterior or interior of the building. Building metal finishing works form an essential part of a building as they provide required support and protection to users and the building. Typical examples include louvre, metal ceiling, and metal balustrades. Some building metal finishing works carry aesthetic features as well, for example, carved railing and aluminium false ceiling.

Gross output value of building metal finishing works industry

Gross output value of building metal finishing works in Hong Kong from 2014 to 2023



Note: The letter “F” denotes forecast figures

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

The gross output value of building metal finishing works industry in Hong Kong grew from HK\$6,862.9 million in 2014 to HK\$11,145.5 million in 2018, at a CAGR of approximately 12.9%. In general, the growth is supported by the government’s commitment to increase the supply of residential properties as well as commercial properties. The number of the completed private residential housing units, the total square metre of completed private commercial premises and the total square metre of completed private office premises increased by a CAGR of approximately 7.5%, 21.6% and 14.7% respectively from 2014 to 2018. Also, given the characteristics of longer durability and greater availability of colour varieties, there is an increase in indoor application of metal finishing works, for example, suspended ceilings and metal features for decorative purposes. Repair and maintenance works were another major driving force to the building metal finishing works industry. Usually, building metal finishing works may show signs of ageing or deterioration three to four years after installation, therefore, repair and maintenance works may need to be carried out every three to four years. For decorative metal finishing works, inspection and renovation works may be carried out more frequently in order to properly maintain their aesthetic features in good conditions.

According to the Long-term Housing Strategy Annual Progress Report 2018, the government targeted to provide 450,000 residential housing units between 2018/19 and 2027/28 to meet the growing public demand for housing, which will support the growth of the building construction industry in Hong Kong. Given building metal finishing works are an essential part of any building, it will benefit from the government’s commitment in expanding the supply of residential housing and it is expected to increase from HK\$11,505.7 million in 2019 to HK\$13,405.6 million in 2023, representing a CAGR of approximately 3.9%.

INDUSTRY OVERVIEW

COMPETITIVE LANDSCAPE OF THE BUILDING METAL FINISHING WORKS INDUSTRY IN HONG KONG

There is no specific licence or registration requirement in Hong Kong to perform building metal finishing works, however, building metal finishing works contractors can register as metal works subcontractors with Hong Kong Construction Industry Council (HKCIC). The building metal finishing works industry is relatively fragmented with no large industry players dominating the industry. In March 2020, there were 448 contractors registered with HKCIC as metal works subcontractors, some of them have been actively participating in the bidding process of building metal finishing works projects in both private and public sectors. They are either privately-owned companies, where financial information is not publicly available; or public companies listed on the Stock Exchange of Hong Kong engaged in a wide range of construction-related activities including building metal finishing works without detailed revenue breakdown of each construction activity. Hence, due to the lack of publicly accessible information, the ranking of leading industry players and our Group in the building metal finishing works industry and the respective market share are not available.

QUALITATIVE ANALYSIS OF THE MARKET DRIVERS AND OPPORTUNITIES, ENTRY BARRIERS, AND THREATS AND CHALLENGES OF THE FAÇADE WORKS INDUSTRY AND BUILDING METAL FINISHING WORKS INDUSTRY IN HONG KONG

Market drivers and opportunities

Increasing number of building construction projects

The façade works industry and the building metal finishing works industry are supported by the development of new buildings. Firstly, for residential building development, with government's efforts in fulfilling the growing demand for housing, residential units recorded a steady increase in supply according to the Rating and Valuation Department, increasing from 15,719 units in 2014 to 20,968 units in 2018, at a CAGR of approximately 7.5%. Also, the demand for office spaces and commercial premises remained relatively high with rising number of regional headquarters established by foreign companies in Hong Kong and local companies registered with the Company Registry, the commercial completion area increased from 57,100 m² in 2014 to 125,000 m² in 2018, at a CAGR of approximately 21.6%. Therefore, the demand for both façade works and building metal finishing works increased from 2014 to 2018.

The government has launched various initiatives and programs to address the housing issues in both short-term and long-term. Pursuant to 2019 Policy Address, HK\$5 billion will be injected to expand *Transitional Housing Projects* to provide 10,000 units in the coming three years. The Urban Renewal Authority (“URA”) will also carry out *redevelopment plan of the Civil Servants' Co-operative Building Society Scheme* (“CBS”), which will involve more than 30 CBS buildings in Kowloon City. Ongoing projects such as the *North East New Territories New Development Areas Planning*, *Science Park Expansion Program* and the *Kai Tak Development* are expected to provide continued growth momentum to both residential and commercial building development in Hong Kong. In terms of public facilities development, to sustain Hong Kong's competitiveness and livability, the government put forth the *Third Runway System Project* at the Hong Kong International Airport and the *10-year Hospital Development*. With the aforementioned government programmes, the building construction industry is expected to increase which is expected to support the continued growth of the façade works industry and building metal finishing works industry.

INDUSTRY OVERVIEW

“Operations building bright 2.0” to boost building metal finishing works industry in Hong Kong

Repairs and maintenance works for building metal finishing works are usually undertaken every three to four years after installation. As proposed in the 2017 Policy Address, the government will invest HK\$3.0 billion in “*Operation Building Bright 2.0*” to subsidise building owners to undertake rehabilitation works for aged buildings in need of repair. Also, according to the “*Hong Kong 2030+*” report published in October 2016, the number of residential and composite buildings aged 30 or above is expected to reach 40,000 by 2046, with many aged buildings facing the problems of neglect and decay, which will increase the demand to upgrade safety standards including installation of fire rated roller shutters, fire rated metal doors, glass balustrade works for fall prevention and handrail for support.

Further, the 2018 Policy Address has also mentioned plans of reactivating the industrial revitalisation scheme to encourage redevelopment of industrial buildings constructed before 1987 into non-industrial use. This is expected to further boost the building metal finishing works in Hong Kong.

Increasing application of façade as building envelopes with its more contemporary appearance

Façade has long been seen in high-end residential projects and commercial development as it is considered to be more contemporary in terms of appearance compared to tile/concrete external walls. In recent years, the application of façade has gone beyond high-end and luxury residential development and expanded to mid to high end residential development such as the Kai Tak Development. Also, government complexes and public facility projects prefer using façade as well, for example, the construction of new MTR stations of the *South Island Line*, *Sha Tin to Central Link* and the train station of the *Guangzhou Shenzhen-Hong Kong Express Rail Link* have involved considerable scale of façade works.

Government infrastructure projects to bring more opportunities to the façade works industry and building metal finishing works industry

The government has put forth a series of infrastructure projects to maintain and enhance the livability and Hong Kong’s long-term competitiveness. Besides ongoing projects namely, the *Sha Tin to Central Link* and *Energising Kowloon East* etc., the government has proposed the *Hong Kong Airport Master Plan 2030* which involves the construction of SKYCITY and the third Runway Passenger Building etc. Also, as announced in the 2016 Policy Address, the government planned to spend HK\$200 billion to implement the *10-Years Hospital Development Plan*. Façade serving the aesthetic outer skin of buildings are widely adopted in different types of building, including residential, commercial and public facilities. On the other hand, the application of building metal finishing works does not only confine to functional purposes but have expanded to aesthetic purposes as well. Decorative building metal finishing works have become increasingly common nowadays. With the aforementioned infrastructure projects initiated by the government, there will be future opportunities to both façade works industry and building metal finishing works industry and boost the industry growth.

INDUSTRY OVERVIEW

Threats and challenges

Insufficient experienced and skill labour causing succession problem

The issue of insufficient labour and ageing work force are a chronic problem facing the façade works industry and the building metal finishing works industry in Hong Kong. According to the Hong Kong Construction Industry Council, construction workers aged 50 or above accounted for 53.3% (or 256,252 workers) in January 2020, increasing from 40.9% (or 189,245 workers) in 2016. Also among all the age groups, construction workers aged 60 or above shared the largest portion in January 2020, i.e. 166,376 construction workers were aged 60 or above. In addition, according to the Report on Manpower Research for the Construction Industry in Hong Kong published in May 2019 by the Construction Industry Council, the shortage for metal workers is expected to be over 500 persons from 2020 to 2023. The persisting trend of labour shortage will ultimately lead to an increase in the overall operating cost for façade works industry and building metal finishing works industry.

Increasing operating cost may lead to lower profit margin

The façade works industry and building metal finishing works industry have been facing increasing operating costs attributed to increasing wage rate and increasing building material costs. The trend of increasing operating costs is expected to continue which could result in lower profit margin and pose a threat to the growth of the industry.

Entry barriers

Established relationships with customers, subcontractors, raw material suppliers and construction workers

Quality works and completing projects within limited time frame are two of the important factors in the façade works industry and the building metal finishing works industry. To achieve that, it is crucial for contractors to maintain a stable pool of suppliers and subcontractors to provide good quality of building materials and fabricated parts, while ensuring subcontractors to have enough direct labour to perform the on-site installation. Therefore, maintaining good business relationship with raw material suppliers, fabrication factories, and subcontractors is a crucial factor of competition in the industry. Façade works contractors and building metal finishing works contractors with stable pool of suppliers and subcontractors are more likely to perform good quality of works and thus obtain more business opportunities in the future. New entrants without established connections with building material suppliers and subcontractors might have problems in ensuring timely delivery of projects and good work qualities which pose hurdles for new entrants to enter the industry.

INDUSTRY OVERVIEW

Sufficient practical industry experience and well-established networks

Market players' reputation and established connections with customers and suppliers are vital in the façade works industry and building metal finishing works industry. Contractors with a well-developed track record and portfolio, established connections with developers, and reputation in the industry can generally achieve a higher rate in receiving a tender invitation or invitation for submission of quotation from their customers, as compared to new entrants with the absence of proven quality of works to meet the project requirements. It is also important for a contractor to possess capability to meet the technical requirements in the façade industry. From the perspective of cost efficiency and cost effectiveness of façade system, it is essential for a contractor to develop or propose solutions or technical designs that are cost-effective and better quality to strengthen the overall performance of façade work. As compared to experience façade players, new entrants may not possess the technical requirement or experience to advise customers on the most suitable solution. For certain projects that emphasise contractors' track records and industry experience, new entrants may face the difficulties in competing with the existing players within the industry.

Adoption of BIM and DfMA

The government has been actively encouraging the adoption of advanced technologies and innovative approaches in construction activities, for example, the Building Information Modelling (BIM) and the Design for Manufacture and Assembly (DfMA), to enhance the overall productivity of the construction industry in Hong Kong. As announced in 2017 Policy Address, the government would require contractors to employ advanced technologies when undertaking design works for major government capital projects from 2018 onwards. To showcase their capabilities in the construction innovative aspects, it is important for contractors to equip themselves with the advanced technologies which minimise conflicts and variations during construction project planning and execution. Hence, new entrants may lose out to experienced and larger scale players in the façade works industry who possess the capabilities and skilled personnel to adopt the usage of advanced technologies such as BIM and DfMA.

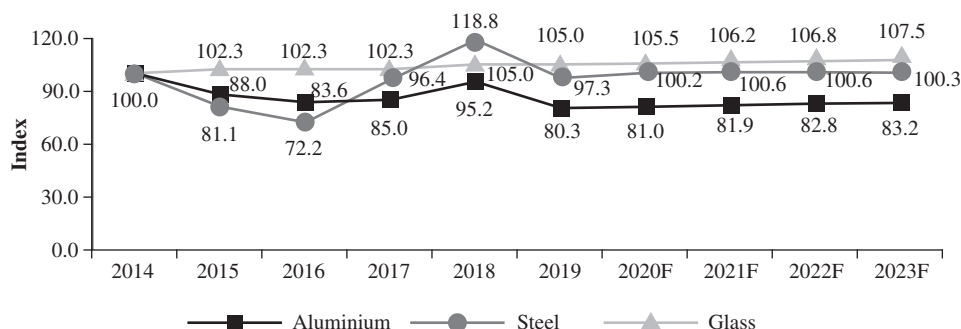
Stable and adequate cash flow

Stable and adequate cash flow is critical and could be the entry barrier for the façade works industry and the building metal finishing works industry. Prior to receiving progress payment from customers, significant amount of upfront costs for purchase of building materials, payment to subcontractors and insurance expenses etc. are incurred, which could be up to 30% of the total contract sum depending on the scale and the technical complexity of the project etc. Usually upfront cost would be recouped in the middle to late stage of the project. Also, façade works contractors and building metal finishing works contractors are required to purchase performance bonds, which is equivalent to 10% of the total contract sum, especially when the construction projects are complex and large scale or during new engagements with new customers. Therefore, to enter the façade works industry or the building metal finishing works industry, potential new players are required to possess sufficient cash flow to pay upfront cost and performance bond out of their own pockets to facilitate and finance operation before the receipt of first progress payment.

INDUSTRY OVERVIEW

KEY COST COMPONENTS OF FAÇADE WORKS INDUSTRY AND BUILDING METAL FINISHING WORKS INDUSTRY IN HONG KONG

Price Index of Building Materials in Hong Kong from 2014 to 2023



<i>2014–2019 CAGR</i>			<i>2020–2023 CAGR</i>		
<u>Aluminium</u>	<u>Steel</u>	<u>Glass</u>	<u>Aluminium</u>	<u>Steel</u>	<u>Glass</u>
-4.3%	-0.6%	1.0%	0.9%	0.01%	0.6%

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

Notes:

- (1) Aluminium above refers to the aluminium alloy imported to Hong Kong;
- (2) Steel above involved the average import price of (i) flat-rolled products of iron/non-alloy steel, plated or coated electrolytically with zinc, width 600 mm or more, (ii) flat-rolled products of iron/non-alloy steel, plated or coated electrolytically with zinc, width less than 600 mm, (iii) flat-rolled products of iron/non-alloy steel, otherwise plated or coated with zinc, width 600 mm or more and (iv) flat-rolled products of iron/non-alloy steel, otherwise plated or coated with zinc, width less than 600 mm.
- (3) Glass above refers to clear sheet glass, 5 mm thick; and
- (4) 2014 is the base year.
- (5) The letter “F” denotes forecast figures.
- (6) Price index of glass for 2019 is computed using the price of glass for the first 11 months of 2019 from January to November and is subject to change when the price of glass for December 2019 is published by the end of second quarter 2020.

The price index of aluminium fluctuated from 2014 to 2019, recorded a negative CAGR of approximately -4.3%. The price index of aluminium decreased during the period between 2014 to 2016, primarily due to the increasing supply from China, which accounted for more than 51.5% of total import volume of aluminium in Hong Kong. The price index rebounded from 2016 to 2018 as a result of a decrease in aluminium production volume in China. However, the price index decreased by 16% to 80.3 in 2019 attributed to weakening global demand and uncertainties brought by the US-China trade war.

The price index of steel fluctuated during the historical period from 2014 to 2019. Overall, it decreased slightly at a CAGR of approximately -0.6%. The decrease from 2014 to 2016 was mainly caused by the increase in production volume of steel in China, which increased from 1,125.1 million tonnes to 1,134.6 million tonnes in 2016 according to the National Bureau of Statistics of the PRC. The

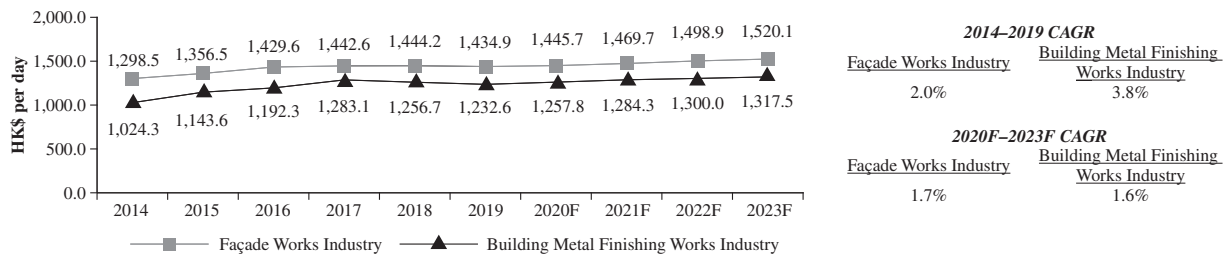
INDUSTRY OVERVIEW

price index of steel then increased starting from 2016 with the Chinese government’s de-capacity policies to tackle the excessive production issue. Despite such an increasing trend from 2016 to 2018, the price of steel started to decrease due weakening global demand in late 2018, together with the uncertainties caused by US-China trade war, the price index decreased in 2019 to 97.3.

The price index of glass increased gradually at a CAGR of approximately 1.0% during the period from 2014 to 2019. Hong Kong mainly imports glass from China, the price index of glass is largely affected by the demand and production volume of glass in China. According to the National Bureau of Statistics of the PRC, the production volume of glass in China increased at a CAGR of approximately 1.1% from 2014 to 2018. While the supply of glass increased, there was consistently increasing demand for glass for construction activities including façade works in Hong Kong which led to the increase in price index of glass.

In the first half of 2020, there were disruptions in both the supply side and demand side of building materials due to the COVID-19 outbreak, resulting in temporary price instability. In the second half of 2020, it is expected the Chinese government will put forth stimulus policies to boost economic recovery when the COVID-19 outbreak eases. Mostly importantly, 2020 is the closing year of the China’s 13th Five Year Plan (2016–2020), in which numerous large-scale infrastructural projects such as the integrated development in the Yangtze river delta are scheduled to be completed. Consequently, demand for building materials and building material prices are expected to rebound in the second half of 2020. From 2021 to 2024, after the short-term shocks brought by the COVID-19 outbreak, the price indexes of building materials are expected to increase driven by increasing production costs and constant demand.

Average daily wage rate in Hong Kong from 2014 to 2023



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

Note: the letter “F” denotes forecast figure.

From 2014 to 2019, the average daily wage rate of façade works industry and building metal finishing works industry increased at a CAGR of approximately 2.0% and 3.8% respectively due to labour shortage. The labour shortage was mainly caused by the ageing workforce of the industry together with the construction industry’s rapid development as boosted by infrastructure projects initiated by the government and residential development projects to meet the growing housing demand, which further aggravated the imbalance between supply and demand of construction workers in Hong Kong. Therefore, wage rate has been raised to attract more talents to entry the industry to fulfil the demand for construction workers. With similar driving forces, the wage rate of façade works industry and building metal finishing works industry is expected to increase in the forecast period from 2020 to 2023, at a CAGR of 1.7% and 1.6% respectively.

APPLICABLE LAWS AND REGULATIONS

The following is a brief summary of the laws and regulations in Hong Kong that currently materially affect our business. The principal objective of this summary is to provide potential investors with an overview of the key laws and regulations applicable to us. This summary does not purport to be a comprehensive description of all laws and regulations applicable to our business and operations which may be important to potential investors. Investors should note that the following summary is based on the laws and regulations in force as of the date of this prospectus, which may be subject to change.

LICENCING REGIME AND OPERATION

Registered Specialist Trade Contractors Scheme (“RSTCS”)

Subcontractors in Hong Kong may apply for registration under the Subcontractor Registration Scheme (replaced by the RSTCS on 1 April 2019 and is formerly known as the Voluntary Subcontractor Registration Scheme (the “VSRS”)) managed by the Construction Industry Council.

A technical circular issued by the Environment, Transport and Works Bureau (currently known as the Works Branch of Development Bureau) on 14 June 2004 (now submitted into the Project Administration Handbook for Civil Engineering Works by the Civil Engineering and Development Department) requires that all public works (construction works commissioned by the Hong Kong Government, including the Development Bureau, Civil Engineering and Development Bureau, Drainage Services Department, Environment Protection Department, Highways Department, Architectural Services Department, Water Services Department and Housing Authority) contractors with tenders to be invited on or after 15 August 2004 to employ all subcontractors (whether nominated, specialist or domestic) registered from the respective trades available under the VSRS.

VSRS was subsequently renamed as Subcontractor Registration Scheme. All subcontractors registered under the VSRS have automatically become registered subcontractors under the Subcontractor Registration Scheme.

On 1 April 2019, the Subcontractor Registration Scheme was subsequently renamed as the RSTCS comprising two registers namely the Register of Specialist Trade Contractors (the “RSTC”) and the Register of Subcontractors (the “RS”). All references to the Subcontractor Registration Scheme shall be substituted by the RSTCS with effect from 1 April 2019. All subcontractors who are registered under the seven trades namely demolition, concreting formwork, reinforcement bar fixing, concreting, scaffolding, curtain wall and erection of concrete precast component (the “**Designated Trades**”) of the Subcontractor Registration Scheme have automatically become Registered Specialist Trade Contractors and no application is required. All subcontractors who are registered under the remaining trades of the Subcontractor Registration Scheme have been retained as Registered Subcontractors and no application is required.

APPLICABLE LAWS AND REGULATIONS

Categories of registration

Subcontractors may apply for registration on the Subcontractor Registration Scheme in one or more of 52 trades covering common structural, civil, finishing, electrical and mechanical works and supporting services. The 52 trades further branch into around 94 specialties, including sheet piles, driven piles, earthwork, geotechnical works, and ground investigation. Since 1 April 2019, subcontractors may apply for registration on the RSTC in one or more of the seven Designated Trades. Subcontractors may also apply for registration on the RS in other common civil, building, electrical and mechanical trades.

Where a contractor is to subcontract/sub-let part of the public works involving trades available under the Primary Register (a list of companies registered in accordance with the Rules and Procedures for the Primary Register of the RSTCS) of the RSTCS, it shall engage all subcontractors (whether nominated, specialist or domestic) who are registered under the relevant trades in the Primary Register of the RSTCS. Should the subcontractors further subcontract (irrespective of any tier) any part of the part of the public works subcontracted to them involving trades available under the Primary Register of the RSTCS, the contractor shall ensure that all subcontractors (irrespective of any tier) are registered under the relevant trades in the Primary Register of the RSTCS.

Requirements for registration under the RSTCS

The requirements for application for registration under the RSTC varies with the type of the Designated Trade applied as detailed in Schedule Two of the Rules and Procedures for the RSTC issued by the Construction Industry Council in April 2019. However, generally speaking, application for registration of group two licence (with no limit on the value of tender) for curtain wall under the RSTC is subject to the following five entry requirements:

- *safety*: the applicant needs to demonstrate it has employed at least three employees with safety supervisor qualification, i.e. a person who has completed the construction industry safety supervisor course organised by the Construction Industry Council or Occupational Safety and Health Council. Besides, the applicant also needs to provide site safety records to the Construction Industry Council showing that the site safety condition of their projects is of satisfactory performance;
- *management*: the applicant should have at least one director with five years of project management experience in the area of the trade of curtain wall, and at least three technical staff: (a) with five years of experience relevant to the trade of curtain wall, (b) with qualification relevant to the trade of curtain wall (including skilled workers registered under the CWR Ordinance or workers with Technically Competent Person (T1) Certificate) and, (c) completed the Safety Training Course for Construction Workers of Specified Trade. Each of these management personnel should also have completed at least five hours per year recognised continuous professional development training at time of application of renewal of the registered specialist trade contractor licence;
- *job experiences*: the applicant should provide the job reference reports to the Construction Industry Council showing they have completed at least two construction projects with a value of no less than HK\$30 million and of satisfactory performance;

APPLICABLE LAWS AND REGULATIONS

- *execution*: the applicant needs to demonstrate that it has employed at least eight: (a) apprentices who have joined apprenticeship scheme or training programme operated and recognised by the Construction Industry Council or the Vocational Training Council, or (b) semi-skilled or skilled workers registered with the trade divisions relevant to the trade of curtain wall under the CWR Ordinance; and
- *finance*: the applicant needs to fulfil the requirement on shareholders' funds and working capital imposed by the Construction Industry Council and provide their annual return and audited financial statements to the Construction Industry Council for their assessment.

While subcontractors registered under the Subcontractor Registration Scheme as of the effective date of the RSTCS (1 April 2019) have automatically become registered under the RSTCS and no further application is required, they are required to fulfil all registration requirements as stated above within the three years grace period (i.e. 31 March 2022) or otherwise their registration status will be cancelled. For further information in relation to the employees of our Group that possess the relevant qualifications and experience for maintaining the registration status under the RSTCS and our measures to ensure there will be sufficient qualified personnel, see the section headed "Business — Licences and registrations — Qualified personnel of our Group to maintain the registration status under the RSTCS" in this prospectus.

Application for registration under the RS is subject to the following entry requirements:

- completion of at least one job within five years as a principal contractor/subcontractor in the areas which it applies or to have acquired comparable experience by itself/its proprietors, partners or directors within the last five years;
- listing on one or more government registration schemes operated by policy bureaus or department of the government relevant to the trades and specialties for which registration is sought;
- the applicant's proprietor, partner or director having been employed by a registered subcontractor for at least five years with experience in the trade/specialty applying for and having completed all the modules of the project/management training series for subcontractors (or equivalent) conducted by the Construction Industry Council; or
- the applicant's proprietor, partner or director having registered as registered skilled worker under the CWR Ordinance for the relevant trade/specialty with at least five years' experience in the trade/specialty applying for and having completed the Senior Construction Workers Trade Management Course (or equivalent) conducted by the Construction Industry Council.

APPLICABLE LAWS AND REGULATIONS

Requirement for maintaining the registration status under the Subcontractor Registration Scheme

Before the implementation of the RSTCS, ICGL (Hong Kong) was a registered subcontractor under the Subcontractor Registration Scheme. To maintain its registration status under the Subcontractor Registration Scheme, ICGL (Hong Kong) was required to fulfil one of the four following requirements:

- (a) completion of at least one job within five years as a principal contractor/subcontractor in the areas which it applies or to have acquired comparable experience by itself/its proprietors, partners or directors within the last five years;
- (b) listing on one or more government registration schemes operated by policy bureaus or department of the government relevant to the trades and specialties for which registration is sought;
- (c) its proprietor, partner or director having been employed by a registered subcontractor for at least five years with experience in the trade/specialty applying for and having completed all the modules of the project/management training series for subcontractors (or equivalent) conducted by the Construction Industry Council; or
- (d) its proprietor, partner or director having registered as registered skilled worker under the CWR Ordinance for the relevant trade/specialty with at least five years' experience in the trade/specialty applying for and having completed the Senior Construction Workers Trade Management Course (or equivalent) conducted by the Construction Industry Council.

During the Track Record Period, ICGL (Hong Kong) maintained its registration under the Subcontractor Registration Scheme by complying with the requirement (a) above and hence, it was not required to hire any qualified personnel to maintain its registration status under the Subcontractor Registration Scheme. Our Directors confirm that we had not encountered any difficulty in renewing our registration under the Subcontractor Registration Scheme during the Track Record Period.

Validity period of registration and renewal of registration

A registered specialist trade contractor shall apply for renewal not earlier than six months before and not later than three months before the expiry date of its registration whereas a registered subcontractor shall apply for renewal within three months before the expiry date of its registration. An application for renewal shall be submitted to the Construction Industry Council in a specified format providing information and supporting documents as required to show compliance with the entry requirements. An application for renewal shall be subject to approval by the committee on RSTCS which oversees the RSTCS (the "**Committee**"). If some of the entry requirements covered in an application can no longer be satisfied, the committee of the Construction Industry Council may give approval for renewal based on those trades and specialties where the requirements are met. An approved renewal as a registered subcontractor shall be valid for three or five years from the expiry of the current registration whereas the approved renewal for a registered specialist trade contractor shall be valid for not less than 36 months after the decision date for that application for renewal.

APPLICABLE LAWS AND REGULATIONS

Codes of Conduct

A registered specialist trade contractor and a registered subcontractor shall observe the Codes of Conduct for Registered Subcontractor (Schedule 8 of the Rules and Procedures for the Primary Register of the Subcontractor Registration Scheme) (the “**Codes of Conduct**”). Failing to comply with the Codes of Conduct may result in regulatory actions taken by the Committee.

The circumstances pertaining to a registered subcontractor that may call for regulatory actions include, but are not limited to:

- supply of false information when making an application for registration, renewal of registration or inclusion of additional trades;
- failure to give timely notification of changes to the registration particulars;
- serious violations of the registration rules and procedures;
- convictions of senior management staff (including but not limited to proprietors, partners or directors) for bribery or corruption under the Prevention of Bribery Ordinance (Chapter 201 of the Laws of Hong Kong);
- convictions for failure to pay wage on time to workers in accordance with the relevant provisions contained in the Employment Ordinance;
- wilful misconducts that may bring the Subcontractor Registration Scheme (and RSTCS since 1 April 2019) into serious disrepute;
- civil awards/judgments in connection with the violation of or convictions under the relevant sections of the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong);
- convictions under the FIU Ordinance (as defined below) or the OSH Ordinance in relation to serious construction site safety incidents resulting in one or more of the following consequences:
 - i. loss of life; or
 - ii. serious bodily injury resulting in loss or amputation of a limb or had caused or was likely to cause permanent total disability;
- conviction of five or more offences under the FIU Ordinance and/or Occupation Safety Health Ordinance each arising out of separate incidents in any six months period (according to the date of committing the offence but not the date of conviction), committed by the registered subcontractor at each of a construction site under a contract;
- conviction for employment of illegal worker under the Immigration Ordinance; or
- late payment of workers’ wages and/or late payment of contribution under the Mandatory Provident Fund Schemes Ordinance over ten days with solid proof of such late payment of wages and/or contribution.

APPLICABLE LAWS AND REGULATIONS

The circumstances that may lead to regulatory actions be taken against a registered specialist trade contractors include, but not limited to (a) a petition for winding-up or bankruptcy has been filed against the registered specialist trade contractor or other financial problems; (b) registered specialist trade contractor's failure to answer queries or provide information relevant to the registration within the prescribed time specified by the committee of the Construction Industry Council; (c) misconduct or suspected misconduct of the registered specialist trade contractor; (d) court conviction or violation of any law by the registered specialist trade contractor, including but not limited to the FIU Ordinance, the OSH Ordinance, Employment Ordinance, Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong), Immigration Ordinance (Chapter 115 of the Laws of Hong Kong), Prevention of Bribery Ordinance (Chapter 201 of the Laws of Hong Kong), Construction Industry Council Ordinance (Chapter 587 of the Laws of Hong Kong), and CWR Ordinance; (e) matters of public interest; (f) serious or suspected serious poor performance or other serious causes in any public or private sector works contract; and (g) the registered specialist trade contractor's failure to comply with any provisions of the rules and procedures for the RSTCS.

Regulatory actions

The committee of the Construction Industry Council may instigate regulatory actions against a registered subcontractor by directing that:

- written strong direction and/or warning be given to a registered subcontractor;
- a registered subcontractor to submit an improvement plan with the contents as specified and within a specified period;
- a registered subcontractor be suspended from registration for a specified duration; or
- the registration of a registered subcontractor be revoked.

The committee of the Construction Industry Council may instigate regulatory actions against a registered specialist trade contractor by directing that:

- written warning be given to the registered specialist trade contractor;
- the registered specialist trade contractor be suspended from registration for a specified period;
- the Grouping of a registered specialist trade contractor be changed; or
- the registration of the registered specialist trade contractor be revoked.

Although there is no specific licensing requirement for subcontractors in Hong Kong, ICGL (Hong Kong) is registered under the RSTCS. For further information on our registration under the RSTCS, see the section headed "Business — Licences and registrations" in this prospectus.

APPLICABLE LAWS AND REGULATIONS

LAWS AND REGULATIONS RELATING TO LABOUR, HEALTH AND SAFETY

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

The FIU Ordinance provides for the safety and health protection to workers in an industrial undertaking, including a construction work. Under the FIU Ordinance, it is the duty of a proprietor (including person for the time being having the management or control of the business carried on in such industrial undertaking and also the occupier of any industrial undertaking) of an industrial undertaking to take care of, so far as is reasonably practicable, the health and safety at work of all persons employed by him 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 arrangement for ensuring safety and health in connection with the use, handling, storage and transport of articles and substances;
- (c) providing all necessary information, instruction, training, and supervision for ensuring safety and health;
- (d) maintaining the workspace in a condition that is safe and without risks to health, providing and maintaining safe access to and egress from the workplaces; and
- (e) providing and maintaining a safe and healthy work environment.

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

Construction Sites (Safety) Regulations (Chapter 59I of the Laws of Hong Kong), FIU(SM)R and Factories and Industrial Undertakings (Lifting Appliances and Lifting Gear) Regulations (Chapter 59J of the Laws of Hong Kong)

Under the FIU Ordinance, there are subsidiary regulations covering various aspects of work activities in factories, buildings, engineering construction sites and other industrial workplaces. The subsidiary regulations prescribe detailed safety and health standards on work situations, plant and machinery, processes and substances. Subsidiary regulations which are relevant to our Group’s operations include but are not limited to:

- Construction Sites (Safety) Regulations (Chapter 59I of the Laws of Hong Kong): provide for, among other things, the prohibition on employment of persons under 18 years of age at any place on a construction site (save for certain exceptions), safe use of hoists, duty to ensure safety of places of work, in particular in relation to preventing falls from heights, and duty to comply with miscellaneous safety requirements;

APPLICABLE LAWS AND REGULATIONS

- FIU(SM)R: sets forth that proprietors and contractors covered by FIU(SM)R to implement a safety management system and carry out safety audits or safety reviews of their safety management systems, depending on the number of workers working at the construction site.

According to regulation 8(1) of the FIU(SM)R, a proprietor or contractor specified in Part 2 of Schedule 3, which includes a contractor in relation to construction work having an aggregate of 50 but less than 100 workers in a day working in a single construction site, shall develop, implement and maintain in respect of the relevant industrial undertaking a safety management system which contains the elements specified in Part 1 of Schedule 4 of the FIU(SM)R, including (i) a safety policy stating the commitment of the proprietor or contractor to safety and health at work; (ii) a structure to assure implementation of the commitment to safety and health at work; (iii) training to equip personnel with knowledge to work safely and without risk to health; (iv) in-house safety rules to provide instruction for achieving safety management objectives; (v) a programme of inspection to identify hazardous conditions and for the rectification of any such conditions at regular intervals or as appropriate; (vi) a programme of inspection to identify hazardous exposure or the risk of such exposure to the workers and to provide suitable personal protective equipment as a last resort where engineering control methods are not feasible; (vii) investigation of accidents or incidents to find out the cause of any accident or incident and to develop prompt arrangements to prevent recurrence; and (viii) emergency preparedness to develop, communicate and execute plans prescribing the effective management of emergency situations.

According to regulation 13 of the FIU(SM)R, a proprietor or contractor specified in Part 1 or 3 of Schedule 3 of the FIU(SM)R, which includes a contractor: (i) in relation to construction work having an aggregate of 100 or more workers in a day working in a single construction site; (ii) in relation to construction work having an aggregate of 100 or more workers in a day working in 2 or more construction sites; and (iii) in relation to construction work with a contract value of HK\$100 million or more, shall appoint a registered safety auditor to conduct a safety audit in relation to the relevant industrial undertaking twice a year.

- Factories and Industrial Undertakings (Lifting Appliances and Lifting Gear) Regulations (Chapter 59J of the Laws of Hong Kong): set forth requirements for testing, examination and inspection of lifting appliances and lifting gear (except a host) used for raising or lowering or as a means of suspension in any industrial undertaking, including cranes. The owner of a crane shall ensure that it is only operated by a person who (i) has attained the age of 18 years; (ii) holds a valid certificate issued by the Construction Industry Council or any other person specified by the Construction Industry Council or any other person specified by the Commissioner for Labour; and (iii) in the opinion of the owner, is trained and competent to operate the appliance.

Depending on the offence, different levels of penalty are imposed for contraventions of the subsidiary regulations. The penalties for committing an offence under the subsidiary regulations above range from a fine at level 1 (currently at HK\$2,000) up to a fine of HK\$200,000, and imprisonment of up to 12 months.

APPLICABLE LAWS AND REGULATIONS

OSH Ordinance

The OSH Ordinance provides for the protection of safety and health to employees in workplaces, both industrial and non-industrial.

Employers must as far as reasonably practicable, ensure the safety and health at work of all their employees by (including but without limitation):

- (a) providing and maintaining plant and systems of work that are safe and without risks to health;
- (b) making 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) maintenance of the workplace in a condition that is safe and without risks to health; and
 - (ii) provision and maintenance of 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 their employees that is safe and without risks to health.

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 to imprisonment for six months.

The Commissioner for Labour may also, at his discretion, issue (i) an improvement notice against any non-compliance of the OSH Ordinance or the FIU Ordinance; or (ii) a suspension notice against an employer if in general an activity is undertaken at the workplace which may create an imminent hazard to the employees. 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 12 months. In case of the offender knowingly and intentionally continuing the contravention, a daily fine of HK\$50,000 may also be imposed.

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

The Employees' Compensation Ordinance 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.

Under the Employees' Compensation Ordinance, 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

APPLICABLE LAWS AND REGULATIONS

accident occurred. Similarly, an employee who suffers incapacity or dies 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 Employees' Compensation Ordinance, an employer must notify the Commissioner for Labour of any work accident (within 14 days for general work accidents and within seven days for fatal accidents), irrespective of whether the accident gives rise to any liability to pay compensation. If the occurrence of such accident was not brought to the notice of the employer or did not otherwise come to his knowledge within such periods of seven and 14 days (as the case maybe), then such notice shall be given not later than seven days or, as may be appropriate, 14 days after the happening of the accident was first brought to the notice of the employer or otherwise came to his knowledge.

According to section 24 of the Employees' Compensation Ordinance, a principal contractor shall be liable to pay compensation to subcontractors' employees who are injured in the course of their employment to the subcontractor. However, according to section 24(2) of the Employees' Compensation Ordinance the principal contractor is entitled to be indemnified by the subcontractor for such compensation 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 principal contractor before making any claim or application against such principal contractor.

According to section 40 of the Employees' Compensation Ordinance, all employers (including contractors and subcontractors) are required to take out insurance policies to cover their liabilities both under the Employees' Compensation Ordinance and at common law for injuries at work in respect of all their employees (including full-time and part-time employees). Where a principal contractor has undertaken to perform any construction work, it may take out an insurance policy for an amount not less than HK\$100 million per event (where the number of employees in relation to who the policy in force does not exceed 200) and not 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 his liability and that of his subcontractor(s) under the Employees' Compensation Ordinance and at common law.

An employer who fails to comply with the Employees' Compensation Ordinance to secure an insurance policy commits an offence and is liable on conviction upon indictment to a fine at level 6 (currently at HK\$100,000) and to imprisonment for one year.

Employment Ordinance

Pursuant to section 4 of the Employment Ordinance, the Employment Ordinance applies to every employee engaged under a contract of employment, to an employer of such employee and to a contract of employment between such employer and employee. Pursuant to section 43C of the Employment Ordinance, if any wages become due to the 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 Employment Ordinance, such wages shall be payable by the principal contractor and/or every superior subcontractor (where applicable) jointly and severally. A principal contractor's and superior subcontractor (where applicable) liability shall be limited (i) to the wages of an employee whose employment relates wholly to the work which the principal contractor has contracted to perform

APPLICABLE LAWS AND REGULATIONS

and whose place of employment is wholly on the site of the building work; and (ii) 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).

Pursuant to section 43D of the Employment Ordinance, an employee who has outstanding wage payments from a subcontractor must serve a written notice on the principal contractor within 60 days after the wage due date. A principal 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 principal contractor.

Any employee who has outstanding wage payments from a subcontractor must serve a notice in writing on the principal contractor generally within 60 days after the wage due date. A principal contractor and superior subcontractor (where applicable) shall not be liable to pay any wages to the employee of its subcontractor if that employee fails to serve such notice.

Where applicable, a principal contractor shall, within 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 principal contractor who without reasonable excuse fails to serve notice on the superior subcontractors shall be guilty of an offence and shall be liable on conviction to a fine of up to HK\$50,000.

Pursuant to section 43F of the Employment Ordinance, if a principal contractor or superior subcontractor pays to an employee any wages under section 43C of the Employment Ordinance, the wages so paid shall be a debt due by the employer of that employee to the principal contractor or superior subcontractor, as the case may be. The principal contractor or superior subcontractor may either (i) claim contribution from every superior subcontractor to the employee's employer or from the principal contractor and every other such superior subcontractor, as the case may be; or (ii) deduct by way of set-off the amount paid by him from any sum due or may become due to the subcontractor in respect of the work that he has sub-contracted.

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

The Occupiers Liability Ordinance 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 Occupiers Liability Ordinance imposes a common duty of care on an occupier of a premises to take reasonable care of the premises in all circumstances so as to ensure that his 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)

According to section 38A of the Immigration Ordinance, a construction site controller (i.e. the person who has control over or is in charge of a construction site) should 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.

APPLICABLE LAWS AND REGULATIONS

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, which came into effect on 1 May 2011, provides for a prescribed minimum hourly wage rate during the wage period for every employee engaged under a contract of employment under the Employment Ordinance. According to section 7 of the Minimum Wage Ordinance, the Minimum Wage Ordinance applies to every employee, his or her employer and the contract of employment under which he or she is engaged. With effect from 1 May 2019, the statutory minimum wage rate has been raised from HK\$34.5 per hour to HK\$37.5 per hour. Any provision of the employment contract which purports to extinguish or reduce the right, benefit or protection conferred on the employee by the Minimum Wage Ordinance is void.

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

The Mandatory Provident Fund Schemes Ordinance requires our Group to provide retirement benefits to the employees. Under the Mandatory Provident Fund Schemes Ordinance, except for exempted persons, employees (full-time and part-time) and self-employed persons who are between 18 to 65 years of age are required to join a Mandatory Provident Fund Scheme.

LAWS AND REGULATIONS IN RELATION TO ENVIRONMENTAL PROTECTION

In the provision of design, supply, and installation services for façade works and building metal finishing works projects in Hong Kong, our Group is subject to certain laws and regulations in relation to environmental protection. A summary of the principal environmental laws relevant to our Group's business is set forth below:

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

The Air Pollution Control Ordinance and its subsidiary regulations are the principal legislations in Hong Kong for controlling emission of air pollutants and noxious odour from construction, industrial and commercial activities.

A contractor shall observe and comply with the Air Pollution Control Ordinance and its subsidiary regulations, particularly the Air Pollution Control (Open Burning) Regulation, Air Pollution Control (Construction Dust) Regulation and Air Pollution Control (Smoke) Regulation. For instance, a contractor responsible for a construction site shall devise and arrange methods of carrying out the works in a manner that minimises the impact of dust on the surrounding environment of the construction site, and shall provide experienced personnel with suitable training to ensure that these methods are implemented. Asbestos control provisions in the Air Pollution Control Ordinance require building works involving asbestos to be conducted only by registered qualified personnel under the supervision of a registered consultant.

APPLICABLE LAWS AND REGULATIONS

Under the relevant regulations, the contractor responsible for the construction site where notifiable work is proposed to be carried out has to give notice to the Environmental Protection Department before the commencement of work and adopt appropriate dust reduction measures. The maximum fines for convictions under the Air Pollution Control Ordinance range from HK\$100,000 to HK\$500,000 and six to 12 months' imprisonment.

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

The Noise Control Ordinance regulates, among other things, noise from construction sites generated from construction work. A contractor shall comply with the Noise Control Ordinance and its subsidiary regulations in carrying out construction works.

Under this legislation, general construction work (including any work in connection with the construction of the whole or any part of a building) may be carried out between 7:00 a.m. to 7:00 p.m. on normal weekdays, and a construction noise permit is required at any other times. For construction activities that are to be carried out during the restricted hours and for percussive piling during the daytime, not being a general holiday, construction noise permits are required from the Director of the Environmental Protection Department in advance.

Any person who carries out construction work except as permitted is liable on first conviction to a fine of HK\$100,000, on second or subsequent conviction 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.

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

The Waste Disposal Ordinance controls the production, storage, collection and disposal of wastes. A contractor shall observe and comply with the Waste Disposal Ordinance 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).

Under the Waste Disposal (Charges for Disposal of Construction Waste) Regulation, construction waste can only be disposed at designated prescribed facilities and a main contractor of the project would generally be responsible for paying any disposal charges for the construction waste generated from the construction work.

OTHER LAWS AND REGULATIONS RELEVANT TO OUR BUSINESS

Competition Ordinance

The Competition Ordinance came into force on 14 December 2015. It prohibits and deters undertakings in all sectors from adopting anti-competitive conduct which has the object or effect of preventing, restricting or distorting competition in Hong Kong. Our Group is subject to the Competition Ordinance generally.

APPLICABLE LAWS AND REGULATIONS

It provides for general prohibitions in three major areas of anti-competitive conduct described as the first conduct rule, the second conduct rule and the merger rule. The first conduct rule prohibits undertakings from making or giving effect to agreements or decisions or engaging in concerted practices that have as their object or effect the prevention, restriction or distortion of competition in Hong Kong. The second conduct rule prohibits undertakings that have a substantial degree of market power in a market from engaging in conduct that has as its object or effect the prevention, restriction or distortion of competition in Hong Kong. The merger rule prohibits mergers that have or are likely to have the effect of substantially lessening competition in Hong Kong. The scope of application of the merger rule is limited to carrier licences issued under the Telecommunications Ordinance (Chapter 106 of the Laws of Hong Kong).

Penalties that the Competition Tribunal may impose for contraventions of a competition rule include pecuniary penalties, awards of damages, and interim injunctions during investigations or proceedings. The maximum penalty in relation to a “single contravention” can be up to 10% of the annual turnover obtained by the undertaking concerned in Hong Kong for each year the infringement lasted, with a maximum of three years. The Competition Tribunal may also order the disqualification of responsible directors for up to five years, award injunctions, declare agreements to be void, award damages, confiscate illegal profits, and order the payment of costs of the Competition Commission’s investigation.

COMPLIANCE WITH THE RELEVANT REQUIREMENTS IN HONG KONG

Save as disclosed in the sections headed “Business — Non-compliance with laws and regulations” and “Business — Litigation” in this prospectus, so far as our Directors are aware, we have obtained all necessary licences, permits, and approvals to operate our existing business in Hong Kong and have complied with all applicable laws, regulations, and rules and guidelines to our business and operations in Hong Kong during the Track Record Period and up to the Latest Practicable Date.

HISTORY, DEVELOPMENT, AND REORGANISATION

OVERVIEW

We are a subcontractor engaged in the provision of design, supply, and installation services for façade works and building metal finishing works projects in Hong Kong. Our history can be traced back to 2007 when Mr. CHU established ICGL (Hong Kong), our Group's sole operating subsidiary, to provide façade works and building metal finishing works services in Hong Kong. Mr. CHU used his own personal financial resources to establish ICGL (Hong Kong).

Mr. CHU has over 20 years of experience in construction project management. Prior to establishing ICGL (Hong Kong) in 2007, Mr. CHU worked in Hip Hing Construction Co. Ltd., a private company principally engaged in building works, with the last position as a project coordinator. In February 2001, Mr. CHU started a business venture by cooperating with two Independent Third Parties for the establishment of INKA Limited, a private company incorporated in Hong Kong, in which Mr. CHU was a director and one of the shareholders. During the period in which Mr. CHU was a shareholder and a director, INKA Limited was engaged principally in building metal finishing works in Hong Kong and he was responsible for the overall project management, major business decisions, and development strategy of INKA Limited. In May 2010, in order to focus on his own business (carried out by ICGL (Hong Kong)) and the overseas façade works and building metal finishing works projects undertaken as stated below, Mr. CHU ceased to be the director of INKA Limited and transferred 16 shares and 17 shares, representing his entire interests in INKA Limited, to two Independent Third Parties for cash consideration of HK\$16 and HK\$17, respectively. The considerations were determined with reference to the par value of the shares of INKA Limited. INKA Limited had never been a member of our Group. Mr. CHU confirms that he does not have any dispute with the two Independent Third Parties.

Apart from undertaking projects in Hong Kong, Mr. CHU also had experience in undertaking building metal finishing works projects in Dubai and façade works project in Macau. For further information on Mr. CHU's experience and background, see the sections headed "Directors, Senior Management, and Employees — Biographical information of our Directors — Executive Directors" and "Relationship with our Controlling Shareholders — Interests of our Controlling Shareholder in other businesses" in this prospectus.

In October 2010, we were awarded the first project as a Nominated Subcontractor of façade works for a residential development project in Hong Kong. Whilst ICGL (Hong Kong) focused on façade works projects, it was awarded in July 2012 the first project as a Nominated Subcontractor of building metal finishing works for a residential development project in Hong Kong. Over the years, we continue to expand our business with completed façade works and building metal finishing works projects in leading public facilities, such as "*Hong Kong West Kowloon Station*", "*West Kowloon Central District*", and "*Hong Kong International Airport*". With more than a decade of experience, we have completed a number of façade works and building metal finishing works projects for commercial properties, residential properties, and public facilities in Hong Kong. For further information on the design, supply, and installation projects completed during the Track Record Period, see the section headed "Business — Our design, supply, and installation projects — Completed projects during the Track Record Period" in this prospectus.

HISTORY, DEVELOPMENT, AND REORGANISATION

Since October 2010, ICGL (Hong Kong) has been accredited the ISO9001:2008 by the Hong Kong Quality Assurance Agency in relation to quality management system. Besides, ICGL (Hong Kong) is currently registered with the Construction Industry Council as (a) registered specialist trade contractor for curtain wall and (b) registered subcontractor for window fabrication and installation (aluminium window/louvers), metal work (metal work, stainless steel work, and metal roof/skylight/cladding/space frame), and other finishing trades and components (false ceiling).

Business milestones

The table below sets forth the major developments and milestones of our Group:

<u>Month/year</u>	<u>Business milestones</u>
May 2007	ICGL (Hong Kong) was incorporated in Hong Kong on 4 May 2007.
October 2010	ICGL (Hong Kong) was awarded its first project as a Nominated Subcontractor of façade works for a residential development project located in Grampian Road, Kowloon Tong. ICGL (Hong Kong) was first accredited the ISO9001:2008 ⁽¹⁾ by the Hong Kong Quality Assurance Agency in relation to quality management system, which was renewed upon expiry each year.
January 2011	ICGL (Hong Kong) was first registered as a Registered Subcontractor with the Construction Industry Council.
July 2012	ICGL (Hong Kong) was awarded its first project as a Nominated Subcontractor of various building metal finishing works for a residential development project located in Fan Kam Road, Fanling.
March 2017	We had completed four design, supply and, installation projects during the year ended 31 March 2017 in public facilities, including several <i>MTR</i> stations and <i>Kennedy Town Swimming Pool</i> .
March 2018	We had completed five design, supply, and installation projects during the year ended 31 March 2018 in private sector projects, including <i>Marriott Hotel</i> and <i>Tsuen Wan Adventist Hospital</i> .
June 2018	ICGL (Hong Kong) was recognised the “Safety Management (Subcontractor) (安全管理(分判商))” by the main contractors in a façade works project.
December 2018	ICGL (Hong Kong) was first recognised as the “Star of Safety Management (安全管理之星)” by the main contractor in a façade works project.

Note:

(1) ISO9001:2008 quality management standard has been updated to ISO9001:2015.

HISTORY, DEVELOPMENT, AND REORGANISATION

<u>Month/year</u>	<u>Business milestones</u>
March 2019	We had completed 14 design, supply, and installation projects during the year ended 31 March 2019 in leading public facilities projects, including <i>the Hong Kong West Kowloon Station Project</i> and <i>the Campus for the Technological and Higher Education Institute of Hong Kong</i> .
April 2019	We completed the <i>Sai Yee Street Project</i> in Mongkok.
September 2019	We were awarded a façade works project at <i>Pok Fu Lam</i> (Project 47) for luxurious residential properties.
As of the Latest Practicable Date	We had 23 façade design, supply, and installation projects in progress, with an aggregate project backlog of HK\$324.6 million, including <i>Shatin to Central Link — Wan Chai Exhibition Centre MTR Station</i> , <i>Hong Kong International Airport</i> and <i>The West Kowloon Cultural District — Museum+ and Xiqu Centre</i> .

CORPORATE HISTORY

Set forth below is the corporate development of our Group since our establishment and up to the Latest Practicable Date.

Our Company

Our Company was incorporated in the Cayman Islands as an exempted company with limited liability on 14 November 2018, with an authorised share capital of HK\$380,000 divided into 38,000,000 Shares with a par value of HK\$0.01 each. On the same date, one nil-paid Share was allotted and issued to the initial subscriber, an Independent Third Party, which was then transferred to Mr. CHU at nil consideration. On 20 March 2019, Mr. CHU transferred the one nil-paid Share to Platinum Lotus, an investment holding company wholly-owned by Mr. CHU, for cash consideration of US\$1.0.

Upon completion of the Reorganisation, our Company became the holding company of our Group.

Plateau Star

Plateau Star was incorporated in the BVI with limited liability on 3 May 2018. Plateau Star is authorised to issue up to a maximum of 50,000 ordinary shares at a par value of US\$1.0 each. On 17 May 2018, 100 fully-paid shares of Plateau Star were allotted and issued to Platinum Lotus.

Upon completion of the Reorganisation, Plateau Star became a direct wholly-owned subsidiary of our Company.

HISTORY, DEVELOPMENT, AND REORGANISATION

ICGL (Hong Kong)

ICGL (Hong Kong) is the sole operating subsidiary of our Group. It was incorporated in Hong Kong as a limited liability company on 4 May 2007 and has been wholly-owned by Mr. CHU. As of the time of its incorporation, ICGL (Hong Kong) allotted and issued as fully paid 10,000 shares (representing the then entire issued share capital of ICGL (Hong Kong) at that time) to Mr. CHU. On 22 June 2010, ICGL (Hong Kong) issued and allotted 990,000 shares to Mr. CHU and its paid-up capital was increased to HK\$1,000,000. On 20 January 2012, Mr. CHU transferred all his shares in ICGL (Hong Kong) to Summit Sino, an investment holding company wholly-owned by Mr. CHU, for cash consideration of HK\$200,000 determined with reference to the then net asset value of ICGL (Hong Kong) and the cost of incorporation of ICGL (Hong Kong) incurred by Mr. CHU. The transfer of the shares of ICGL (Hong Kong) to Summit Sino was made for the purpose of creating a holding company structure of ICGL (Hong Kong). Since then and prior to completion of the Reorganisation, ICGL (Hong Kong) was wholly-owned by Mr. CHU through Summit Sino. On 15 October 2013, ICGL (Hong Kong) issued and allotted 9,000,000 shares to Summit Sino and its paid-up capital was increased to HK\$10,000,000.

Upon completion of the Reorganisation, ICGL (Hong Kong) became an indirect wholly-owned subsidiary of our Company.

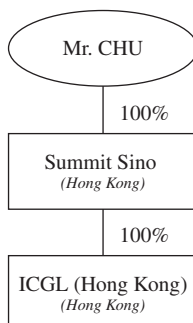
Bonham Engineering

Bonham Engineering was incorporated on 17 November 2015 by ICGL (Hong Kong) and an Independent Third Party for the purpose of exploring more business opportunities in relation to façade works and building metal finishing works in the market. As of the time of its incorporation, Bonham Engineering allotted and issued as fully paid 100 shares (representing the then entire issued share capital of Bonham Engineering at that time), with ICGL (Hong Kong) and the Independent Third Party holding in equal shares. As Bonham Engineering had never carried on any business since its incorporation and ICGL (Hong Kong) focused on its projects on hand at that time, Bonham Engineering was deregistered on 23 December 2016 pursuant to section 751 of the Companies Ordinance. As confirmed by our Directors, Bonham Engineering was solvent immediately before its deregistration and the revenue of Bonham Engineering was nil for the financial year prior to its deregistration in 2016. Our Directors also confirm that our Group had not shared any of our operating activities or resources with Bonham Engineering without recharging the relevant expenses to us on an arm's length basis during the Track Record Period and up to the Latest Practicable Date.

HISTORY, DEVELOPMENT, AND REORGANISATION

REORGANISATION

The shareholding and corporate structure of our Group immediately prior to the Reorganisation was as follows:



In preparation for the Listing, we have carried out the Reorganisation which involved the following steps:

Incorporation of Platinum Lotus, Plateau Star, and our Company

On 3 May 2018, Platinum Lotus and Plateau Star were incorporated in BVI with limited liability. Platinum Lotus is authorised to issue up to a maximum of 50,000 ordinary shares at a par value of US\$1.0 each. On 17 May 2018, one-fully paid share of Platinum Lotus was allotted and issued to Mr. CHU. For further information on the corporate development of Plateau Star, see the paragraphs under “History, Development, and Reorganisation — Corporate history — Plateau Star” above.

On 14 November 2018, our Company was incorporated in the Cayman Islands with limited liability. For further information on the corporate development of our Company, see the paragraphs under “History, Development, and Reorganisation — Corporate history — Our Company” above.

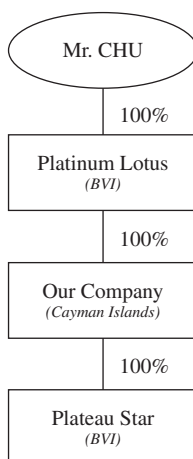
On 20 March 2019, Mr. CHU transferred the one nil-paid Share, representing all the issued share capital of our Company at that time, to Platinum Lotus at a cash consideration of US\$1.0.

Acquisition of Plateau Star

On 22 March 2019, our Company acquired 100 shares in Plateau Star (representing its then entire issued share capital), from Platinum Lotus, in consideration of which our Company (at the direction of Mr. CHU) allotted and issued 99 fully paid Shares to Platinum Lotus and credited as fully paid the one nil-paid Share held by Platinum Lotus.

HISTORY, DEVELOPMENT, AND REORGANISATION

Upon completion of (i) incorporation of Platinum Lotus, Plateau Star, and our Company and (ii) acquisition of Plateau Star by our Company, the shareholding and corporate structure of our Group was as follows:



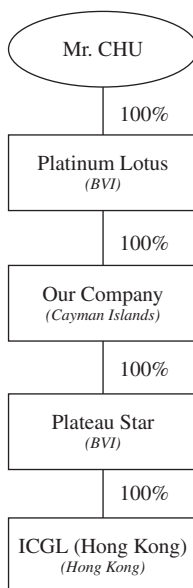
Acquisition of ICGL (Hong Kong)

On 27 March 2019, our Company, through Plateau Star, acquired 10,000,000 ordinary shares of ICGL (Hong Kong) (representing its entire issued share capital) from Summit Sino, in consideration of which our Company (at the direction of Mr. CHU) allotted and issued 100 fully paid Shares to Platinum Lotus. Summit Sino is not a member of our Group because it has no business operation other than the holding of shares of ICGL (Hong Kong) and Constant Raise. For further information on Summit Sino and Constant Raise, see the section headed “Relationship with Our Controlling Shareholders — Interests of our Controlling Shareholder in other businesses” in this prospectus.

Each of the steps regarding the Reorganisation mentioned above had been properly and legally completed and settled. Following completion of the above acquisition, each of ICGL (Hong Kong) and Plateau Star became a wholly-owned subsidiary of our Company.

HISTORY, DEVELOPMENT, AND REORGANISATION

The shareholding and corporate structure of our Group immediately after completion of the Reorganisation was as follows:



CAPITALISATION ISSUE

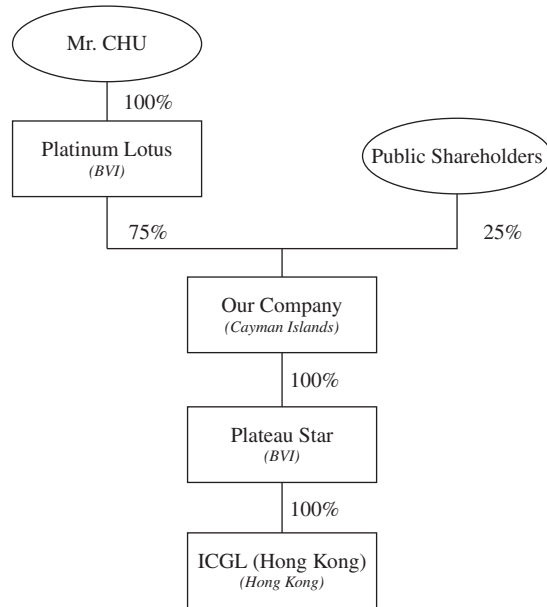
On 5 March 2020, the authorised share capital of our Company was increased from HK\$380,000 divided into 38,000,000 Shares to HK\$100,000,000 divided into 10,000,000,000 Shares by the creation of an additional 9,962,000,000 Shares, ranking *pari passu* in all respects with the then existing Shares.

Conditional on the share premium account of our Company being credited with the proceeds from the Share Offer, HK\$14,999,998 will be capitalised from the share premium account of our Company and applied in paying up in full 1,499,999,800 Shares at par for the allotment and issue to our existing Shareholder, being Platinum Lotus, on or prior to the Listing.

HISTORY, DEVELOPMENT, AND REORGANISATION

GROUP STRUCTURE IMMEDIATELY AFTER THE CAPITALISATION ISSUE AND THE SHARE OFFER

The following diagram sets forth the shareholding and corporate structure of our Group immediately after completion of the Capitalisation Issue and the Share Offer (without taking into account any Shares which may be allotted and issued upon the exercise of the Over-allotment Option and/or any option which may be granted under the Post-IPO Share Option Scheme):



OVERVIEW

We are a subcontractor engaged in the provision of design, supply, and installation services for façade works and building metal finishing works projects in Hong Kong. Our history can be traced back to 2007 when ICGL (Hong Kong) was established by Mr. CHU. With more than a decade of industry experience, we have completed various façade works and building metal finishing works projects for commercial properties, residential properties, and public facilities in Hong Kong, including public facilities projects initiated by the Hong Kong Government and residential and commercial properties with distinguished and remarkable designs. During the Track Record Period, we have participated in a number of projects including the installation of aluminium claddings and ceilings within the *MTR* stations and mega columns within the main station hall of *Hong Kong West Kowloon Station*.

We place strong emphasis on work quality and safety while simultaneously devote attention to meeting the project timelines, technical specifications, architectural features, and aesthetic requirements of the projects undertaken by us. Our customers include contractors and property developers in Hong Kong. ICGL (Hong Kong) is a registered subcontractor with the Construction Industry Council and has been accredited the ISO9001:2015 by the Hong Kong Quality Assurance Agency on project management of façade works and building metal finishing works. ICGL (Hong Kong) was recognised by the main contractor for its safety measures and commitments in work safety in a façade work project in June and December 2018 and August 2019.

According to the Ipsos Report, the façade works industry in Hong Kong has experienced steady growth with an increase in the gross output value from HK\$4.8 billion in 2014 to HK\$5.7 billion in 2018, representing a CAGR of 4.0%. The increasing use of façade in building construction is largely due to its modern appearance, energy efficiency, and ease of installation and maintenance. The use of façade in residential properties accounted for 70% of the total gross output value of the façade works industry in Hong Kong during the five-year period from 2014 to 2018. According to the Ipsos Report, the gross output value of the building metal finishing works industry in Hong Kong has increased from HK\$6.9 billion in 2014 to HK\$11.1 billion in 2018, representing a CAGR of 12.9%. Our Directors expect that both the façade works industry and the building metal finishing works industry would benefit from the commitment of the Hong Kong Government to increase the supply of 450,000 residential units between 2018/19 and 2027/28 and the commencement of the construction of various infrastructure projects, including (a) *MTR* route extension projects; (b) *West Kowloon Cultural District*, a public space of 23 hectares for a variety of arts and cultural facilities; and (c) *Hong Kong International Airport Master Plan 2030*, a long-term plan for the third runway and the related terminals and supporting facilities, which will provide further momentum to our business growth.

During the Track Record Period and up to the Latest Practicable Date, we have participated in a number of renowned projects for the installation of façade roof and curtain wall systems, such as *THEi New Campus (A)* (Project 25) and *Hong Kong International Airport* (Project 36). A majority of our building metal finishing works projects are carried out within the *MTR* stations, such as *Hong Kong West Kowloon Station* (Projects 13–17 and Project 20). Further information on these projects is set forth in the paragraphs under “Our design, supply, and installation projects” below. With the implementation of our future plans and completion of the Share Offer, our Directors believe that we can further increase our market share in the façade works and the building metal finishing works industries in Hong Kong.

BUSINESS

Driven by the industrial growth and our devoted efforts and commitments, our revenue increased from HK\$105.8 million during the year ended 31 March 2017 to HK\$166.8 million during the year ended 31 March 2018, and further to HK\$202.8 million during the year ended 31 March 2019. Our net profit increased from HK\$16.4 million during the year ended 31 March 2017 to HK\$32.6 million during the year ended 31 March 2018, and further to HK\$36.5 million during the year ended 31 March 2019. Our revenue and net profit increased from HK\$84.0 million and HK\$14.3 million during the six months ended 30 September 2018, respectively, to HK\$126.2 million and HK\$18.1 million during the six months ended 30 September 2019, respectively.

BUSINESS MODEL

We offer design, supply, and installation services for façade works and building metal finishing works projects in Hong Kong. For each project undertaken by us, we are responsible for project management and provision of system design solutions according to the design intent provided by our customers. All of the site installation works for our projects are outsourced to the subcontractors. Our works encompass customised system design of façade works and building metal finishing works, shop drawings, sourcing and procurement of materials, material fabrication and processing, on-site installation works, performance testing, and post-installation maintenance.

As part of our services, we also provide repairs and maintenance services for curtain walls, aluminium windows and doors, and replacement of damaged components mainly for property development projects for which we had acted as subcontractors or at the request of our customers.

COMPETITIVE STRENGTHS

Our Directors believe that we have the following competitive strengths:

We have a good reputation and a proven track record in façade works and building metal finishing works in Hong Kong.

We focus on undertaking design, supply, and installation services for façade works and building metal finishing works in Hong Kong both as Domestic Subcontractor and Nominated Subcontractor. We have more than a decade of experience in the façade works and the building metal finishing works industries. Over the years, we have completed a number of projects on residential properties, commercial properties, and public facilities in Hong Kong. Our customers include contractors and property developers.

During the Track Record Period, we had completed 27 design, supply, and installation projects, of which 12 projects were façade works projects and 15 projects were building metal finishing works projects. Out of the 27 completed projects, six projects were relating to residential properties, six projects were relating to commercial properties, and 15 projects were public facilities projects, including nine *MTR* station projects, one public housing project, three education institution projects, and two projects on public recreational facilities. We have also participated in the installation of façade roof and curtain wall system for *Hong Kong International Airport* (Project 36) and *THEi New Campus (A)* (Project 25). A majority of our building metal finishing works projects were part of the infrastructure projects initiated by the Hong Kong Government, such as *Hong Kong West Kowloon Station* (Projects 13–17 and Project 20), *Sung Wong Toi Station and To Kwa Wan Station (A)* (Project 26), and *Sung Wong Toi Station and To Kwa Wan Station (B)* (Project 27). See the paragraphs under “Our design,

BUSINESS

supply and installation projects” below for further information. As of the Latest Practicable Date, we had 23 design, supply, and installation projects in progress, with an aggregate project backlog of HK\$324.6 million.

Having a good reputation and solid track record is crucial in the façade works and building metal finishing works industries in Hong Kong. When selecting a façade works and building metal finishing works subcontractor, the contractors or the property developers will assess the track record and reputation of the subcontractor with reference to various factors, including design capability, work quality consistency, project management and ability to meet tight deadline. During the Track Record Period, several of our customers are subsidiaries or affiliates of reputable property developers listed on the Stock Exchange and contractors which have active presence in the construction industry in Hong Kong. We believe that our track record of completed façade works projects and building metal finishing works projects has earned us a good reputation and credibility in the industry and foster trust with our customers which are crucial in maintaining business relationship with our existing customers as well as securing new business opportunities.

We deliver quality works in façade works and building metal finishing works projects undertaken by us.

We ensure delivery of quality works to our customers. ICGL (Hong Kong) is a registered subcontractor with the Construction Industry Council and has been accredited the ISO9001:2015 by the Hong Kong Quality Assurance Agency on project management of façade works and building metal finishing works. Our works involve the provision of customised system design for façade works and building metal finishing works pursuant to the design intent of our customers. We have a dedicated project management team to monitor the progress and quality of each project undertaken by us. We have safety supervisors to ensure requisite safety measures are implemented by us and our subcontractors and have established operating procedures to streamline and monitor the progress of our projects whilst simultaneously meeting the work schedules and satisfying the design intent of our customers. As of the Latest Practicable Date, we had 14 qualified safety supervisors to monitor and implement our safety management system. ICGL (Hong Kong) was recognised as the “Safety Management (Subcontractor)” by the main contractors in a façade works project in June and December 2018 and August 2019. During the Track Record Period, the accident rates at our worksites were significantly lower than that of the industry average while not compromising our efficiency and quality of our works. See the paragraphs under “Principal steps involved in project implementation” below for further information.

In light of the above, our Directors believe that with our capability to deliver quality works in façade works and building metal finishing works projects, we can achieve sustainable growth in our business.

We have strong capability to implement the architectural designs of our customers.

We have strong capability to implement the design intent of our customers who are either the main contractors or property developers. A design intent is provided by our customers for each of our projects, and we are responsible for developing the system design and implementing the agreed installation steps pursuant to the performance requirements and the technical specifications. The

following sets forth the descriptions of certain significant façade works and building metal finishing works projects undertaken by us recently, which demonstrate our strong system design and implementation capability:

Projects 13–17 and Project 20: MTR Express Rail Link — Hong Kong West Kowloon Station Project (aluminium cladding, glass walling, metalwork, and metal louvre)

The project design of the terminus station features various bending white columns supporting the arching roof in the main hall of the station. The project requires precise fixing of the aluminium claddings with precise calculation to the white columns, with the added difficulty that the installation had to be made from the roof top instead of from the bottom then. The ability of the cladding system to satisfy the functional requirements depends on correct specification of the individual components that make up the cladding system, the manufacturing quality of such components and the craftsmanship and standard of installation. We believe that accurate alignment is a critical technical requirement, which allows adjacent cladding panels to be fastened correctly without compromising the airtightness and structural integrity of the building system. Prior to mass fabrication of the façade components, we have also produced performance mock-up and visual mock-up of the cladding system for approval by the architect to ensure that the fabricated and processed materials complied with the required specifications and project requirements.

Project 24: Development of composite building in Mong Kok (curtain wall and wall cladding)

The project design of the façade system of the composite building is characterised by irregular protrusions from the building exterior which maximise natural light from different angles and directions. The relatively small project site area and its being located within one of the most densely populated area in Hong Kong enhanced the difficulty for façade installation as installation can only be performed from the outside of the building. Further, the many interfacings in the design of the façade system are a source of potential water leakage, which requires the expertise in formulating the design and connection method as well as close supervision on on-site installation to ensure no leakage of water. Prior to mass fabrication of the façade components, we have also produced performance mock-up and visual mock-up of the fabricated and processed façade products for approval by the architect to ensure that the fabricated and processed materials complied with the required specifications and project requirements.

Project 25 and Project 40: Chai Wan Campus for the Technological and Higher Education Institute of Hong Kong (THEi) Project (curtain wall, structural glass, and steel structure)

The project design of the Chai Wan Campus for the Technological and Higher Education Institute of Hong Kong features the integration between the campus and the natural environment and greenery in the neighbourhood providing a working environment with sufficient sunlight with good permeability of light and air for the occupants of the buildings. The building design of the entire school campus construction project has attained the *BEAM Plus Provisional Platinum Rating* of the Hong Kong Green Building Council Limited. We are responsible for the design, supply, and installation of the curtain wall/ceiling system and the steel framed structure of the library in the school campus, which our Directors believe to be one of the distinguished design within the school campus. Our design team is responsible for both the system design of the curtain wall system and the structural steel frame and the connections between the steel members and other associated components, including the purlins and side rails. Our project management team oversees the works of the subcontractors in respect of the erection of the steel framed structure and installation of the curtain wall system to the structural steel frame.

BUSINESS

With our experience in façade works and building metal finishing works projects and our expertise to meet high technical requirements of our customers, we may propose to our customers alternative system designs which is more cost-effective and can strengthen the overall performance of the façade works and building metal finishing works. We believe this will enhance our capability to undertake sophisticated façade works and building metal finishing works projects and increase our profitability.

We have established business relationships with our major customers, suppliers, and subcontractors.

Our customers generally include contractors and property developers. Our Directors believe that we have established business relationships with our major customers. As of the Latest Practicable Date, we had up to eight years of business relationship with our five largest customers. We secure our projects through tender invitations from customers who may be repeating customers or who know us from referral or word-of-mouth recommendation. Given that the property market in Hong Kong is dominated by a few major property developers and main contractors, we believe that it is important for us to maintain good business relationships with our existing customers. Further, we believe that our established business relationships with our customers are a recognition of the quality of our works. Through maintaining good business relationships with our customers, we can be kept abreast of the market trends and demands, which we believe enables us to secure new business opportunities.

Our suppliers generally include (a) suppliers for building materials, such as aluminium, steel products, and glass, (b) providers of material fabrication or processing services, and (c) providers of other miscellaneous services, such as delivery service, rental of machinery and equipment, and laboratory testing services. We engage subcontractors to perform site installation works for our façade works and building metal finishing works projects. As of the Latest Practicable Date, we had established business relationships for up to nine years and eight years with our major suppliers and our major subcontractors, respectively.

Further, we believe that our established business relationships with our suppliers and subcontractors ensure (a) smooth procurement and delivery of materials or services of good quality to us and (b) timely completion of projects with stable quality.

We have an experienced and dedicated management team.

We believe the extensive experience and in-depth knowledge of our management team in the façade works and building metal finishing works industries have contributed to our reputation and our proven track record. We believe that the strategic vision of our management team and their ability to capture market opportunities are both significant in our further development of business and market expansion.

Our management team is experienced in project management and has in-depth knowledge of the façade works and building metal finishing works industries in Hong Kong. As of the Latest Practicable Date, we had 45 employees, including 29 project management and design personnel (including safety supervisors). In particular, Mr. CHU, our founder, Chairman and Chief Executive Officer, has more than 20 years of experience in construction project management. We believe that the in-depth knowledge and experience of Mr. CHU in façade works and building metal finishing works industries provide good leadership in inspiring and enhancing our work quality. Further, our Directors believe that with an average of over 25 years of experience in the façade works and building metal finishing works

BUSINESS

industries, our senior management team can make good assessment of the potential business opportunities, which can help to maintain our profitability. See the section headed “Directors, Senior Management, and Employees” in this prospectus for further information on the industry experience of our Directors and senior management.

BUSINESS STRATEGIES

Upon completion of the Share Offer, our Directors believe that we will have additional financial resources and capability which would allow us to undertake more sizeable façade works and building metal finishing works projects. We will pursue the following principal business strategies:

We will strengthen our capital base.

Our Directors believe that one of the primary business growth drivers for the façade works industry in Hong Kong is the increasing use of curtain wall, suspended ceilings, and aluminium claddings in residential and commercial properties. There has also been an increasing use of façade and curtain walls as the external building envelope in the construction of residential properties and public facilities. The gross output value of façade works industry in Hong Kong increased at a CAGR of 4.0% from 2014 to 2018, according to the Ipsos Report. Such increase is expected to continue from 2019 to 2023 at a CAGR of 2.4%. Existing development projects such as “*Energising Kowloon East Development Project*” and “*Hong Kong International Airport Master Plan 2030*” are expected to continue to support and drive the increase in the gross output value of the façade works and building metal finishing works industries in Hong Kong. In light of the foregoing, we plan to further increase our market share in façade works projects in residential properties as well as public facilities. Subsequent to the Track Record Period and up to the Latest Practicable Date, we continued our business expansion in Hong Kong and have submitted a number of tenders for façade works and building metal finishing works projects. As of the Latest Practicable Date, we are awaiting results of nine tenders with an aggregate tender sum of HK\$209.1 million, including (a) a potential façade works project in relation to a residential property in Tai Kok Tsui with an estimated contract sum of HK\$65.3 million and (b) a potential façade works project in relation to a residential property in Prince Edward with an estimated contract sum of HK\$31.7 million. We act as Nominated Subcontractor in both tenders. Our Directors believe that our Group is likely to secure these two façade works projects given that (a) we have attended the relevant tender interviews and have been shortlisted and requested for submission of the revised tenders based on the updated information provided by the property developers and (b) according to our record, we achieved a higher tender success rate for projects with our role acted as the Nominated Subcontractor than as the Domestic Subcontractor. Our Directors expect that the tender results of the above nine tenders would be announced during the first half of 2020.

In addition to tenders submitted above and our projects on hand, we have received invitations for tender/submission of quotation for five projects with an aggregate estimated contract sum of HK\$440.0 million for which we are considering to tender, subject to the availability of our financial and human resources.

The availability of our financial resources was a principal constraint to our business growth during the Track Record Period. In addition to our general working capital, we need to incur the Upfront Costs for each new design, supply, and installation project undertaken by us. The number of projects that we are able to undertake therefore hinges on the availability of our financial resources.

BUSINESS

We principally used internal financial resources and bank borrowings to finance the payment of the Upfront Costs during the Track Record Period. The Upfront Costs represented 10.2% to 40.4% of the original contract sum of design, system, and installation projects undertaken by us during the Track Record Period. During the Track Record Period, the amount of the Upfront Costs represented on average 19.7% of the total contract sum of the projects undertaken by us. During the year ended 31 March 2019, we used our internal financial resources and bank borrowings to finance the payment of the Upfront Costs. As a result, while we recorded HK\$63.3 million of contract assets as of 31 March 2019, our gearing ratio also increased from nil during the year ended 31 March 2018 to 115.6% during the year ended 31 March 2019, and recorded a net operating cash outflow of HK\$32.5 million during the year ended 31 March 2019. Due to our limited financial resources, we submitted less tenders and declined a number of tender invitations during the Track Record Period.

Out of the net proceeds from the Share Offer, we intend to allocate HK\$60.4 million to support the payment of Upfront Costs to be incurred by us after the Listing Date and as collateral for the Performance Bonds, all of which have been allocated to the Awarded UOP Projects. Although we had arranged for the issuance of Performance Bond in only one project undertaken by us, namely *Au Tau* (Project 35), our Directors expect that we would need to allocate certain amount out of the net proceeds from the Share Offer for such purpose for the Awarded UOP Projects, as a majority of the main contractors of the Awarded UOP Projects are our new customers. For *Cochrane Street* (Project 46), *Pok Fu Lam* (Project 47), *Kowloon Bay* (Project 48), and *Wong Chuk Hang* (Project 53), we are required to arrange for the issuance of Performance Bonds in the sum equivalent to 10%, 10%, five per cent, and three per cent of the original contract sum, respectively, as adjusted by the optional amount of the contract sum, if any. See the section headed “Reasons for the Listing and Proposed Use of the Net Proceeds from the Share Offer” in this prospectus for further information on the Awarded UOP Projects. With the allocation of the net proceeds from the Share Offer, and the listing platform to raise further equity capital, our Directors believe that we will have enhanced capacity to undertake more projects following the Listing.

We will strengthen our teams of professional staff.

To support our business expansion with better control on our work quality, we plan to expand our teams of professional staff in Hong Kong and the PRC:

Hong Kong — Recruitment of additional staff

Our Directors believe that our reputation is built on our customers’ satisfaction with our services. In line with our Group’s business expansion, during the Track Record Period, we had net increase of 10, one, 11, and four staff in Hong Kong, respectively. The increase in the number of staff was generally consistent with our business growth. As of the Latest Practicable Date, we had 23 staff in our project management team, and six staff in our system design team in Hong Kong. During the Track Record Period, due to our limited number of staff, we had engaged external service providers, which are Independent Third Parties, to provide structural calculation, fabrication drawings, and certain works in relation to shop drawings and as-built drawings. We plan to strengthen our teams of professional staff in Hong Kong by recruiting 10 additional staff with requisite qualifications and work experience for our project management team, system design team, and BIM team. We intend that the additional staff in Hong Kong will be responsible for handling the structural calculation works and overseeing the in-house design team to be established in the PRC. Further information on our staff recruitment plan is set forth

BUSINESS

in the section headed “Reasons for the Listing and Proposed Use of the Net Proceeds from the Share Offer” in this prospectus. We intend to allocate HK\$13.2 million out of the net proceeds from the Share Offer for implementation of this business strategy.

PRC — Establishment of our in-house system design team

We plan to establish our in-house system design team in the PRC by recruiting three design managers, 20 designers, and two supporting staff during the two years from the Listing Date. Our Directors believe that the establishment of our in-house system design team in the PRC would benefit us in the following ways:

- (1) the establishment of an in-house system design team in the PRC is more cost-effective than expanding our team in Hong Kong due to the relatively low operating costs and staff cost and abundant supply of junior technical staff in the PRC. We expect that the establishment of our PRC in-house system design team could allow us to reduce the cost in engaging external service providers;
- (2) our in-house system design team can reduce the lead time, administrative mistakes, and misunderstandings that may occur between us and the external service providers; and
- (3) our in-house system design team will be located in close proximity to the fabrication factories that allow us to monitor closely the fabrication process.

Our in-house system design team in the PRC will be responsible for handling other drawing works, i.e. fabrication drawings, shop drawings, and as-built drawings, which are currently handled by the external service providers. Our directors expect that with the enhanced Hong Kong team and the establishment of our in-house system design team in the PRC we can reduce our reliance on services currently provided by the external service providers with the objective that all structural calculations and drawings of our Group would be handled by our in-house system design teams in the future.

See the section headed “Reasons for the Listing and Proposed Use of the Net Proceeds from the Share Offer” in this prospectus for the benefit of establishing our own in-house system design team in the PRC.

Our in-house system design centre is planned to be established in Dongguan, Guangdong Province, the PRC. Our Directors intend to allocate HK\$12.8 million out of the net proceeds from the Share Offer for the purpose, of which HK\$0.6 million would be used for leasing of office premises, HK\$0.3 million would be used for office renovation, HK\$0.9 million would be used for purchases of office equipment and HK\$11.0 million would be used as the initial staff costs for a period of two financial years ending 31 March 2022 after the Listing Date.

Cooperation between our in-house system design teams in Hong Kong and the PRC

Our in-house system design team in Hong Kong will primarily focus on the origination of the system design concepts and will also be involved in structural calculations, whereas our in-house system design team in the PRC will primarily be responsible for the preparation of shop drawings, fabrication drawings, as-built drawings, and other administrative tasks, including liaising with the fabricating factories for production, fabrication, and testing purposes. Our in-house system design team in the PRC will work under close supervision by our staff in Hong Kong for ensuring the overall work quality and improving our efficiency in the preparation of drawings for façade works and building metal finishing works projects undertaken by us. With the recruitment of additional staff in Hong Kong and establishment of our in-house system design team in the PRC and based on our estimated level of workload, our Directors expect that the cost of services provided by the external service providers could be reduced in the future.

We will commence using specialised BIM solution and enterprise resources planning solution.

BIM solution

We plan to use specialised BIM solution to facilitate the planning, design, construction, operation, and project management through automatic generation and integration of drawings and reports, design analyses, schedule simulation, and facilities management. We also plan to recruit supporting staff and engineers for adopting the use of specialised BIM solution.

The use of specialised BIM solution is recommended by the Construction Industry Council as the industry protocol for the Hong Kong construction industry. The specialised BIM solution is expected to (a) generate three-dimensional projection and modelling of façade works and building metal finishing works for the prevention of conflicting designs and identification of design faults at an early stage and (b) assist in project and cost management through monitoring the progress of the project, which is expected to enhance the accuracy in cost estimation in project tendering. The use of specialised BIM solution will allow us to estimate the cost involved, reduce conflicts and variations required during project planning and execution, enhance productivity and performance, and hence improve the operational efficiency and the quality of service.

We believe that the use of specialised BIM solution is necessary in maintaining our competitive strengths. The latest policy direction released by the Hong Kong Government reveals the plan of the government to collaborate with the Construction Industry Council in promoting the use of BIM in the construction industry. Some of our current major customers which are main contractors, have indicated that they would require their subcontractors to use the BIM protocol to facilitate the integration of works modelling amongst the subcontractors. Hence, we believe that the use of specialised BIM solution in the planning and operation of our projects may enhance our success rate in project tendering and enable us to handle more complicated projects in a timely and efficient manner. To facilitate the use of BIM solution in our forthcoming projects, we plan to acquire the licence for the use of nine sets of the BIM solution and would also arrange for training courses or workshops conducted by external training authorities for our staff. We intend to allocate HK\$0.5 million out of the net proceeds from the Share Offer for implementation of this business strategy.

BUSINESS

Enterprise resources planning solution

Alongside our business growth and the establishment of our in-house design team in the PRC, we also plan to implement integrated enterprise resources planning systems by combining our financial information function with selected business functions, such as construction progress, purchase planning, and cost control. We expect that the use of enterprise resource planning system will further enhance our operational efficiency.

Out of the net proceeds from the Share Offer, we intend to allocate HK\$0.8 million for the purpose. See the section headed “Reasons for the Listing and Proposed Use of the Net Proceeds from the Share Offer” in this prospectus.

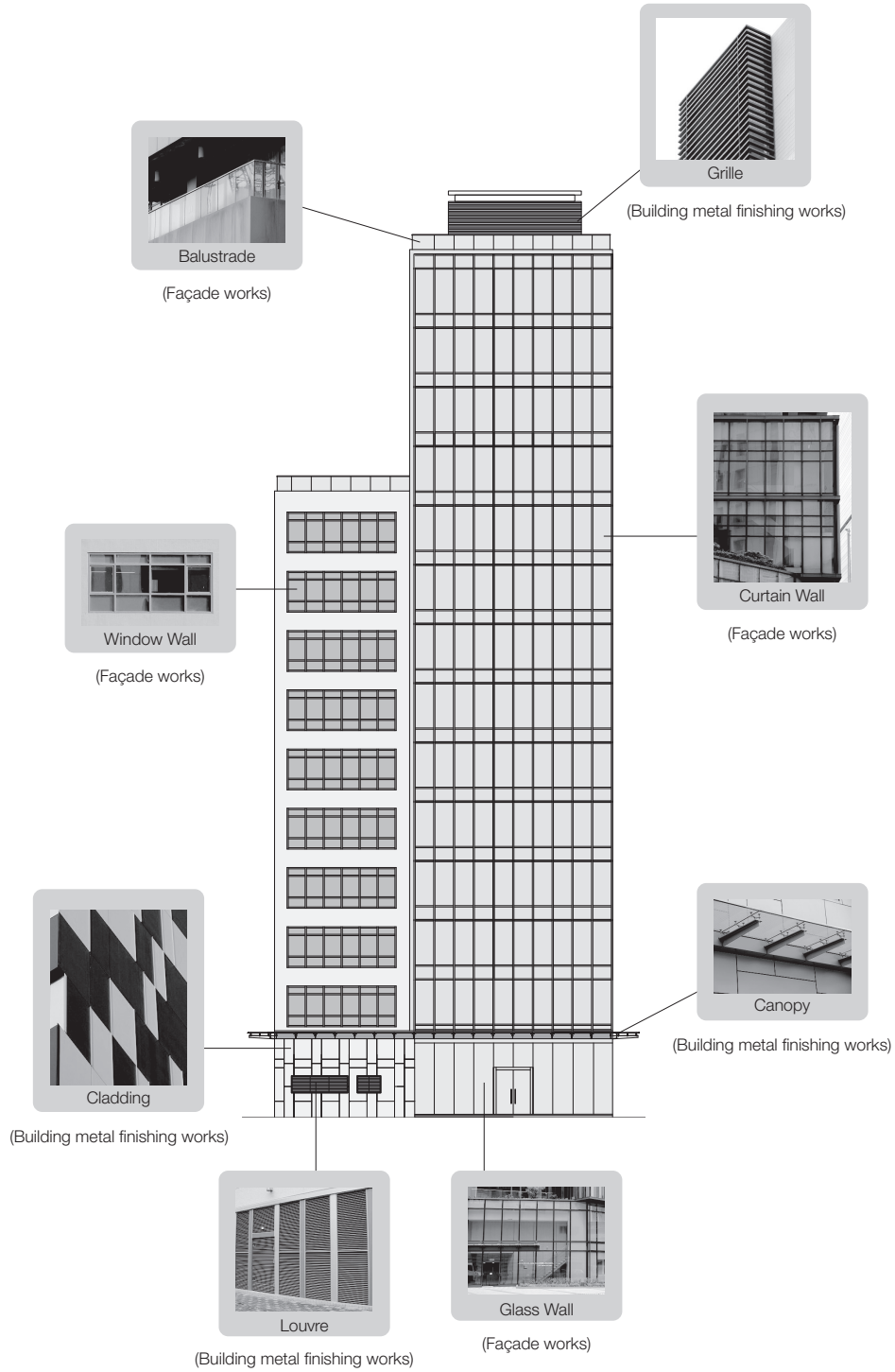
SCOPE OF SERVICES PROVIDED

The services provided by us are project-based and relate to façade works and building metal finishing works projects in Hong Kong. The scope of the design, supply, and installation projects undertaken by us may comprise both façade works and building metal finishing works, and our customers generally classify the projects awarded to us as either façade works projects or building metal finishing works projects depending on the relative proportion of façade works and building metal finishing works in the relevant project.

During the Track Record Period, we had completed 27 design, supply, and installation projects, of which 12 were façade works projects and 15 were building metal finishing works projects. Out of the 27 completed projects, six were residential properties, six projects were commercial properties, and 15 projects were public facilities projects, including nine *MTR* station projects, one public housing project, three education institution projects, and two projects on public recreational facilities.

BUSINESS

The following diagram illustrates the end products in relation to our façade works and building metal finishing works:



As part of our services, we also provide repairs and maintenance services for curtain walls, aluminium windows, and doors and replacement of damaged components mainly for property development projects for which we had acted as the subcontractors or at the request of our customers.

Façade works

Façades refer to non-bearing structures hanging on the exterior surface of a building or facility, which, with respect to their difference in appearances, functions, locations, materials, and installation methods, can generally be classified as (a) curtain walls; (b) window walls; (c) windows; and (d) glass structure and glass wall. In respect of our design, supply, and installation projects for façade works projects, we provide solutions based on the specific requirements of the projects.

Apart from enhancing the outlook appearance of the building, façades also provide protection for the buildings and promote energy efficiency.

Curtain walls

Curtain walls constitute the exterior surface of the building above the podium or atrium portion and are generally made of glass, aluminium plate, and various types of stones. Curtain walls are typically supported by aluminium frames, which are attached to the concrete slab edge of the building, namely the outer surface of the concrete slabs separating multiple floors of a building. Curtain wall is a non-load bearing structure that is anchored to the load-bearing structure of the buildings and transfer its dead loads, imposed loads and wind loads onto the structure through fixings. Curtain walls are intended to support their own weight and withstand the effect of various weather conditions, such as wind and rain.

There are various types of curtain wall systems, namely unitised system, stick-wall system and semi-unitised system, based on the product designs and types of materials used. Our curtain walls have to undergo various kinds of tests, including tests on structural integrity, air and water tightness, thermal performance, and seismic movement.

Window walls

Window walls rely on slabs to provide structural support and are mounted between concrete slabs separating the floors of a building and spans between the floor slabs.

Windows

Window is an opening within the glazing pocket of the building wall that allows ventilation and passage of light and sound. There are various types of windows depending on the frame materials, including aluminium window, wooden window and PVC window. In Hong Kong, aluminium window is the most common type of window to be used in building construction projects.

Glass structures

Glass structures are primarily made of steel frame and glass, and are commonly used for coverage of outdoor area annexed to the buildings.

Installation methods

Façade installation comprises primarily three commonly adopted systems, namely (i) stick wall system; (ii) unitised curtain wall system; and (iii) semi-unitised system.

Stick wall system refers to the installation method for which the curtain wall systems are assembled on-site piece by piece, which has long been one of the major installation methods in the industry. Stick wall system allows a higher level of flexibility for structural adjustments. However, the installation process generally requires a large number of on-site labour for the assembly and glazing works. Given skilled labours of the façade works industry are generally in shortage in Hong Kong, quality control has become an onerous task for contractors as the quality of on-site installation may vary with the level of experience of the workers.

Unitised curtain wall system refers to the installation method for which the curtain wall systems are prefabricated in modules off-site, and delivered as panels to the construction sites for final installation. Owing to prior prefabrication, unitised curtain wall system is less reliant on on-site labours and ensures better quality control as the sealing process could be conducted in the controlled factory environment. Further, with minimisation of on-site erection, the speed of installation work can be leveraged and the overall on-site operation costs could be reduced, leading to improved profit margins for façade works contractors as compared to the stick wall systems.

Semi-unitised system is a combination of stick wall system and unitised system, for which the main frames such as mullions and transoms and glass panels are assembled and prefabricated off-site for on-site installation. Similar to unitised system, semi-unitised system ensures better quality control with off-site prefabrication of main frames and glass panels. Further, construction time can also be minimised with higher efficiency. Yet, as semi-unitised system is not fully pre-fabricated, certain on-site workers are required for the installation.

Building metal finishing works

Building metal finishing works involve the installation of metal structures or accessories for safety and/or aesthetic purposes. Building metal finishing works can be categorised into permanent and temporary works. Permanent metal finishing works are metal accessories or structures that provide access, entry, closure, safety features or aesthetic features for the building and can be installed to both the exterior and interior of the building. Permanent metal finishing works primarily include metal balustrades, steel gates, glass balustrades with metal fixing clamps, metal ceiling and wall cladding. Temporary building metal finishing works are metal structures that facilitates the construction of the permanent structural elements of a building such as loading platforms or temporary steel bridge, or provide access and safety for the constructions workers and the general public such as construction hoarding and temporary metal railing. Our building metal finishing works primarily focus on ceiling, claddings, louvres, and balustrades.

Ceiling

The ceiling system which comprises hanging rods, sub-frame, ceiling panels is usually affixed to either the concrete structure or the steel structure. Structural calculation is generally required for the entire ceiling system to the satisfaction of the specifications.

Ceiling panels are made of aluminium or other metal. The panels are fixed to the subframe system which is usually made of galvanised mild steel. Solid and perforated ceilings are generally used with panels that can be fixed or opened with through bolt and hanger frame. Ceilings generally have openings for down light, sprinkler and other electrical usages.

Claddings

Claddings refer to architectural decoration attached to the primary structure of a building to form non-structural exterior surface of the building. Aluminium and stainless steel claddings are generally used as the outer layer of material to cover up the part of the building exterior intended to be non-visible. Cladding shall provide sufficient flexible points both horizontally and vertically to cater to differential movement between the cladding and the primary structure to which it is attached.

Louvres

Louvres refer to blinds or shutters with horizontal slats that are angled for ventilation and light admission, where the angle of slats can be adjusted either manually or by an actuator. Louvres are constructed over the window, or inside the bathroom for better ventilation while blocking out direct sunlight, rain and noise.

Balustrades

Balustrades are used in balconies, along stairs, decks or galleries to provide protection barrier for separation, support and safety. The glass pane and the top handrail are designed to resist horizontal imposed load and wind pressure. Balustrades are subject to impact resistance test prior to installations.

Canopies

Canopies are overhead roofing structures, which are typically constructed over the entrances to provide shelter from the rain and sunlight. Canopies are generally suspended from a fixed structure at the podium section that incorporate glass or metal covering and can be transparent, translucent or opaque.

Grilles

Grilles are opening structures with several splits to provide frames or barriers to other building elements such as windows, air-conditioners and drainage pipes. Similar to louvres, grilles are often regarded as accessories installed to prevent access of incoming objects or accidental fall of children from the apartments or balconies; or for decorative purposes.

BUSINESS

Miscellaneous repairs and maintenance services

In addition to project-based façade works and building metal finishing works projects for which the contractors are our customers, we also provide repairs and maintenance services to property developers. These customers would normally request us to provide fee quotation for the services, which include repairs of curtain walls, aluminium windows, and doors and replacement of damaged components. When fee quotation is accepted by our customers, we will provide the relevant services and will issue an invoice to the customers upon completion of the works. We do not provide any warranty in respect of such repairs and maintenance services.

OUR DESIGN, SUPPLY, AND INSTALLATION PROJECTS

Information on the design, supply, and installation projects undertaken by us

As of 31 March 2017, 2018, and 2019, and 30 September 2019, we had 18, 22, 15, and 21 design, supply, and installation projects in progress, respectively. As of the Latest Practicable date, we had 23 design, supply, and installation projects in progress. The table below sets forth the number of projects and changes in project backlog for the projects undertaken by us during the Track Record Period and for the period from 1 October 2019 to the Latest Practicable Date:

BUSINESS

	Year ended 31 March				2019				Six months ended				From 1 October 2019							
	2017		2018		2019		30 September 2019		Practicable Date		30 September 2019		Practicable Date							
	Number of projects	Variation orders HKS'000	Original contract sum HKS'000	Variation orders HKS'000	Total HKS'000	Number of projects	Original contract sum HKS'000	Variation orders HKS'000	Total HKS'000	Number of projects	Original contract sum HKS'000	Variation orders HKS'000	Total HKS'000	Number of projects	Original contract sum HKS'000	Variation orders HKS'000	Total HKS'000			
Projects in progress as of 1 April 2016, 2017, 2018, and 2019, and 1 October 2019	13	158,293	7,376	165,669	18	296,231	—	296,231	22	321,346	16,047	337,393	15	275,839	22,065	297,904	21	298,163	22,713	320,876
Awarded design, supply, and installation projects during the year/period	9	236,384	—	236,384	9	178,111	29,802	207,913	7	135,357	27,960	163,297	10	141,390	7,799	149,189	5	122,248	7,512	129,760
Amount of revenue recognised (a) from the completed projects during the same year/period	22	394,677	7,376	402,053	27	474,342	29,802	504,144	29	456,683	44,007	500,690	25	417,229	29,864	447,093	26	420,411	30,225	450,636
(b) from the projects completed during other years of Track Record Period	(4)	(18,516)	(1,885)	(20,401)	(5)	(25,141)	(5,028)	(30,169)	(14)	(12,071)	(17,962)	(30,033)	(4)	(409)	(410)	(819)	(3)	(3,968)	2,650	(1,318)
(c) from the projects previously completed	1	—	(4,832)	(4,832)	—	—	—	—	1	—	(231)	(231)	—	—	—	—	—	—	—	—
(d) from the ongoing projects	6	(43,265)	—	(43,265)	10	(43,149)	—	(43,149)	15	(168,773)	(417)	(169,190)	20	(118,657)	(6,292)	(124,949)	20	(99,946)	(24,106)	(124,052)
Project backlog for projects in progress as of 31 March 2017, 2018, and 2019, 30 September 2019, and the Latest Practicable Date	18	296,231	—	296,231	22	321,346	16,047	337,393	15	275,839	22,065	297,904	21	298,163	22,713	320,876	23	316,497	8,112	324,609

Note:

(1) Project numbers refer to the design, supply, and installation projects completed during the same year/period, as confirmed by the receipt of (a) first half of the retention money from the customers or (b) all outstanding amount from the customers for the projects.

BUSINESS

Completed projects during the Track Record Period

Types of works involved

During the Track Record Period, we had completed 27 design, supply, and installation projects, of which 12 were façade works projects and 15 were building metal finishing works projects. The table below sets forth the number of completed projects and the original contract sum by the types of works during the Track Record Period (with the comparative figures during the six months ended 30 September 2018):

	Year ended 31 March						Six months ended 30 September			
	2017		2018		2019		2018		2019	
	Number of completed projects	Original contract sum	Number of completed projects	Original contract sum	Number of completed projects	Original contract sum	Number of completed projects	Original contract sum	Number of completed projects	Original contract sum
	HK\$'000		HK\$'000		HK\$'000		HK\$'000		HK\$'000	
	(Unaudited)									
Façade works	1	24,236	4	34,030	4	53,575	1	52,545	3	66,135
Building metal finishing works	3	15,055	1	348	10	74,202	2	907	1	161
Total	4	39,291	5	34,378	14	127,777	3	53,452	4	66,296

Ranges of the original contract sum

The table below sets forth the completed projects with revenue recognition by different ranges of the original contract sum during the Track Record Period (with the comparative figures during the six months ended 30 September 2018):

	Year ended 31 March						Six months ended 30 September			
	2017		2018		2019		2018		2019	
	Number of completed projects	Original contract sum	Number of completed projects	Original contract sum	Number of completed projects	Original contract sum	Number of completed projects	Original contract sum	Number of completed projects	Original contract sum
	HK\$'000		HK\$'000		HK\$'000		HK\$'000		HK\$'000	
	(Unaudited)									
HK\$10.0 million or above	1	24,236	1	33,819	3	104,322	1	52,545	2	65,887
Above HK\$1.0 million to HK\$10.0 million	3	15,055	—	—	4	20,514	—	—	—	—
HK\$1.0 million or below	—	—	4	559	7	2,941	2	907	2	409
Total	4	39,291	5	34,378	14	127,777	3	53,452	4	66,296

The significant increase in the number of design, supply, and installation projects undertaken by us during the year ended 31 March 2019 was primarily due to the completion of six projects as part of *Hong Kong West Kowloon Station* (Projects 13–17 and Project 20) and the increase in the number of projects with small contract sum of HK\$1.0 million or below from nil during the year ended 31 March 2017 to four during the year ended 31 March 2018 and further to seven during the year ended 31 March 2019.

BUSINESS

Awarded projects during the Track Record Period

Types of works involved

During the three years ended 31 March 2019, we were awarded nine, nine, and seven design, supply, and installation projects, respectively. During the six months ended 30 September 2018 and 2019, we were awarded three and 10 design, supply, and installation projects, respectively. The table below sets forth further information on the number of the awarded projects (based on the respective project award dates) by the types of services and the original contract sum during the Track Record Period (with the comparative figures during the six months ended 30 September 2018):

	Year ended 31 March						Six months ended 30 September			
	2017		2018		2019		2018		2019	
	<i>Number of awarded projects⁽¹⁾</i>	<i>Original contract sum</i>	<i>Number of awarded projects⁽¹⁾</i>	<i>Original contract sum</i>	<i>Number of awarded projects⁽¹⁾</i>	<i>Original contract sum</i>	<i>Number of awarded projects⁽¹⁾</i>	<i>Original contract sum</i>	<i>Number of awarded projects⁽¹⁾</i>	<i>Original contract sum</i>
		<i>HK\$'000</i>		<i>HK\$'000</i>		<i>HK\$'000</i>		<i>HK\$'000</i>		<i>HK\$'000</i>
							<i>(Unaudited)</i>			
Façade works	3	163,364	9	178,119	5	102,691	3	71,443	7	128,375
Building metal finishing works . . .	6	73,020	—	—	2	33,066	—	—	3	12,832
Total	9	236,384	9	178,119	7	135,757	3	71,443	10	141,207

Note:

(1) The number of the awarded projects during the relevant year/period is based on the date of award.

The installation works for some of the awarded projects during the Track Record Period, namely *Hong Kong International Airport (Project 36)*, *Yuen Long (Project 38)*, *Wan Chai Exhibition Centre MTR Station (A) (Project 44)*, *Wan Chai Exhibition Centre MTR Station (B) (Project 45)*, *Cochrane Street (Project 46)*, and *Pok Fu Lam (Project 47)*, would be funded by the net proceeds from the Share Offer. Further information on which is set forth in the section headed “Reasons for the Listing and Proposed Use of the Net Proceeds from the Share Offer” in this prospectus.

BUSINESS

Ranges of the original contract sum

The table below sets forth the number of the awarded projects by different ranges of the original contract sum during the Track Record Period (with the comparative figures during the six months ended 30 September 2018):

	Year ended 31 March						Six months ended 30 September			
	2017		2018		2019		2018		2019	
	<i>Number of awarded projects⁽¹⁾</i>	<i>Original contract sum</i>	<i>Number of awarded projects⁽¹⁾</i>	<i>Original contract sum</i>	<i>Number of awarded projects⁽¹⁾</i>	<i>Original contract sum</i>	<i>Number of awarded projects⁽¹⁾</i>	<i>Original contract sum</i>	<i>Number of awarded projects⁽¹⁾</i>	<i>Original contract sum</i>
	HK\$'000		HK\$'000		HK\$'000		HK\$'000		HK\$'000	
HK\$30.0 million or above	3	163,364	2	144,061	3	107,937	1	44,481	1	59,388
Above HK\$10.0 million to HK\$30.0 million	3	63,171	2	33,367	1	25,326	1	25,326	3	67,445
HK\$10.0 million or below	3	9,849	5	691	3	2,494	1	1,636	6	14,374
Total	9	236,384	9	178,119	7	135,757	3	71,443	10	141,207

Note:

(1) The number of awarded projects during the relevant year/period is based on the date of award.

Our Directors consider that the decreasing trend of contract sum of projects undertaken by us during the three years ended 31 March 2019 was primarily due to the following:

We were selective in assessing projects for tender submission in light of our limited financial resources

During the year ended 31 March 2018, our financial and human resources were tied up by our projects on hand then and the request by our customers to accelerate completion schedule of the site installation works for *Hong Kong West Kowloon Station* (Projects 13–17 and Project 20), all being building metal finishing works projects. As a result, we were selective in submitting tenders for new building metal finishing works projects, and a majority of the projects awarded to us during the year ended 31 March 2018 were façade works projects with relatively small contract sum. We also submitted tenders for a few sizeable façade works projects, including *So Kwun Wat Road* (Project 29) and *Au Tau* (Project 35), during the year ended 31 March 2018, both projects were awarded to us in March and August 2018, respectively, for which we have earmarked our resources for the year ended 31 March 2019. As a result, we had reduced tender submission for façade works projects during the year ended 31 March 2019, despite the fact that we had submitted tenders for more new building metal finishing works projects with the release of our resources from *Hong Kong West Kowloon Station* (Projects 13-17 and Project 20) which was close to completion stage. As a result of the above, the total contract sum of the projects undertaken by us during the year ended 31 March 2019 decreased and most of the projects in site installation stage during the year ended 31 March 2019 were small scale façade works projects previously awarded to us.

BUSINESS

New bank borrowings for new projects undertaken by us

To address the constraint in the availability of financial resources, we had arranged for bank borrowings during the year ended 31 March 2019. We obtained additional banking facilities during the six months ended 30 September 2019 and up to the Latest Practicable Date. As of the Latest Practicable Date, we had unutilised banking facilities of HK\$29.2 million. The number of new projects awarded to us increased from three during the six months ended 30 September 2018 to 10 during the six months ended 30 September 2019, representing an increase of 233.3% in the number of projects and an increase of 94.1% in the amount of the original contract sum. During the year ended 31 March 2017, we secured certain sizeable projects, including *Marriott Hotel (A)* (Project 05), *Perkins Road* (Project 12), and *King's Road* (Project 31), without arranging for any bank borrowing. The Upfront Costs for these projects were not significant as favourable payment terms had been agreed under the contracts pursuant to which the customers would settle a sizeable portion of the contract sums with us upon delivery of the raw materials by our suppliers to the construction site.

Projects with revenue recognition during the Track Record Period

Types of works involved

During the three years ended 31 March 2019, we were engaged in 23, 25, and 29 design, supply, and installation projects that contributed to our revenue, respectively. During the six months ended 30 September 2018 and 2019, we were engaged in 24 and 26 design, supply, and installation projects that contributed to our revenue, respectively. The table below sets forth the number of design, supply, and installation projects by the types of services with revenue recognised during the Track Record Period (with the comparative figures during the six months ended 30 September 2018):

	Year ended 31 March						Six months ended 30 September			
	2017		2018		2019		2018		2019	
	<i>Number of projects with revenue recognition</i>	<i>Revenue recognised</i>	<i>Number of projects with revenue recognition</i>	<i>Revenue recognised</i>	<i>Number of projects with revenue recognition</i>	<i>Revenue recognised</i>	<i>Number of projects with revenue recognition</i>	<i>Revenue recognised</i>	<i>Number of projects with revenue recognition</i>	<i>Revenue recognised</i>
		HK\$'000		HK\$'000		HK\$'000		HK\$'000		HK\$'000
								(Unaudited)		
Façade works	7	77,392	14	82,268	16	139,381	13	44,521	17	97,088
Building metal finishing works . . .	16	28,430	11	84,483	13	63,405	11	39,469	9	29,129
Total	23	105,822	25	166,751	29	202,786	24	83,990	26	126,217

BUSINESS

Amount of revenue recognised

The table below sets forth the number of projects with revenue recognition by different ranges of the recognised revenue sum during the Track Record Period (with the comparative figures during the six months ended 30 September 2018):

	Year ended 31 March						Six months ended 30 September			
	2017		2018		2019		2018		2019	
	<i>Number of projects with revenue recognition</i>	<i>Revenue recognised</i>	<i>Number of projects with revenue recognition</i>	<i>Revenue recognised</i>	<i>Number of projects with revenue recognition</i>	<i>Revenue recognised</i>	<i>Number of projects with revenue recognition</i>	<i>Revenue recognised</i>	<i>Number of projects with revenue recognition</i>	<i>Revenue recognised</i>
	<i>HK\$'000</i>		<i>HK\$'000</i>		<i>HK\$'000</i>		<i>HK\$'000</i>		<i>HK\$'000</i>	
HK\$30.0 million or above	—	—	1	38,262	2	35,356	—	—	1	45,691
Above HK\$10.0 million to										
HK\$30.0 million	3	56,738	4	93,102	5	74,135	2	39,775	4	67,573
HK\$10.0 million or below	20	49,084	20	35,387	22	93,295	22	44,215	21	12,953
Total	23	105,822	25	166,751	29	202,786	24	83,990	26	126,217

Private and public projects

Out of the 27 completed projects during the Track Record Period, six projects were in relation to residential properties, six projects were in relation to commercial properties, and 15 projects were public facilities projects, including nine MTR station projects, one public housing project, three education institution projects, and two projects on public recreational facilities.

The table below sets forth an analysis of our revenue by sectors during the Track Record Period (with the comparative figures during the six months ended 30 September 2018):

	Year ended 31 March						Six months ended 30 September			
	2017		2018		2019		2018		2019	
	<i>HK\$'000</i>	<i>%</i>	<i>HK\$'000</i>	<i>%</i>	<i>HK\$'000</i>	<i>%</i>	<i>HK\$'000</i>	<i>%</i>	<i>HK\$'000</i>	<i>%</i>
Residential properties	7,776	7.3	39,495	23.7	59,807	29.5	13,914	16.6	74,015	58.7
Commercial properties	34,701	32.8	41,033	24.6	57,472	28.3	23,973	28.5	20,624	16.3
Public facilities ⁽¹⁾	63,345	59.9	86,223	51.7	85,507	42.2	46,103	54.9	31,578	25.0
Total	105,822	100.0	166,751	100.0	202,786	100.0	83,990	100.0	126,217	100.0

Note:

- (1) During the Track Record Period, projects involving public facilities included the design, supply, and installation projects for MTR stations, footbridge, education institution, swimming pool, and recreational garden commissioned by the Hong Kong Government (including the Development Bureau, Civil Engineering and Development Department, Drainage Services Department, Environment Protection Department, Highways Department, Architectural Services Department, Water Services Department, and Housing Authority) and statutory corporations, such as MTR Corporation Limited, West Kowloon Cultural District Authority, and the Airport Authority Hong Kong.

Information on completed design, supply, and installation projects

The table below sets forth an analysis of our completed projects during the period from 1 April 2016 to the Latest Practicable Date:

Project number	Customer	Engagement type	Particulars of works	Project award date ⁽¹⁾	Project completion date ⁽²⁾	Awarded contract sum ⁽³⁾ (HK\$)	Amount of revenue recognised during the year ended 31 March			Amount of revenue recognised during the six months ended 30 September		Total amount of revenue recognised during the Track Record Period 30 September 2019 ⁽²⁾ (HK\$'000)
							2017 (HK\$'000)	2018 (HK\$'000)	2019 (HK\$'000)	2018 (HK\$'000)	2019 (HK\$'000)	
Projects completed during the year ended 31 March 2017 (four projects)												
Project 01	Customer P	Domestic Subcontractor	Supply and installation of louvres	June 2014	April 2016	9,902,463	254	—	—	—	—	254
Project 02	Customer Group O	Domestic Subcontractor	Supply and installation of louvres and external metal cladding	October 2011	December 2016	3,347,102	65	—	—	—	—	65
Project 03	Customer S	Domestic Subcontractor	Supply and installation of concession shop front	February 2016	December 2016	1,805,029	1,954	—	—	—	—	1,954
Project 04	Paul Y. Construction Company, Limited	Domestic Subcontractor	Design, supply, and installation of glass wall, window wall, wall panel, and louvre	May 2015	December 2016	24,236,294	18,127	—	—	—	—	18,127
Sub-total							20,400	—	—	—	—	20,400
Projects completed during the year ended 31 March 2018 (five projects)												
Project 05	Customer Group C	Domestic Subcontractor	Design, supply, and installation of aluminium window and louvre	July 2016	July 2017	33,818,917	8,422	29,892	3,332	1,660	—	41,646
Project 06	Customer Group C	Domestic Subcontractor	Design, supply, and installation of external aluminium panels	May 2017	November 2017	149,558	—	214	—	—	—	214
Project 07	Customer Group R	Nominated Subcontractor ⁽⁶⁾	Replacement of broken glass of aluminium window	August 2017	December 2017	28,500	—	29	—	—	—	29
Project 08	Customer Group R	Nominated Subcontractor ⁽⁶⁾	Replacement of broken glass of aluminium window	November 2017	January 2018	33,500	—	34	—	—	—	34
Project 09	Customer Group C	Domestic Subcontractor	Provision of labours and materials for removal of existing aluminium features	January 2016	January 2018	347,700	659	—	—	—	—	659
Sub-total							9,081	30,169	3,332	1,660	—	42,582

(Unaudited)

BUSINESS

Project number	Customer	Engagement type	Particulars of works	Project award date ⁽¹⁾	Project completion date ⁽²⁾	Awarded contract sum ⁽³⁾ (HK\$)	Amount of revenue recognised during the year ended 31 March		Amount of revenue recognised during the six months ended 30 September		Total amount of revenue recognised during the Track Record Period 2019 ⁽⁴⁾ (HK\$'000)	
							2017 (HK\$'000)	2018 (HK\$'000)	2018 (HK\$'000)	2019 (HK\$'000)		
Projects completed during the year ended 31 March 2019 (14 projects)												
Project 10	Customer Group O	Domestic Subcontractor	Provision of labours for raised floor installation works	March 2017	April 2018	525,000	189	799	—	—	988	—
Project 11	Paul Y. General Contractors Limited	Domestic Subcontractor	Supply and installation of proprietary suspended ceiling works	March 2016	August 2018	381,540	262	—	272	—	534	—
Project 12	Perfect Team Corporation Limited	Domestic Subcontractor	Façade works for proposed residential development	September 2016	September 2018	52,545,270	7,117	38,262	12,106	8,180	406	57,891
Project 13	Customer B	Domestic Subcontractor	Supply and installation of glazed artwork wall	December 2016	November 2018	3,956,586	81	3,514	1,205	995	—	4,800
Project 14	Customer B	Domestic Subcontractor	Supply and installation of mega column aluminium cladding	December 2016	November 2018	25,590,180	6,586	16,616	2,626	2,003	—	25,828
Project 15	Customer B	Domestic Subcontractor	Supply and installation of metal works	January 2016	January 2019	26,202,682	5,671	24,104	8,718	5,522	—	38,493
Project 16	Customer B	Domestic Subcontractor	Supply and installation of metal louvres	February 2016	January 2019	4,050,000	2,029	2,687	1,807	1,365	—	6,523
Project 17	Customer B	Domestic Subcontractor	Supply and installation of galvanised mild steel framed with aluminium cladding	February 2016	January 2019	680,000	410	42	47	8	—	499
Project 18	Customer Group R	Nominated Subcontractor	Consultancy service of façade tender process	November 2017	February 2019	60,000	—	56	—	—	—	56
Project 19	Customer Group E	Domestic Subcontractor	Design, supply, and installation of glass wall, skylight, and aluminium fins	May 2016	January 2019	5,367,627	4,748	4,384	859	576	30	10,021
Project 20	Customer B	Domestic Subcontractor	Supply of floor access covers and wall access panels	February 2016	February 2019	7,140,262	1,151	2,954	1,220	914	—	5,325
Project 21	Customer Group E	Domestic Subcontractor	Design, removal of existing glass cladding and aluminium cladding	May 2017	February 2019	420,000	—	15	328	309	—	343
Project 22	Customer Group R	Nominated Subcontractor ⁽⁶⁾	Rectification of water leakage of curtain wall	November 2018	February 2019	550,000	—	—	550	—	—	550
Project 23	Customer N	Nominated Subcontractor	Provide labour for cleaning of window	January 2019	March 2019	308,296	—	—	295	—	13	308
Sub-total						28,244	93,433	30,033	20,144	449	152,159	571

Project number	Customer	Engagement type	Particulars of works	Project award date ⁽¹⁾	Project completion date ⁽²⁾	Awarded contract sum ⁽³⁾ (HK\$)	Amount of revenue recognised during the year ended 31 March			Amount of revenue recognised during the six months ended 30 September		Total amount of revenue recognised during the Track Record Period 30 September 2019 ⁽⁴⁾ (HK\$'000)	
							2017	2018	2019	2018	2019		
Projects completed during the six months ended 30 September 2019 (four projects)													
Project 24	Kpa Engineering Limited	Domestic Subcontractor	Design, supply and installation of curtain wall and metal cladding	December 2014	April 2019	42,558,360	20,974	4,915	1,701	265	227	27,817	86
Project 25	Customer A	Domestic Subcontractor	Design, supply, and installation of curtain wall system	August 2015	July 2019	23,328,500	17,636	2,148	2,351	44	—	22,135	—
Project 40	Customer V	Domestic Subcontractor	Replacement of broken glass	April 2019	August 2019	247,500	—	—	—	—	—	124	124
Project 42	Customer Group G	Domestic Subcontractor	Supply of labour for fixing of metal cladding	April 2019	August 2019	161,200	—	—	—	—	—	468	—
Sub-total						38,610	7,063	4,052	309	819	50,544	86	
Project completed from 1 October 2019 to the Latest Practicable Date													
Project 26	Customer D	Domestic Subcontractor	Supply and installation of aluminium cladding and suspended metal ceiling	March 2013	November 2019	50,465,219	3,443	22,490	19,664	17,727	1,790	47,387	985
Project 28	Customer F	Domestic Subcontractor	Aluminium window, louvre, door grille, cladding, curtain wall, glazed wall, skylight, glass canopies, etc.	January 2018	January 2020	19,686,923	—	225	18,840	5,725	1,252	20,317	326
Project 41	Customer T	Domestic Subcontractor	Replacement of broken glass and repairs of operable window	May 2019	December 2019	71,500	—	—	—	—	64	64	8
Sub-total						3,443	22,715	38,504	23,452	3,106	67,768	1,319	
Total						99,778⁽⁵⁾	153,380	75,921⁽⁶⁾	45,565	4,374	333,453	1,976	

Notes:

- (1) Project award date refers to the month when the construction contract or letter of intent or letter of nomination was entered into with the customer or the project owners if we act as the Nominated Subcontractors, whichever is later.
- (2) Completion date refers to (a) the month during which the certificate of practical completion is issued by our customer or its authorised person or (b) the month when the first sum of the retention money is released, which represents the month of practical completion of the project pursuant to the construction contract of the relevant project.
- (3) The original contract sum awarded does not include any variation order issued by our customers and is based on the initial construction contract or letter of acceptance or letter of intent entered into with our customers or quotation agreed between us and our customers.
- (4) This amount does not include revenue in the amount of HK\$4,832,000 generated from variation orders received in respect of a façade works project completed during the year ended 31 March 2016.
- (5) This amount does not include revenue recognised in the amount of HK\$231,000 during the year ended 31 March 2019 which represented the outstanding balance received by us from a façade works project completed in May 2013.
- (6) The project was engaged by the individual unit owner of a property development project previously undertaken by us.
- (7) The amounts of the project backlog as of 30 September 2019 are subject to the actual progress of the project works completed by us. The project backlog for projects completed as of 30 September 2019 were related to variation orders received subsequent to the receipt of the retention money. Such variation orders were mainly insignificant enhancement to the property or minor repairing works.

Information on projects in progress

The table below sets forth further information on our projects in progress as of the Latest Practicable Date:

Project number	Customer	Engagement type	Particulars of works	Project award date ⁽¹⁾	Expected completion date ⁽²⁾	Awarded contract sum ⁽³⁾ (HK\$)	Amount of revenue recognised during the year ended 31 March		Amount of revenue recognised during the six months ended 30 September		Total amount of revenue recognised during the Track Record Period (HK\$'000)	Project backlog as of 30 September 2019 ⁽⁵⁾ (HK\$'000)	Project backlog as of the Latest Practicable Date ⁽⁴⁾ (HK'000)	
							2017 (HK\$'000)	2018 (HK\$'000)	2019 (HK\$'000)	2018 (HK\$'000)				2019 (HK\$'000)
Project 27	Customer D	Domestic Subcontractor	Miscellaneous metal works package of head wall units, tail wall units, glass balustrade, glass barriers, stainless steel handrails, stainless steel railings, galvanised mild steel handrails, and galvanised mild steel railings	July 2016	April 2020	15,349,204	229	2,852	12,372	9,280	927	16,380	2,001	131
Project 29	Customer A	Domestic Subcontractor	Design, supply, and installation of curtain wall and glass wall system	March 2018	May 2020	98,809,756	—	995	41,623	3,989	45,691	88,309	10,500	966
Project 30	Customer A	Domestic Subcontractor	Installation of curtain wall and glass wall system	September 2018	May 2020	1,636,166	—	—	728	430	761	1,489	—	—
Project 31	Customer Group E	Nominated Subcontractor	Design, supply, and installation of curtain wall, aluminum windows, glass balustrade, louvers, and cladding works	January 2017	April 2020	77,000,000	285	5,156	51,672	22,048	17,335	74,448	2,903	241
Sub-total							514	9,003	106,395	35,747	64,714	180,626	15,404	1,338

BUSINESS

Project number	Customer	Engagement type	Particulars of works	Project award date ^(b)	Expected completion date ^(c)	Awarded contract sum ^(c) (HK\$)	Amount of revenue recognised during the year ended 31 March			Amount of revenue recognised during the six months ended 30 September		Total amount of revenue recognised during the Track Record Period (HK\$'000)	Project backlog as of 30 September 2019 ^(d) (HK\$'000)	Project backlog as of the Latest Practicable Date ^(e) (HK'000)
							2017	2018	2019	2018	2019			
Project 32	Customer M	Domestic Subcontractor	Installation of precast concrete elements and fall arrest components and supply of fixing components for precast concrete elements and fall arrest system	October 2016	May 2020	22,231,696	698	4,042	11,153	807	15,384	31,277	19,682	2,740
Project 33	Customer M	Domestic Subcontractor	Design, coordinate, supply and installation of steel and metal works	February 2019	May 2020	32,757,716	—	—	3,168	—	10,034	13,202	22,090	2,881
Project 34	Customer U	Domestic Subcontractor	Design, supply, and installation of glass wall	March 2018	July 2020	13,680,000	—	161	458	406	1,904	2,523	11,157	1,920
Project 35	Customer Group G	Nominated Subcontractor	Design, supply, and installation of curtain wall, glass wall, aluminium window, louvre, sliding door, external aluminium cladding and glass balustrade works	August 2018	September 2020	44,481,312	—	—	3,614	576	24,820	28,434	16,047	168
Project 36	Customer Group G	Domestic Subcontractor	Supply and installation of façade and roof works	December 2017	September 2020	45,251,204	—	165	1,206	866	1,009	2,380	42,871	32,929
Project 37	Customer Group R	Nominated Subcontractor	Façade installation for alteration and addition works	October 2018	August 2020	30,698,160	—	—	471	—	1,925	2,396	27,939	16,459
Project 38	Customer H	Domestic Subcontractor	Design, supply, and installation of curtain wall, glass wall, covered walkway and aluminium cladding	September 2018	April 2021	25,325,717	—	—	169	23	322	491	24,714	23,284
Project 39	Customer H	Domestic Subcontractor	Design, supply and installation of glass wall & aluminium works to façade works	May 2019	May 2020	1,222,952	—	—	—	—	1,016	1,016	207	—
Sub-total						698	4,368	20,239	2,678	56,414	81,719	164,707	80,381	

BUSINESS

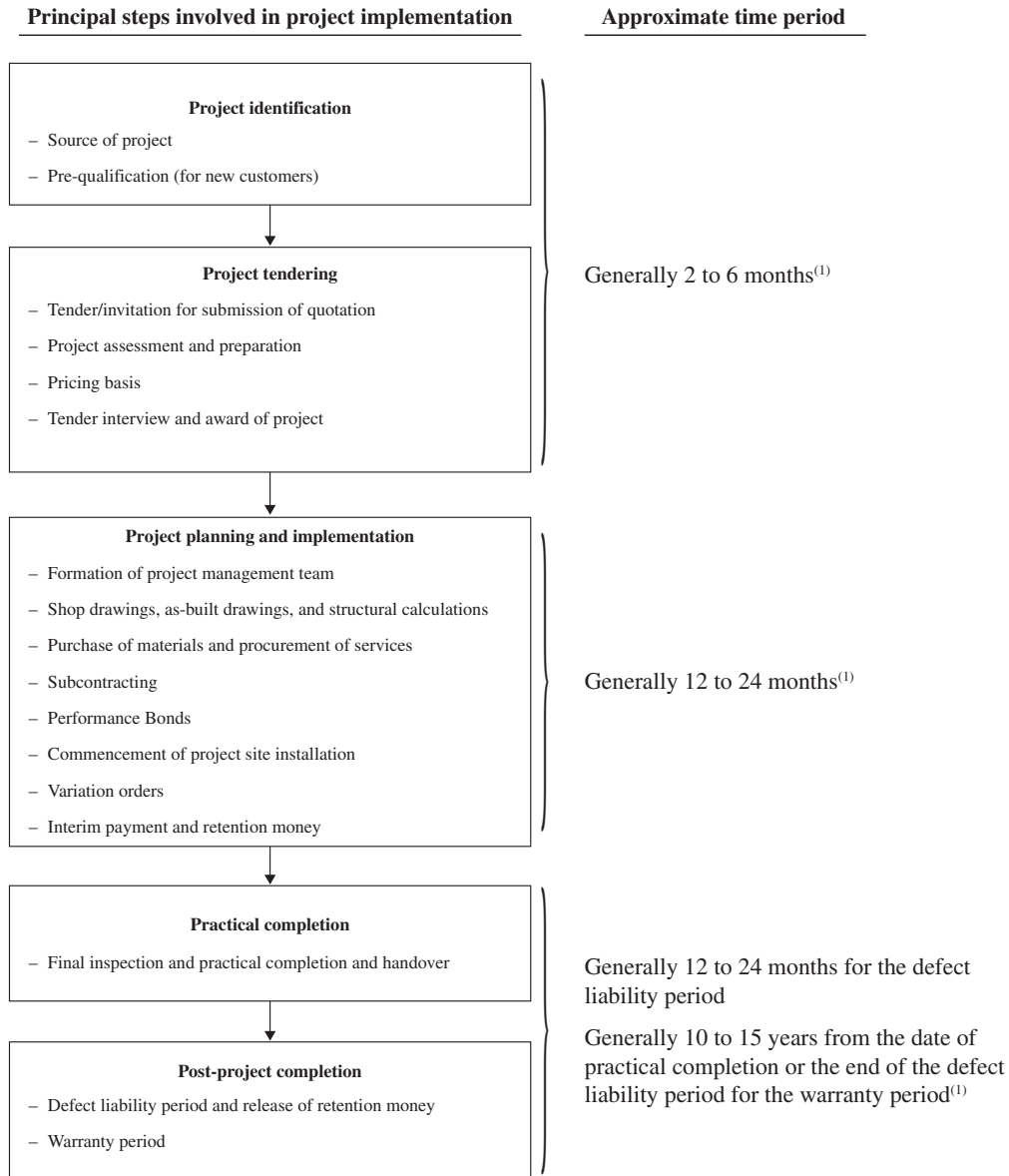
Project number	Customer	Engagement type	Particulars of works	Project award date ⁽¹⁾	Expected completion date ⁽²⁾	Awarded contract sum ⁽³⁾ (HK\$)	Amount of revenue recognised during the year ended 31 March			Amount of revenue recognised during the six months ended 30 September		Total amount of revenue recognised during the Track Record Period (HK\$'000)	Project backlog as of 30 September 2019 ⁽⁵⁾ (HK\$'000)	Project backlog as of the Latest Practicable Date ⁽⁶⁾ (HK'000)
							2017	2018	2019	2018	2019			
Project 43	Customer Group E	Domestic Subcontractor	Design, supply, and installation of metal works, skylight, glass lift wall and lift car glass wall	April 2019	October 2020	4,999,076	—	—	—	—	453	4,546	1,386	
Project 44	Customer I	Domestic Subcontractor	Design, supply and installation of glass walling specialist glazing and skylight	July 2019	July 2021	22,169,337	—	—	—	—	79	22,090	20,058	
Project 45	Customer I	Domestic Subcontractor	Design, supply and installation of aluminium roof cover and gutter	July 2019	June 2021	7,671,935	—	—	—	—	30	7,642	7,550	
Project 46	Customer J	Nominated Subcontractor	Design, supply and installation of curtain wall	September 2019	July 2021	29,690,576	—	—	—	—	—	29,691	28,130	
Project 47	Customer K	Nominated Subcontractor	Design, supply, and installation of glass and steel	September 2019	November 2020	59,388,000	—	—	—	—	110	59,278	53,758	
Project 48	Tysan Building Construction Company Limited	Nominated Subcontractor	Design, supply, and installation of curtain wall, facade alterations and addition works	September 2019	July 2020	15,585,092	—	—	—	—	43	15,542	12,397	
Project 49	Customer H	Nominated Subcontractor	Design, supply, and installation of glass wall, canopy, glass balustrade and aluminium cladding	November 2019	December 2020	22,443,899	—	—	—	—	—	—	21,011	
Project 50	Customer Group G	Domestic Subcontractor	Supply and fixing of galvanised mild steel cage and frames	December 2019	May 2020	744,297	—	—	—	—	—	—	705	
Project 51	Customer W	Domestic Subcontractor	Design, supply, and installation of curtain wall, glass wall and cladding works	January 2020	June 2021	34,388,707	—	—	—	—	—	—	33,600	
Project 52	Customer X	Nominated Subcontractor	Design, supply, and installation of curtain wall, glass wall, aluminium window, louvres and cladding	January 2020	February 2022	25,919,601	—	—	—	—	—	—	25,778	
Project 53	Customer Y	Domestic Subcontractor	Design, supply, and installation of aluminium cladding, grille, feature, glass facade, metal noise barrier, aluminium window and lower, metal door and stone works	February 2020	March 2021	38,751,449	—	—	—	—	—	—	38,557	
Sub-total							—	—	—	715	715	138,789	242,890	
Total							1,212	13,371	126,634	38,425	121,843	263,060	318,900 ⁽⁶⁾	324,609

Notes:

- (1) Project award date refers to the month when the construction contract or letter of intent or letter of nomination was entered into with the customer.
- (2) Expected completion date refers to the latest estimated practical completion date as advised by the customer.
- (3) The original contract sum awarded does not include any variation orders issued by our customers and is based on the initial engagement agreement entered into with the customers or the quotation agreed between our customers and us.
- (4) The difference between the awarded contract sum and the project backlog as of the Latest Practicable Date represented (a) the amount of variation orders; (b) re-measurement amount based on the as-built quantity; and (c) revenue recognised as of the Latest Practicable Date.
- (5) The amounts of outstanding project backlog as of 30 September 2019 and the Latest Practicable Date are subject to the actual progress of the project works completed by us.
- (6) This amount, together with the project backlog for our completed design, supply, and installation projects as of 30 September 2019, of HK\$1,650,000, represented our total project backlog as of 30 September 2019 of HK\$320.9 million. The project backlog for projects completed as of 30 September 2019 were related to variation orders received subsequent to the receipt of the retention money. Such variation orders were mainly insignificant enhancement to the property or minor repairing works.

PRINCIPAL STEPS INVOLVED IN PROJECT IMPLEMENTATION

The diagram below illustrates the principal steps involved in project implementation of façade works and building metal finishing works projects undertaken by us.



Note:

(1) The time period is for illustration purpose only.

The tender process may generally take two to six months to complete. Design, supply, and installation projects undertaken by us would generally require 12 to 24 months to complete depending on various factors including project scale, construction progress, construction schedules, and technical complexity and requirements.

Project identification

Source of projects

Our tender and procurement team is involved in the stage of project identification. We generally source design, supply, and installation projects through business referrals by way of (a) tendering or (b) invitation for submission of quotation. We receive tender invitation from prospective customers and industry professionals with whom we have established business relationships. We also receive invitations for submission of quotation for prospective projects through referrals and recommendations from our business associates, such as architecture firms or façade consultants. During the Track Record Period, we generally acted as subcontractor in design, supply, and installation projects for façade works and building metal finishing works projects.

We obtain information on prospective projects in private and public sectors through business referrals and invitations for submission of quotation sent to us. We may act as Nominated Subcontractor if the invitation is issued by the property developers or the project owners or we may act as Domestic Subcontractor if the invitation is issued by the contractors. During the Track Record Period, we acted as Domestic Subcontractor for a majority of the design, supply, and installation projects undertaken by us.

Pre-qualification (for new customers)

We may be required to submit pre-qualification prior to tendering for projects. The pre-qualification is required by new customers including property developers, project owners, and contractors. For submission of pre-qualification, we are required to submit our credentials and our financial statements for the last three years. Prospective customers generally have a set of assessment standards to determine the eligibility of the subcontractors for submission of tenders. We will be provided with the information on the prospective projects including project nature, project location, scope of works and services, project size, project commencement date, expected timetable, and technical specifications. We will also provide information on our corporate and shareholding structure, financial status, and our track record in undertaking similar projects. The pre-qualification process generally takes two to six weeks to complete. For existing customers, pre-qualification is not required, and we will only be provided with the tender documents together with the invitation to submit a tender if we are on the approved list of the subcontractors of such customers.

Project tendering

Tendering for projects in the role acting as the Domestic Subcontractors

We receive tender invitations and the relevant tender documents from the main contractors upon passing the pre-qualification process (if required). The tender documents generally specify the submission criteria, tender conditions, work specifications, drawings, and schedule of rates. The main contractor is responsible for engaging its subcontractors, i.e. Domestic Subcontractors. In selecting the Domestic Subcontractors, the main contractors would consider the track records and expertise of the Domestic Subcontractors on their approved list of subcontractors. The main contractors may not necessarily choose tender with the lowest tender price, and the main contractors have to ensure that the relevant Domestic Subcontractors are able to complete the works according to the timetable specified by the main contractors with quality acceptable to the main contractors.

Tendering for projects in the role as the Nominated Subcontractors

Project owners may designate Nominated Subcontractors pursuant to their own list of approved subcontractors. Nominated Subcontractors are subcontractors appointed by the main contractors, but the selection of which is determined by the project owners through their own tendering/budgeting process. The contents of the tender documents for the appointment of the Nominated Subcontractors are generally the same as those for the appointment of the Domestic Subcontractors, except that the tender documents are provided by the project owners. Invitations for tender acting as the Nominated Subcontractors are generally restricted to a limited number of invitees, as compared to the appointment of the Domestic Subcontractors. Project owners or their architectural firms will confirm the appointment of the Nominated Subcontractors by a letter of intent/nomination which may in some cases be issued prior to the appointment of the main contractor, but the letter of acceptance and/or the formal construction contract will be entered into subsequently with the main contractor upon the appointment by the project owner. Despite that the main contractor will not be involved in the tendering/budgeting process in the appointment of the Nominated Subcontractors, the main contractor has knowledge of the relevant costs in respect of the engagement of the Nominated Subcontractors.

Invitation for submission of quotation

We also receive invitations for submission of quotation from our customers, which include project background, work specifications, submission criteria, and work specifications. In most cases, invitation for submission of quotation may be treated as a form of tendering, in which the customers may use the same criteria in selecting the suppliers or subcontractors. Quotation invitations are generally used in projects of small scale.

Project assessment and preparation

Upon receipt of the tender documents or quotation request, our tender and procurement team will review the tender requirements and evaluate the feasibility of the undertaking of such project, taking into account various factors, such as work scope, project scale, technical complexity and requirements, costs budget and profitability, project specification, time constraint, and availability of our financial and human resources. We may decline a project if the terms of the project are not commercially viable or we do not have the expertise in the relevant services.

Our tender preparation generally involves collaborative efforts of our tender and procurement team, project management team, and in-house design team. In deciding whether to tender for the project, our tender and procurement team will take the overall lead in the entire evaluation process, including close communication with the customers to understand the project details and tender requirements.

Our in-house design team will develop a proposed solution in response to the technical specifications and performance requirements of the potential customer, and our tender and procurement team will determine the estimated cost based on the proposed design and the materials to be used. For projects with more complicated project design, we may also engage third-party consultants to provide preliminary cost calculation. In addition, our in-house design team may propose value-added and cost-effective alternatives to the proposed design based on cost consideration after the cost estimation exercise is completed.

BUSINESS

Our tender and procurement team will also obtain quotations from our subcontractors and suppliers of materials for cost estimation. Our tender and procurement team may also check with our project management team on the existence of any specific aspect of installation which may incur additional cost.

We will start preparing the tender or quotation if our executive Directors consider that the prospective project is feasible based on their review and assessment. We are generally required to submit the tender or quotation within one to four weeks upon receipt of the tender or quotation documents. The submission has to be approved by our executive Directors. The tender or quotation for a design, supply, and installation project generally includes (a) the offer price with breakdown of work items, materials required and schedule of rates; (b) the estimation of time required for completing each individual stage of work; (c) the tender drawings; and (d) the list of materials to be provided by the respective parties.

Pricing basis

We determine our tender price or quotation with reference to the estimated costs to be incurred plus a certain mark-up margin taking into consideration various factors including quotations of our suppliers and subcontractors, price trend of raw materials, labour cost, previous tender or quotation records, and the awarded price of similar projects. Contracts are awarded to us on a fixed-price with a pre-determined timetable for project implementation.

Tender interview and award of projects

We may be required to attend interview with the property developers/project owners or contractors after submission of tenders.

During the tender interview, we may be required to respond to questions raised by the customers in respect of certain cost items, technical specifications, our competency in handling similar projects and resources to be allocated, etc.. After the tender interview, we may be required to make supplemental submission to address the questions raised, and our customers may negotiate the terms and the tender price with us to finalise the terms of the contract.

If our tender or quotation is accepted, we will receive a letter of acceptance or equivalent document from the property developers/project owners or contractors. Formal contractual document will then be entered into with the contractor, and we will also proceed to secure the engagement with our suppliers and subcontractors accordingly. Further information on tendering is set forth in the paragraphs under “Customers — Success rates in tendering/submission of quotations” below.

Project planning and implementation

Formation of project management team

With the award of a project, we will form a project management team led by our executive Directors to oversee and manage the design, supply, and installation projects. Our project management team reports to our Board on a regular basis the status of each project undertaken by us and identifies and resolves issues which may arise from time to time. Depending on the project scale and the technical complexity, members of our project management team are drawn from our tender and procurement team, in-house design team, and purchasing team, and comprise a project manager, design manager design

BUSINESS

engineer, project engineer or project coordinator, purchasing officer, quantity surveyor, and site supervisor. Our project management team is responsible for onsite supervision and overall coordination of the day-to-day operation of our project, and will prepare and submit to our customers a detailed works schedule setting forth the proposed key milestone dates. Our project management team will also liaise with our purchasing team in relation to the procurement of raw materials and the fabrication process for the purpose of complying with the required standards and contract specifications. The table below sets forth the responsibilities of the key members of our project management team:

<u>Position</u>	<u>Responsibilities</u>
Project manager	Responsible for monitoring and managing the overall operation of the project, selection of appropriate personnel, suppliers, and subcontractors for project implementation, liaising with customers, attending progress meeting, and preparing progress reports.
Design manager/design engineer	Responsible for overseeing and coordinating the preparation of shop drawings according to the specifications and design intent, fabrication drawings and as-built drawings, which are usually developed by outsourced independent third parties; obtaining the necessary approval on the shop drawings from the architect, customer, customers' representatives and respective government authorities.
Project engineer/ coordinator	Responsible for coordinating with customers' engineers and ensuring the project works are well defined, securing relevant resources of personnel, equipment and materials for the implementation of the project, and liaising with the subcontractors, quantity surveyor and general workforce involved in the project.
Purchasing officer	Responsible for material purchasing from the list of approved supplier, placing purchasing orders, following up on the delivery schedule, checking on the invoices before payment, reviewing the performance of existing suppliers and new suppliers.
Quantity surveyor	Responsible for drafting of subcontracting documents for our subcontractors, measurement of work done, preparing payment applications, final accounts, and approving value of work done by our subcontractors and handling claims.
Site supervisor	Responsible for supervising and performing inspection activities at construction sites to ensure works are carried out in accordance with the specifications and drawings,
Safety supervisor	Responsible for overseeing the work safety and monitoring the implementation of work safety measures, including supervising our subcontractors to ensure that the work of our subcontractors meet the relevant safety and workmanship requirements.

Structural calculations, shop drawings fabrication drawings, and as-built drawings

The design intent will be provided to us by the customers and we are responsible for developing proposed solutions pursuant to the performance requirements and technical specifications of the relevant project, which also involves structural calculation to assess the feasibility of the design and installation works and the preparation of shop drawings, fabrication drawings, and as-built drawings for production and approval purposes.

Our in-house system design team consists of design managers and design engineers. As of the Latest Practicable Date, we had six staff in our in-house system design team. Our in-house system design team is responsible for formulating the system design of the façade works and building metal finishing works projects, including compiling structural calculation, shop drawings, fabrication specification, installation method and making suggestions on the installation methods, connection methods, and fabrication techniques according to the technical drawings, contract specification, design intent, specifications on materials to be used. Our in-house system design team may propose alternative designs which are cost-effective and have added value to enhance the overall performance of the façade system and building metal finishing wall system. Our in-house system design team is responsible for coordinating and overseeing the preparation of shop drawings, and preparing bill of materials pursuant to the specifications stated in the contracts. The shop drawings with design and structural calculations will then be submitted to the architect appointed by the project owner/customer and the registered structural engineer for their respective approval. The as-built drawings will also be submitted to our customers for approval. Approval will then be sought from the relevant department of the Hong Kong Government for implementation.

During the Track Record Period, we had engaged Independent Third Parties to provide structural calculations and fabrication drawings as well as the preparation of some of the shop drawings and as-built drawings. Our in-house system design team is responsible for coordinating and overseeing the design works of the Independent Third Parties engaged in our projects.

Under certain situations, we will conduct performance mock-up and visual effect mock-up before fabrication for the purpose of ensuring that the finished works are in full compliance with the design intent provided by our customers.

Purchase of materials and procurement of services

Members of our purchasing team commence the preparation of purchase plan of raw materials and fabrication as soon as we have obtained the approval from our customers. Materials used in our design, supply, and installation projects comprise aluminium, steel, and glass. We are generally required to submit samples of the materials and testing reports issued by Independent Third Parties for approval by our customers. We generally require our suppliers to deliver the materials directly to the construction sites if no fabrication or processing is required. For materials that require further fabrication or processing, we will engage processing factories to carry out the fabrication or processing works and the fabricated materials will normally be delivered to the construction sites directly by such processing factories.

BUSINESS

We maintain a list of approved suppliers, which is reviewed by our project team and purchasing team on an annual basis. We normally obtain three quotations from our approved suppliers for each major category of materials and services required, unless the relevant supplier is designated by our customers. The factors considered by us in our selection of the suppliers and further information on our suppliers are set forth in the paragraphs under “Raw materials and suppliers” in this section.

We subject our new suppliers to stringent pre-qualification process, which generally involves consideration of various factors including the quality control process, production methodology, business reputation, price quotation, and financial condition and stability of the supplier. We periodically review our list of suppliers to ensure that the quality of the materials supplied by the suppliers continue to meet our quality standards and the customers’ specifications. We may exclude those suppliers who fail to satisfy our quality standards from our approved list of suppliers.

Our projects require the use of machines and equipment to carry out the installation works. As we do not own any machines or equipment, we may either arrange for the leasing of the machines and equipment from our approved list of suppliers or have our subcontractors to arrange for the machines and equipment themselves at the cost of our Group.

Pursuant to the requirements of the Buildings Department, curtain wall systems will have to undergo various performance tests, safety test, and welding tests conducted by us or independent laboratories at different installation stages. Project owners/customers may also require additional tests, such as on-site water leakage tests, to be performed on the curtain wall systems. See the paragraphs under “Suppliers” below for further information on our suppliers.

Subcontracting

The on-site installation process generally involves the installation of curtain wall panels or other building façade system to the concrete structure. As we do not employ any direct labour for the on-site installation works, we engage subcontractors on our approval list to execute the on-site installation works. See the paragraphs under “Subcontractors” below for further information on our subcontractors.

We remain accountable for the works carried out by our subcontractors. We have site supervisors and project managers to oversee and supervise the installation process for the purpose of ensuring that the installation works satisfy the required quality standards. We conduct on-site inspection of the works of the subcontractors from time to time to ensure that any non-conformity can be identified and resolved at the early stage. Our project manager conduct site inspection on a weekly basis to ensure that work safety measures are duly implemented. We have a safety supervisor to oversee the work safety and monitor the implementation of work safety measures. We also appoint external consultants to perform safety audits twice a year pursuant to the requirements under FIU(SM)R. For further information, see the section headed “Applicable laws and regulations — Laws and regulations relating to labour, health and safety — Factories and Industrial Undertakings Ordinance (Chapter 59 of the Laws of Hong Kong) (the “**FIU Ordinance**”))” in this prospectus. Pursuant to the requirements under the FIU Ordinance, any worker within the construction site of our projects is required to hold a valid construction industry safety training certificate (also known as a green card) and should have received mandatory basic safety training prior to being allowed to carry out the construction work. We also provide safety trainings to the workers of our subcontractors on a regular basis. Certain of our customers may also provide additional safety trainings for these workers.

Performance Bonds

During the Track Record Period, we have undertaken façade works and building metal finishing works as subcontractor, primarily for project owners and main contractors in the private sector and for main contractors in the public sector. To secure due and timely performance, we may be required to arrange for Performance Bond to be issued by the banks in favour of our customers. During the Track Record Period, we have arranged for the issuance of Performance Bond in only one project undertaken by us, namely *Au Tau* (Project 35), because we have long-term business relationship with our major customers or that the main contractors have already arranged for the issuance of the Performance Bonds. As a matter of industry practice, the amount of the Performance Bond would normally not exceed 10% of the contract sum. Performance Bond would normally expire upon the issuance of the certificate of practical completion or upon the issuance of the certificate of completion of making good the defects after the expiration of the defect liability period.

Variation orders

During the course of project execution, our customers may place variation orders pursuant to the relevant terms of the contract. Variation orders may involve amendments to the specifications and scope of works from that originally contracted. A variation order may increase, omit or vary the original scope of work and change the original contract sum. We will discuss with our customers to mutually agree by way of written confirmation on the sum of variation orders which shall be added to or deducted from the contract sum primarily with reference to the schedule of rates provided in the relevant contract. Upon receiving variation orders from our customers in respect of works to be performed, we will have cost estimation including obtaining further quotations from our suppliers and subcontractors and submit for approval by our customers the proposed rate and additional amount to be incurred in respect of the variation order. The principal contract terms and settlement in respect of the variation orders are generally in line with the terms of the main contract.

Interim payment and retention money

We generally receive interim payments from our customers on a monthly basis pursuant to the value of works completed during the preceding month. Our tender and procurement team will prepare an application for interim payment based on the quantity of works completed in the preceding month on a monthly basis. We will then submit such application to our customer, which will subsequently be certified by the authorised persons, typically the appointed architects or consulting quantity surveyors of the project owner/customer. The authorised person will examine the works done and an interim payment certificate will be issued confirming the amount payable on the value of works done. Our customers will then make payments with reference to the interim payment certificates. In general, interim payment certificates are issued within 45 days from the date of our payment application. We will then present the interim payment certificate to our customers and our customers will make payment based on the certified amount less any retention money in seven to 74 days from the date of our presentation of the interim payment certificate to our customers.

BUSINESS

Our customers will withhold 10% of each interim payment as retention money, until the accumulated retention money reaches a particular percentage of the total contract sum. The retention money for most of our projects is five per cent. of the total contract sum. Generally, the first half of the retention money will be released upon issuance of the certificate of practical completion of the project and the second half of the retention money will be released upon issuance of the certificate of completion of making good the defects after the expiry of the defect liability period.

Practical completion

We will ensure that all the works have been completed and that we have complied with the relevant requirements set forth in the relevant contract as well as the requirements by the Buildings Department prior to inspection by the authorised person, typically the architects of the customers, and the Buildings Department. The architect for the building project will issue a certificate of practical completion upon satisfactory completion and handover of the whole project, which indicates that our works have been completed, inspected and approved. In most cases, half of the retention money and full amount of the Performance Bonds will also be released.

Post-project completion

Defect liability period

Our customers normally require a defect liability period, pursuant to which we are required to rectify any defects (defective works or materials used) identified at our own cost. Defect liability period, in general, lasts for 12 to 24 months after issuance of the certificate of practical completion. To safeguard our interests, we generally require a similar defect liability period to be provided by our subcontractors. For the purpose of protecting our interest, we generally withhold five per cent. of our payments to the subcontractors as retention money. A certificate of making good the defects will generally be issued to us at the end of the defect liability period if identified defects or other faults having been rectified to the satisfaction of our customers. Generally speaking, our customers will release the remaining half of the retention money upon issuance of the certificate of making good the defects.

Warranty period

In addition to the defect liability period, we generally provide warranty upon the requests of our customers for certain aspects of our works, including but not limited to, glazing and watertightness for a period up to 15 years from the end of the defect liability period. In general, we would require our suppliers of glass to provide back-to-back warranty for a period up to ten years on their products. It is also an industry practice and a term of our agreement with the subcontractors that the subcontractors are required to rectify the defects for works performed by them within the defect liability period. During the Track Record Period, we have received no material defect liability or warranty claims in relation to any defects in the façade or building metal finishing components supplied and installed by us, nor have we lodged any back-to-back claims with any of our suppliers. On this basis, our Directors do not consider that we would encounter any significant risk of defect liability or warranty claim in relation to the façade and the building metal finishing components supplied and installed by us. Hence, no provision on warranty claim has been made during the Track Record Period. We would revisit the issue if there is any specific incident that would give rise to defect liability claim.

BUSINESS

SALES AND MARKETING

We generally source and identify design, supply, and installation projects through business referrals by way of (a) tendering or (b) invitation for quotation. We receive tender invitations from prospective customers and professionals in construction industry with whom we have business relationship. We also receive invitations for quotation for projects of less technical complexity, small scale, and short duration through business referrals or recommendations from architectural firms or façade consultants. Our Directors believe that our business reputation, technical expertise, and our credentials are important in securing new projects.

During the Track Record Period, we were not engaged in direct advertisement and marketing activities. Our Directors believe that advertisements on media are not marketing activity applicable to our industry, but we will participate in customers' events for promotion of relationship with the customers. The principal source of business opportunities is derived from invitations for tenders based on our project credentials and word-of-mouth recommendation. Our executive Directors are primarily responsible for maintaining the relationship with our customers and identifying potential business opportunities.

CUSTOMERS

Our principal customers include contractors and property developers. All of our customers are Independent Third Parties. We acted as both the Domestic Subcontractor and the Nominated Subcontractor during the Track Record Period. We acted as the Domestic Subcontractor in most of the design, supply, and installation projects undertaken by us during the Track Record Period. All projects undertaken by us are located in Hong Kong and all revenue was denominated in Hong Kong dollars during the Track Record Period. Consistent with the industry practice, design, supply, and installation projects are generally awarded to us on a project-by-project basis and are non-recurring in nature. Hence, during the Track Record Period and up to the Latest Practicable Date, we did not enter into any long-term contract with our customers.

Domestic Subcontractor and Nominated Subcontractor

During the Track Record Period, we acted as Domestic Subcontractor and Nominated Subcontractor in design, supply, and installation projects for façade works and building metal finishing works undertaken by us. The property developer or the government or public utility authorities will engage a firm of architects which will be responsible for the overall building design and the main contractor which will be responsible for the overall project management and on-site construction. The main contractor would outsource different parts of the construction works to different subcontractors. Subcontractors can generally be categorised into Domestic Subcontractors and Nominated Subcontractors. A Domestic Subcontractor is a subcontractor selected by the main contractor or its subcontractor to perform certain parts of the construction works. A Nominated Subcontractor is a subcontractor selected and nominated by the project owner, and the main contractor is not involved in the selection of the Nominated Subcontractor. In both cases, the subcontractors will enter into the subcontracting agreement with the main contractors or their subcontractors.

BUSINESS

We generated revenue of HK\$105.5 million, HK\$161.5 million, and HK\$146.0 million from projects for which we acted as the Domestic Subcontractor during the three years ended 31 March 2019, respectively, and we generated revenue of HK\$0.3 million, HK\$5.3 million, and HK\$56.8 million from projects we acted as the Nominated Subcontractor during the same period, respectively. During the six months ended 30 September 2019, revenue generated from projects for which we acted as Domestic Subcontractor and Nominated Subcontractor amounted to HK\$44.2 million and HK\$82.0 million, respectively, as compared to HK\$22.6 million and HK\$61.4 million, respectively, during the six months ended 30 September 2018.

Major customers

During the three years ended 31 March 2019, the revenue generated from our largest customer amounted to HK\$21.0 million, HK\$49.9 million, and HK\$52.9 million, respectively, and accounted for 19.8%, 29.9%, and 26.1%, of our revenue during the same years. During the six months ended 30 September 2019, revenue generated from our largest customer amounted to HK\$46.5 million accounted for 36.8% of our revenue during the period, as compared to HK\$27.0 million accounted for 32.2% of our revenue during the six months ended 30 September 2018. During the three years ended 31 March 2019, revenue generated from our five largest customers amounted to HK\$87.5 million, HK\$157.2 million, and HK\$164.1 million, respectively, and accounted for 82.8%, 94.2%, and 80.9%, of our revenue during the same years. During the six months ended 30 September 2019, revenue generated from our five largest customers amounted to HK\$118.7 million accounted for 94.0% of our revenue during the period, as compared to HK\$74.7 million accounted 88.9% of our revenue during the six months ended 30 September 2018.

During the Track Record Period, all of our five largest customers are Independent Third Parties. None of our Directors, their close associates, or any Shareholders who owned more than five per cent of the issued share capital of our Company as of the Latest Practicable Date had any interest (direct or indirect) in any of our five largest customers during the Track Record Period.

We set forth below an analysis of revenue generated from our five largest customers during the years/periods indicated and their background information:

During the year ended 31 March 2017

Ranking	Customer	Projects involved during the year	Revenue generated during the year HK\$'000	Percentage to our revenue for the year	General credit terms and payment method	Services rendered by us for the year	Background and principal business	Years of business relationship with us as of the Latest Practicable Date
1	KPa Engineering Limited ⁽¹⁾	Sai Yee Street (Project 24)	20,974	19.8	14 days from receipt of payment from employer, payment made by cheque	Façade works	A private company established in Hong Kong, which is wholly-owned by KPa-BM Holdings Limited, a listed company in Hong Kong (stock code: 2663) and is principally engaged in the provision of structural engineering works and trading of building material products. Based on the public information available to us, KPa-BM Holdings Limited had market capitalisation of HK\$119.4 million as of the Latest Practicable Date and its revenue for the year ended 31 March 2019 amounted to HK\$415 million.	4.7
2	Paul Y. Construction Company, Limited and its affiliate ⁽²⁾	Kennedy Town Swimming Pool (Project 04) Sha Tin (Project 11)	18,389	17.4	7 days from receipt of payment from employer or 35 days from application for payment, payment made by cheque	Façade works and building metal finishing works	A group of private companies established in Hong Kong, which are 51.76% owned by South Shore Holdings Limited, a listed company in Hong Kong (stock code: 577) and are principally engaged in building construction and specialist works. Based on the public information available to us, South Shore Holdings Limited had market capitalisation of HK\$115.5 million as of the Latest Practicable Date and its revenue for the year ended 31 March 2019 amounted to HK\$9,381.9 million.	7.0
3	Customer A	THEi New Campus (Project 25)	17,636	16.7	14 days from receipt of payment from employer, payment made by cheque	Façade works	A private company established in Hong Kong since 1996, and is principally engaged in the design and engineering of façade works and trading of construction materials. Based on the public information available to us, Customer A has registered capital of HK\$10,000 and the shareholder of which is a company incorporated in the BVI.	4.5

Ranking	Customer	Projects involved during the year	Revenue generated during the year <i>HK\$'000</i>	Percentage to our revenue for the year	General credit terms and payment method	Services rendered by us for the year	Background and principal business	Years of business relationship with us as of the Latest Practicable Date
4	Customer B	<i>Hong Kong West Kowloon Station</i> (Projects 13–17 and Project 20)	15,928	15.1	14 days from receipt of payment from employer or 30–45 days from application for payment, payment made by cheque	Building metal finishing works	A joint venture established in 2011 between two major main contractors in Hong Kong, and it provides building and construction and engineering design services. Based on the public information available to us, the two main contractors are private companies incorporated in Hong Kong with paid up capital of HK\$102.0 million and HK\$125.0 million, respectively.	4.1
5	Customer Group C	<i>Marriott Hotel (A)</i> (Project 05) <i>Kau To Shan</i> (Project 09) <i>Museum+(A)</i> (Project 32)	14,610 ⁽⁵⁾	13.8	30–60 days from application for payment, payment made by cheque	Façade works and building metal finishing works	A group of private companies established in Hong Kong, which are wholly-owned by a former listed company in Hong Kong delisted on 31 December 2019. It is principally engaged in the provision of building construction and civil engineering services.	8.0

Notes:

- (1) KPa Engineering Limited and its affiliate are also one of our five largest suppliers during the year ended 31 March 2017. See the paragraphs under “Suppliers” below for further information.
- (2) Paul Y. Construction Company, Limited and its affiliate are also one of our five largest suppliers during the year ended 31 March 2017.
- (3) Among the revenue generated during the year ended 31 March 2017, HK\$4.8 million was generated from a project completed before the Track Record Period.

BUSINESS

During the year ended 31 March 2018

Ranking	Customer	Projects involved during the year	Revenue generated during the year	Percentage to our revenue for the year	General credit terms and payment method	Services rendered by us for the year	Background and principal business	Years of business relationship with us as of the Latest Practicable Date
1	Customer B	<i>Hong Kong West Kowloon Station</i> (Projects 13–17 and Project 20)	49,916	29.9	14 days from receipt of payment from employer or 30–45 days from application for payment, payment made by cheque	Building metal finishing works	A joint venture established in 2011 between two main contractors in Hong Kong, and it provides building and construction and engineering design services. Based on the public information available to us, the two main contractors are private companies incorporated in Hong Kong with paid up capital of HK\$102.0 million and HK\$125.0 million, respectively.	4.1
2	Perfect Team Corporation Limited	<i>Perkins Road</i> (Project 12)	38,262	22.9	Seven days from receipt of payment from employer, payment made by cheque	Façade works	A private company established in Hong Kong since 1998, and it provides construction services. Based on the public information available to us, it has registered capital of HK\$10,000. The ultimate controlling shareholder of Perfect Team Corporation Limited is an individual.	3.3
3	Customer Group C	<i>Marriott Hotel (A)</i> (Project 05) <i>Tsuen Wan Adventist Hospital (A)</i> (Project 06) <i>Kau To Shan</i> (Project 09) <i>Museum+ (A)</i> (Project 32)	34,149	20.5	30–60 days from application for payment, payment made by cheque	Façade works and building metal finishing works	A group of private companies established in Hong Kong, which are wholly-owned by a former listed company in Hong Kong delisted on 31 December 2019. It is principally engaged in the provision of building construction and civil engineering services.	8.0

BUSINESS

Ranking	Customer	Projects involved during the year	Revenue generated during the year <i>HK\$'000</i>	Percentage to our revenue for the year	General credit terms and payment method	Services rendered by us for the year	Background and principal business	Years of business relationship with us as of the Latest Practicable Date
4	Customer D	<i>Sung Wong Toi Station and To Kwa Wan Station (Projects 26-27)</i>	25,343	15.2	30 days from application for payment, payment made by cheque	Building metal finishing works	A joint venture established in 2015 between a South Korea-based main contractor and a subsidiary of Customer Group C. It is principally engaged in the provision of building and construction and engineering design services. Based on the public information available to us, the South Korean-based contractor, which is listed on the Korea Stock Exchange, had market capitalisation of KRW14.6 trillion (equivalent to HK\$90.9 billion) as of the Latest Practicable Date and its net sales for the year ended 31 December 2018 amounted to US\$28,317.9 million. For details of Customer Group C, please refer to the paragraphs above.	4.6
5	Customer Group E	<i>Salisbury Road (Project 19) Lohas Park (Project 21) King's Road (Project 31)</i>	9,556	5.7	14 days from receipt of payment from employer or 21 days from application for payment, payment made by cheque	Façade works and building metal finishing works	A group of private companies established in Hong Kong and are principally engaged in construction and civil engineering. Members of Customer Group E are direct wholly-owned subsidiaries of a company listed in Hong Kong and indirect non wholly-owned subsidiaries of another listed company of Hong Kong. Based on the public information available to us, the listed immediate holding company and the listed parent company had market capitalisation of HK\$35.1 billion and HK\$81.7 billion as of the Latest Practicable Date, respectively, and recorded revenue of HK\$26,833.5 million and HK\$76,763.6 million for the year ended 30 June 2019, respectively.	3.6

BUSINESS

During the year ended 31 March 2019

Ranking	Customer	Projects involved during the year	Revenue generated during the year <i>HK\$'000</i>	Percentage to our revenue for the year	General credit terms and payment method	Services rendered by our Group for the year	Background and principal business	Years of business relationship with us as of the Latest Practicable Date
1	Customer Group E	<i>Salisbury Road (Project 19)</i> <i>Lohas Park (Project 21)</i> <i>King's Road (Project 31)</i>	52,859	26.1	14 days from receipt of payment from employer or 21 days from application for payment; payment by cheque	Façade works and building metal finishing works	A group of private companies established in Hong Kong and are principally engaged in construction and civil engineering. Members of Customer Group E are direct wholly-owned subsidiaries of a company listed in Hong Kong and indirect non wholly-owned subsidiaries of another listed company of Hong Kong. Based on the public information available to us, the listed immediate holding company and the listed parent company had market capitalisation of HK\$35.1 billion and HK\$81.7 billion as of the Latest Practicable Date, respectively, and recorded revenue of HK\$26,833.5 million and HK\$76,763.6 million for the year ended 30 June 2019, respectively.	3.6
2	Customer A	<i>THEi New Campus (A)</i> <i>(Project 25)</i> <i>So Kwun Wat Road</i> <i>(Projects 29-30)</i>	44,702	22.0	14 days from receipt of payment from employer; payment by cheque	Façade works	A private company established in Hong Kong since 1996, which is principally engaged in the design and engineering of façade works and trading of construction materials. Based on the public information available to us, Customer A has registered capital of HK\$10,000 and the shareholder of which is a company incorporated in the BVI.	4.5
3	Customer D	<i>Sung Wong Toi Station and To Kwa Wan Station</i> <i>(Projects 26-27)</i>	32,036	15.8	30 days from application for payment; payment by cheque	Building metal finishing works	A joint venture established in 2015 between a South Korea-based main contractor and a subsidiary of Customer Group C. It is principally engaged in the provision of building and construction and engineering design services. Based on the public information available to us, the South Korean-based contractor, which is listed on the Korea Stock Exchange, had market capitalisation of KRW14.6 trillion (equivalent to HK\$90.9 billion) as of the Latest Practicable Date and its net sales for the year ended 31 December 2018 amounted to US\$28,317.9 million. For details of Customer Group C, please refer to the paragraphs above.	4.6

BUSINESS

Ranking	Customer	Projects involved during the year	Revenue generated during the year <i>HK\$'000</i>	Percentage to our revenue for the year	General credit terms and payment method	Services rendered by our Group for the year	Background and principal business	Years of business relationship with us as of the Latest Practicable Date
4	Customer F	<i>Fuk Tong Road</i> (Project 28)	18,840	9.3	14 days from receipt of payment from employer; payment by cheque	Façade works	A joint venture established in 2017 between a PRC-based main contractor and a Hong Kong main contractor, which provides building and construction services mainly on public sector. The joint venture is indirectly wholly-owned by a company listed on the Stock Exchange and the Shanghai Stock Exchange. Based on the public information available to us, the listed parent company had market capitalisation of HK\$23.0 billion on the Stock Exchange as at the Latest Practicable Date and its revenue for the year ended 31 December 2018 amounted to RMB488,666 million.	1.9
5	Customer B	<i>Hong Kong West Kowloon Station</i> (Projects 13-17 and Project 20)	15,623	7.7	14 days from receipt of payment from employer or 30-45 days from application for payment, payment by cheque	Building metal finishing works	A joint venture established in 2011 between two main contractors in Hong Kong, and it provides building and construction and engineering design services. Based on the public information available to us, the two main contractors are private companies incorporated in Hong Kong with paid up capital of HK\$102.0 million and HK\$125.0 million, respectively.	4.1

BUSINESS

During the six months ended 30 September 2019

Ranking	Customer	Projects involved during the period	Revenue generated during the period <i>HK\$ '000</i>	Percentage to our revenue for the period	General credit terms and payment method	Services rendered by our Group for the period	Background and principal business	Years of business relationship with us as of the Latest Practicable Date
1	Customer A	<i>So Kwun Wat Road</i> (Projects 29-30)	46,452	36.8	14 days from receipt of payment from employer; payment by cheque	Façade works	A private company established in Hong Kong since 1996, which is principally engaged in the design and engineering of façade works and trading of construction materials. Based on the public information available to us, Customer A has registered capital of HK\$10,000 and the shareholder of which is a company incorporated in the BVI.	4.5
2	Customer Group G	<i>Au Tau</i> (Project 35) <i>Poly U</i> (Project 42)	26,298	20.8	14-35 days from application for payment; payment by cheque	Façade works and building metal finishing works	A group of private companies wholly-owned by a listed company in Hong Kong, which consist of one company established in the United Kingdom and is principally engaged in construction and civil engineering and another company established in Hong Kong and is principally engaged in civil engineering. Based on the public information available to us, the listed company had market capitalisation of HK\$856.9 million as of the Latest Practicable Date and its revenue for the year ended 31 December 2018 amounted to HK\$6.3 billion.	1.6
3	Customer M	<i>Museum+⁽¹⁾</i> (Projects 32-33)	25,417	20.1	42-60 days from application for payment; payment made by cheque	Building metal finishing works	A private company established in Hong Kong since 2016, and is principally engaged in engineering and architectural services. Based on the public information available to us, Customer M has registered capital of HK\$50,000 and its nature of business is registered as project facilitation. Its sole shareholder is a statutory body established by the Hong Kong Government.	1.1

BUSINESS

Ranking	Customer	Projects involved during the period	Revenue generated during the period <i>HK\$'000</i>	Percentage to our revenue for the period	General credit terms and payment method	Services rendered by our Group for the period	Background and principal business	Years of business relationship with us as of the Latest Practicable Date
4	Customer Group E	<i>Salisbury Road</i> (Project 19) <i>King's Road</i> (Project 31) <i>Xiqu Centre</i> (Project 43)	17,818	14.1	14 days from receipt of payment from employer or 21 days from application for payment; payment by cheque	Façade works and building metal finishing works	A group of private companies established in Hong Kong and are principally engaged in construction and civil engineering. Members of Customer Group E are direct wholly-owned subsidiaries of a company listed in Hong Kong and indirect non wholly-owned subsidiaries of another listed company of Hong Kong. Based on the public information available to us, the listed immediate holding company and the listed parent company had market capitalisation of HK\$35.1 billion and HK\$81.7 billion as of the Latest Practicable Date, respectively, and recorded revenue of HK\$26,833.5 million and HK\$76,763.6 million for the year ended 30 June 2019, respectively.	3.6
5	Customer D	<i>Sung Wong Toi Station and To Kwa Wan Station</i> (Projects 26-27)	2,716	2.2	30 days from application for payment; payment by cheque	Building metal finishing works	A joint venture established in 2015 between a South Korea-based main contractor and a subsidiary of Customer Group C. It is principally engaged in the provision of building and construction and engineering design services. Based on the public information available to us, the South Korean-based contractor, which is listed on the Korea Stock Exchange, had market capitalisation of KRW14.6 trillion (equivalent to HK\$90.9 billion) as of the Latest Practicable Date and its net sales for the year ended 31 December 2018 amounted to US\$28,317.9 million. For details of Customers Group C, please refer to the paragraphs above.	4.6

Note:

- (1) Customer Group C used to be the contractor of Project 32 (*Museum+(A)*) but such engagement was terminated in August 2018 due to its involvement in liquidation proceedings. Customer M was then replaced as the contractor and our customer for Project 32 (*Museum+(A)*).

BUSINESS

Customer concentration

A significant portion of our revenue was generated from projects awarded by a few customers. Such customer concentration, and the fact that our business is project-based, would expose us to the risk of business fluctuations, further information on which is set forth in the section headed “Risk Factors — Risk relating to our business” of this prospectus. During the three years ended 31 March 2019, the amount of revenue generated from our largest customer amounted to HK\$21.0 million, HK\$49.9 million, and HK\$52.9 million, respectively, and accounted for 19.8%, 29.9%, and 26.1% of our revenue during the same years. During the six months ended 30 September 2019, the amount of revenue generated from our largest customer amounted to HK\$46.5 million accounting for 36.8% of our revenue during the period, as compared to HK\$27.0 million accounting for 32.2% of our revenue during the six months ended 30 September 2018. During the three years ended 31 March 2019, the amount of revenue generated from our five largest customers, in aggregate, amounted to HK\$87.5 million, HK\$157.2 million, and HK\$164.1 million, respectively, and accounted for 82.8%, 94.2%, and 80.9%, of our revenue during the same years. During the six months ended 30 September 2019, the amount of revenue generated from our five largest customers amounted to HK\$118.7 million accounting for 94.0% of our revenue during the period, as compared to HK\$74.7 million accounting for 88.9% of our revenue during the six months ended 30 September 2018.

Our Directors consider that we do not rely on any single customer because of the following reasons:

- We undertake design, supply, and installation projects of various scale, with project period ranging from 12 to 24 months. Customers award us with a sizeable design, supply, and installation project(s) could easily become our largest customer in terms of revenue contribution.
- We do not rely on any single customer as the amount and the percentage of revenue contribution and the ranking of each of our five largest customers during the Track Record Period were different.
- We had 23 design, supply, and installation projects in progress as of the Latest Practicable Date, 10 of which were attributable to our five largest customers during the Track Record Period and 13 of which were attributable to other customers. The aggregate project backlog of these 23 projects amounted to HK\$324.6 million.
- We received a total of 43, 48, 47, and 50 tender invitations for design, supply, and installation projects for façade works and building metal finishing works during the Track Record Period, respectively, of which 14, 16, 28, and 32 were from customers other than our five largest customers during the same period, respectively. Our Directors consider that we have a strong customer base apart from our five largest customers during the Track Record Period.
- We have been operating in Hong Kong façade works and building metal finishing works industries in Hong Kong for more than a decade and have established business reputation and network within the construction industry, which enable us to continue to expand our customer base.

BUSINESS

- Some of our major customers have long-term business relationship with us for up to 8.0 years as of the Latest Practicable Date, and our Directors believe that our long operating history and project credentials allow us to secure projects and identify potential business opportunities from different main contractors and property developers.
- It is not uncommon for construction subcontractors in Hong Kong to work closely with a few customers due to the nature of the construction industry in which a few major property developers and main contractors dominate the market.

During the Track Record Period, we had submitted 161 tenders/quotations for façade works and building metal finishing works projects in response to 188 invitations, and we had not responded to the remaining 27 invitations after considering the resources available to us and the total contract sum of the projects. We intend to submit tenders to different customers for more design, supply, and installation projects of different scales.

In order to enhance our capability to undertake more projects from other customers, our Directors plan to use the net proceeds from the Share Offer to (a) finance the payment of the Upfront Costs; (b) further strengthen our capital base and liquidity position for the issuance of the Performance Bonds; and (c) further expand our teams of professional staff to increase our capacity to undertake more projects. See the section headed “Reasons for the Listing and Proposed Use of the Net Proceeds from the Share Offer” in this prospectus for further information.

Recurring customers

Recurring customers are customers which have engaged us in more than one project either by themselves or in the form of joint venture or through their own subcontractors (in the event that they are property developers or property owners). The table below sets forth an analysis of revenue from our recurring customers by our role as either Nominated Subcontractor or Domestic Subcontractor during the Track Record Period (with comparative figures during the six months ended 30 September 2018):

	Years ended 31 March			Six months ended 30 September	
	2017	2018	2019	2018	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
				<i>(Unaudited)</i>	
Nominated Subcontractor	285	5,275	52,693	22,048	19,260
Domestic Subcontractor	<u>75,237</u>	<u>117,914</u>	<u>116,462</u>	<u>47,366</u>	<u>102,814</u>
Total	<u><u>75,522</u></u>	<u><u>123,189</u></u>	<u><u>169,155</u></u>	<u><u>69,414</u></u>	<u><u>122,074</u></u>

BUSINESS

Success rates in tendering/submission of quotations

The table below sets forth a summary of the number of tenders/quotations submitted, number of the awarded projects, and our success rate during the Track Record Period (with the comparative figures during the six months ended 30 September 2018):

	Year ended 31 March			Six months ended 30 September	
	2017	2018	2019	2018	2019
	<i>Facade works</i>				
Number of tenders/quotations submitted for design, supply, and installation projects . . .	15	32	27	8	33
Number of the awarded design, supply, and installation projects based on the date of submission of the tender/quotation.	4	8	7	3	7
Success rate (%)	26.7	25.0	26.0	37.5	21.2
	Years ended 31 March			Six months ended 30 September	
	2017	2018	2019	2018	2019
<i>Building metal finishing works</i>					
Number of tenders/quotations submitted for design, supply, and installation projects . . .	21	8	12	5	13
Number of the awarded design, supply, and installation projects based on the date of submission of the tender/quotation.	6	0	2	0	3
Success rate (%)	28.6	0	16.7	0	23.1

Notes:

- (1) The success rate during a year/period is based on the date of submission of the tender/quotation regardless of the date of award of the relevant project to us.
- (2) The success rate during a year/period is determined on the basis that all quotations submitted by us are accepted by our customers. All projects awarded to us by way of quotation are of less technical complexity, small scale, and short duration, and are not material in the calculation of the success rate during a year/period.

BUSINESS

Our Directors consider that our financial and human resources are the major constraints for us to undertake design, supply, and installation projects, both in façade works and building metal finishing works projects. Owing to such constraints, our tendering strategy during the Track Record Period was to focus on tendering for projects which could be handled by us after taking into consideration the relevant project timetable, project size, and our then available financial and human resources.

During the Track Record Period, we submitted less tenders primarily due to the limited financial resources available to us. As a result of the number of projects then undertaken by us, we arranged for new bank borrowings during the year ended 31 March 2019. As of 31 March 2019, the balance of our bank borrowings amounted to HK\$32.5 million, which were primarily used to substantiate the funding requirement of the then ongoing design, supply, and installation projects. We obtained additional banking facilities during the six months ended 30 September 2019 and up to the Latest Practicable Date. As of the Latest Practicable Date, we had unutilised banking facilities of HK\$29.2 million.

We may also decline a project if the terms of the project are not commercially attractive or we do not have the expertise in the relevant services. During the Track Record Period, we declined seven, eight, eight and four projects, respectively, for the above reasons. During the year ended 31 March 2017, we achieved a tender success rate of 28.6% in respect of building metal finishing works projects as compared to the average success rate of 23.0% during the Track Record Period.

As some of the awarded building metal finishing works projects during the year ended 31 March 2017 were part of the leading public facilities projects, such as “*Hong Kong West Kowloon Station*” and “*West Kowloon Cultural District*”, we had to devote additional resources to these projects until practical completion in the year ended 31 March 2019 and afterwards. Hence, we reduced tender submission for building metal finishing works projects during the two years ended 31 March 2019. Similarly, in respect of our façade works projects, we had limited working capital to finance for the payment of the Upfront Costs for undertaking more new façade works projects after we have successfully secured *So Kwun Wat Road (A)* (Project 29) during the year ended 31 March 2018 with the contract sum of HK\$98,809,756. We therefore reduced tender submission for façade works during the year ended 31 March 2019 in order to ensure that we have sufficient financial resources to support the implementation of such projects. In order to increase the financial resources available to us, we had arranged for new bank borrowings during the year ended 31 March 2019. We had also obtained additional bank borrowings of HK\$12.0 million during the six months ended 30 September 2019. The number of new projects secured by us increased from three during the six months ended 30 September 2018 to 10 during the six months ended 30 September 2019, representing an increase of 233.3% in the number of projects and an increase of 94.1% in the amount of the original contract sum.

Entities which are both our customers and our suppliers

During the Track Record Period, four of our customers were also our suppliers. Our purchase transactions for building materials, such as glass and stones, with these customers were conducted on an arm’s length basis upon normal commercial terms taking into consideration the prices and the quality of the building materials provided by these customers. As confirmed by our Directors and according to the Ipsos Report, these business relationships are not uncommon in the Hong Kong construction industry as leading companies in the industry may also source their own building materials for their own use or resell to their own subcontractors.

BUSINESS

It is an industry practice that a contractor may pay on behalf of its subcontractors certain project-related expenses, such as purchase of building materials, labour cost or procurement of machinery and other services. Main contractors or their subcontractors may purchase the principal building materials for all subcontractors for the purpose of ensuring the quality of the materials used. These expenses may be deducted by way of contra-charges from the payments to the relevant subcontractors.

During the Track Record Period, we had contra-charge arrangements with two of the four customers which are also our suppliers, namely KPa Engineering Limited and its affiliate, and Paul Y. Construction Company Limited & its affiliate, including the purchase of specific types of building materials, such as glass and stones, site expenses, and government charges and levies, in the course of performance of a project. Our Directors confirm that the contra-charge arrangements during the Track Record Period were conducted on an arm's length basis upon normal commercial terms and pursuant to the relevant subcontracting agreements entered into between our customers and us.

During the three years ended 31 March 2019, the amount of revenue generated from these four customers (which were also our suppliers) accounted for 60.6%, 27.7%, and 28.9% of our revenue, respectively. During the six months ended 30 September 2019, the amount of revenue generated from these four customers accounted for 37.3% of our revenue, as compared to 15.6% during the six months ended 30 September 2018.

The amount of purchase from these customers were, however, minimal during the Track Record Period. During the three years ended 31 March 2019, the amount of purchase from these four customers only accounted for 23.0%, 4.8%, and 0.4% of our cost of sales, respectively. During the six months ended 30 September 2019, the amount of purchase from these four customers only accounted for 0.5% of our cost of sales, as compared to nil during the six months ended 30 September 2018. During the three years ended 31 March 2019, the gross profit generated from the projects undertaken by us for these four customers amounted to HK\$19.8 million, HK\$15.2 million, and HK\$17.6 million, respectively, representing a gross profit margin of 30.9%, 32.8%, and 30.0%, respectively, during these years. During the six months ended 30 September 2019, the gross profit generated from the projects undertaken by us for these four customers amounted to HK\$15.2 million and the gross profit margin was 32.3%, as compared to HK\$4.0 million and 30.6% during the six months ended 30 September 2018.

The table below sets forth further information on the transactions with the four customers which are our suppliers during the Track Record Period (with the comparative figures during the six months ended 30 September 2018):

	Year ended 31 March						Six months ended 30 September			
	2017		2018		2019		2018		2019	
	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000	%
<i>(Unaudited)</i>										
KPa Engineering Limited & its affiliate										
Gross profit and gross profit margin on all projects awarded by the customer	5,426	25.9	1,255	25.5	766	45.0	74	27.9	135	59.6
Revenue derived and percentage of total revenue	20,974	19.8	4,915	2.9	1,701	0.8	265	0.3	227	0.2
Purchases and percentage to total purchases	923	2.6	1,898	3.6	—	—	—	—	18	—
Contra-charge amount and percentage of total purchase	2,382	6.8	621	1.2	267	0.4	—	—	—	—

BUSINESS

	Year ended 31 March						Six months ended 30 September			
	2017		2018		2019		2018		2019	
	<i>HKS'000</i>	%	<i>HKS'000</i>	%	<i>HKS'000</i>	%	<i>HKS'000</i>	%	<i>HKS'000</i>	%
Paul Y. Construction Company Limited										
& its affiliate										
Gross profit and gross profit margin on all projects awarded by the customer	6,227	33.9	—	—	39	14.4	39	14.4	—	—
Revenue derived and percentage of total revenue	18,389	17.4	—	—	272	0.1	272	0.3	—	—
Contra-charge amount and percentage of total purchase	3,739	10.6	—	—	—	—	—	—	—	—
Perfect Team Corporation Limited										
Gross profit and gross profit margin on all projects awarded by the customer	2,281	32.1	12,975	33.9	3,273	27.0	2,735	33.4	131	32.2
Revenue derived and percentage of total revenue	7,117	6.7	38,262	22.9	12,106	6.0	8,180	9.7	406	0.3
Purchases and percentage of total purchases	1,710	3.0	3	—	—	—	—	—	—	—
Customer A & its affiliate										
Gross profit and gross profit margin on all projects awarded by the customer	5,867	33.3	967	30.8	13,549	30.3	1,169	26.2	14,928	32.1
Revenue derived and percentage of total revenue	17,636	16.7	3,143	1.9	44,702	22.0	4,462	5.3	46,452	36.8
Purchases and percentage of total purchases	—	—	—	—	—	—	—	—	198	0.5

Principal terms of the design, supply, and installation contracts with our customers

The terms of the contracts with our customers vary from project to project, and are generally consistent with the industry practice. The principal terms of the design, supply, and installation contract typically include the following:

- Contract period The duration of the contract, which varies with the scale and technical complexity of the project, will typically be stated in the contract, with a pre-determined work schedule.
- Contract sum The contract sum will typically be specified as a fixed lump sum for performing the whole of the works under the contract. There will not be amendment to the contract sum except for works conducted pursuant to variation orders issued by customers. The breakdown of the contract sum by the items of works and quantities, and the price of each items of works, is attached as bill of quantities or schedule of rates in the contract.
- Scope of work The scope of services we are required to provide pursuant to the contract.

BUSINESS

- Performance Bond For some contracts, we are required to arrange for the Performance Bonds to be issued in favour of our customers to secure our due performance and observance of the obligations under the relevant contract. Performance Bond is generally issued by the bank backed by cash collateral or current banking facilities. The required amount of Performance Bond generally would not exceed 10% of the total contract sum and would normally expire upon issuance of (a) the certificate of practical completion or (b) the certificate of completion of making good the defects after the expiry of the defect liability period. Customer may claim on the Performance Bond to make good any damages, losses, costs, and expenses as a result of our failure to perform pursuant to the terms of the contract.
- Subcontracting We are generally not prohibited to engage subcontractors to carry out the works but prior consent is required to be obtained from our customers for subcontracting. We are primarily responsible for the works performed by our subcontractors.
- Payment terms We generally submit interim payment application to our customer on a monthly basis. See the paragraphs under “Customers — Credit policy” above for further information on the payment terms.
- Retention money Retention money is the portion of money that our customers generally hold up from each interim payment (typically 10% of each interim payment) until a particular percentage of the total contract sum is reached. Our customers generally retain five per cent. of the total contract sum as retention money. Generally, the first half of the retention money is released upon issuance of the certificate of practical completion of the project and the second half of the retention money is released to us upon issuance of the certificate of completion of making good the defects after the expiry of the defect liability period.
- Insurance Depending on the terms of the contract, either our Group or our customers are required to take out and maintain the necessary insurances for the subcontractors, including employees’ compensation, contractors all risk insurance and third party liability insurance.
- Variation orders Our customers may issue variation orders to amend the specification and scope of works from that originally contracted. A variation order may increase, omit or vary the original scope of work and change the original contract sum. Such amendment in the variation order may require us to amend our purchases with the suppliers or our agreed terms with the subcontractors.
- Liquidated damages An agreed daily rate of liquidated damages payable by us if we fail to complete our works pursuant to the schedule stipulated in the contract. The contract period may be extended from time to time pursuant to the terms of the contract.

BUSINESS

Indemnity	An indemnity to be provided by us in favour of our customers for, among others, liabilities in respect of personal injury or death or property damage may be stipulated in the contract.
Defect liability period	We generally provide defect liability period ranging from 12 to 24 months from the date of the certificate of practical completion. During the defect liability period, we are responsible to rectify or carry out remedial works, at our own costs, for any defects and deficiencies in the contracted works.
Warranty	We generally provide warranty up to 15 years from the date of the certificate of practical completion or after the end of the defect liability period, during which we are generally responsible for rectifying, without charge, the defects and deficiencies in the works, materials and workmanship discovered in the contracted works after completion of the project.
Termination	Our customers may terminate the contract for any material delay in the delivery of services or other material default or in event of our going into liquidation/insolvency. We may terminate the contract for any failure by our customers to pay us pursuant to the payment terms specified in the contract, or in the event of our customers going into liquidation/insolvency.
Dispute resolution	If any dispute arises between the parties to the contract, either party may request the dispute be referred to mediation. If mediation fails to resolve the dispute, then either party may then be referred to arbitration in Hong Kong.

Pricing strategy

We generally determine the tender prices of the design, supply, and installation projects with reference to our estimated costs and a percentage of profit margin, which is determined on a project-to-project basis taking into account the nature and technical complexity of the project, project timetable, and materials and finishing process required. We will prepare our costs budget for each project as part of our preparation works for submission of tender. Pricing is one of the principal considerations for our customers to evaluate our tender submission. It is therefore important for us to estimate our costs accurately and competitively, and have the required personnel with adequate experience to evaluate a tender opportunity.

Credit policy

We generally make application for monthly interim payment at the end of the month for the works done in the previous month in respect of the design, supply, and installation projects undertaken by us. The quantity surveyor appointed by our customers will examine the works done and issue an interim payment certificate to us on the percentage of works done, which generally takes not more than 45 days for the payment certificate to be issued to us. We may then issue an invoice to our customer upon issuance of the payment certificate. In general, it takes up to 74 days for us to receive payments from

BUSINESS

our customers after the issuance of the payment certificate. Our customers generally settle the payments with us by way of cheque or bank remittance. We maintain a register of certificates of interim payments issued by our customers and interim payment applications submitted by us to our customers. We will also review and identify any long outstanding receivables. We also closely monitor the settlement status and follow up with our customers for settlement of any overdue amount. See the section headed “Financial Information — Principal components of our current assets and current liabilities — Trade and other receivables” in this prospectus for further information on our receivable turnover days.

For most of the design, supply, and installation projects undertaken by us, our customers usually withhold 10% of each interim payment as retention money until the accumulated retention money reaches five per cent. of the total contract sum. Generally, half of the retention money will be released upon issuance of the certificate of practical completion while the remaining half of the retention money will be released after the defect liability period.

RAW MATERIALS AND SUPPLIERS

Our suppliers include suppliers for (a) building materials used in our design, supply, and installation projects, such as aluminium, steel products, and glass; (b) material fabrication or processing services; and (c) providers of other miscellaneous services such as transportation, rental of machinery and equipment, and laboratory testing services. All of our suppliers are Independent Third Parties. During the Track Record Period, our major suppliers were located in Hong Kong, South Korea, and the PRC.

For materials that require further fabrication or processing, we will engage processing factories to carry out the fabrication or processing works. Products that require further fabrication and processing include curtain walls, aluminium windows, doors, balustrades, louvres, grilles, canopies, claddings, and aluminium features. Such products are tailor-made pursuant to the specific requirements of each project, and such requirements are included in the design intent and material requirement and specifications. Prior to mass fabrication, we may instruct the processing factories to produce performance mock-up and visual mock-up for approval by our customers to ensure that the fabricated and processed products comply with the required specifications and requirements.

Major suppliers

During the three years ended 31 March 2019, purchase from our largest supplier amounted to HK\$6.4 million, HK\$12.6 million, and HK\$14.4 million, respectively, and accounted for 18.2%, 23.8%, and 24.0%, of our purchase during the same years. Purchase from our five largest suppliers amounted to HK\$21.0 million, HK\$30.5 million, and HK\$36.0 million, respectively, and accounted for 59.7%, 57.8%, and 60.1%, of our purchase during the same years. During the six months ended 30 September 2019, the purchase from our largest supplier amounted to HK\$17.8 million accounted for 42.1% of our purchase during the period, as compared to HK\$6.3 million accounted for 22.8% of our purchase during the six months ended 30 September 2018. During the six months ended 30 September 2019, purchase from our five largest suppliers amounted to HK\$31.3 million accounted for 74.0% of our purchase during the period, as compared to HK\$18.9 million accounted for 68.4% of our purchase during the six months ended 30 September 2018. We settle our purchase price in Hong Kong dollars with our suppliers in Hong Kong, while our purchase amount with our suppliers in the PRC and South Korea was denominated in RMB and US dollars, respectively.

We set forth below an analysis of our purchase attributable to our five largest suppliers during the years/periods and the background information of such suppliers:

During the year ended 31 March 2017

Ranking	Supplier	Purchase for the year	Percentage to our purchase for the year	Years of business relationship with us as of the Latest Practicable Date	Products purchased and/or services rendered for the year	Background and principal business	General credit terms and payment method
1	Goodview Engineering (HK) Company Limited	6,423	18.2	4.6	Supply of stainless steel and aluminium and fabrication services	A company incorporated in Hong Kong since 2010, which is principally engaged in the production of stainless steel, aluminium products, window and curtain wall.	30 days upon delivery of products, payment made by cheque
2	Xingfa Aluminium (Hong Kong) Limited	4,415	12.5	4.9	Supply of aluminium and fabrication services	A company incorporated in Hong Kong, which is wholly-owned by Xingfa Aluminium Holdings Limited (stock code: 98), a listed company in Hong Kong, which is principally engaged in the sale and production of aluminium products.	30 days upon delivery of products, payment made by cheque
3	Paul Y. Construction Company, Limited ⁽¹⁾	3,739	10.6	7.0	Supply of aluminium, stainless steel and steel products and glass panels	A company incorporated in Hong Kong, which is indirectly held as to 51.76% by South Shore Holdings Limited (stock code: 577), a listed company in Hong Kong, which principally engaged in building construction and specialist works.	N/A ⁽³⁾
4	KPa Engineering Limited and its affiliate ⁽²⁾	3,305	9.4	4.7	Supply of aluminium and stainless steel products and fabrication services	A company incorporated in Hong Kong, which is wholly-owned by KPa-BM Holdings Limited (stock code: 2663), a listed company in Hong Kong, which is principally engaged in the provision of structural engineering works and trading of building material products.	For KPa Engineering Limited, N/A ⁽³⁾ ; for its affiliate, 30 days upon delivery of products, payment made by cheque

Ranking	Supplier	Purchase for the year	Years of business relationship with us as of the Latest Practicable Date		Products purchased and/or services rendered for the year	Background and principal business	General credit terms and payment method
			Percentage to our purchase for the year	8.9			
5	Supplier A	3,164	9.0	8.9	Supply of aluminium and stainless steel products and fabrication services	A company incorporated in Hong Kong since 2003, which is principally engaged in the production and supply of stainless steel and aluminium products.	30 days upon delivery of products, payment made by cheque

HK\$'000

Notes:

- (1) Paul Y. Construction Company, Limited is also one of our five largest customers during the year ended 31 March 2017.
- (2) KPa Engineering Limited is also one of our five largest customers during the year ended 31 March 2017.
- (3) Offset against the payment of the certified works pursuant to contra-charge agreement as these suppliers are also our customers.

BUSINESS

During the year ended 31 March 2018

Ranking	Supplier	Purchase for the year	Percentage to our purchase for the year	Years of business relationship with us as of the Latest Practicable Date	Products purchased and/or services rendered for the year	Background and principal business	General credit terms and payment method
1	Kam Ying Engineering Company Limited and Da Dou Metal Products Company Limited (“Kam Ying”)	12,571	23.8	2.9	Supply of aluminium and stainless steel products and fabrication services	The companies belong to the same group established in Hong Kong since 2017 with factories located in the PRC, which is engaged in the production and fabrication of stainless steel, aluminium products, window and curtain wall.	30 days upon delivery of products, payment made by cheque
2	Supplier A	5,487	10.4	8.9	Supply of aluminium and stainless steel products and fabrication services	A company incorporated in Hong Kong since 2003, which is principally engaged in the production and supply of stainless steel and aluminium products.	30 days upon delivery of products, payment made by cheque
3	Xingfa Aluminium (Hong Kong) Limited	4,988	9.4	4.9	Supply of aluminium and fabrication services	A company incorporated in Hong Kong, which is wholly-owned by Xingfa Aluminium Holdings Limited (stock code: 98), a listed company in Hong Kong, which is principally engaged in the sale and production of aluminium products.	30 days upon delivery of products, payment made by cheque
4	Supplier Group C	4,468	8.5	6.8	Supply of stainless steel and aluminium products and fabrication services	The companies belong to the same group established in South Korea since 1977, which is principally engaged in the production, design, engineering and supervising of ceiling and aluminium products.	14 days upon delivery of products, payment made by telegraphic transfer
5	Shenzhen Yunyu Metal Technology Co. Ltd	3,032	5.7	6.0	Supply of stainless steel and aluminium products and fabrication services	A company incorporated in Shenzhen, PRC since 2003, which is principally engaged in the production and fabrication of stainless steel, aluminium products, window and curtain wall.	Settlement upon delivery of products by cheque

BUSINESS

During the year ended 31 March 2019

Ranking	Supplier	Purchase for the year	Percentage to our purchase for the year	Years of business relationship with us as of the Latest Practicable Date	Products purchased and/or services rendered for the year	Background and principal business	General credit terms and payment method
1	Kam Ying	14,361	24.0	2.9	Supply of aluminium and stainless steel products and fabrication services	The companies belong to the same group established in Hong Kong since 2017 with factories located in the PRC, which is engaged in the production and fabrication of stainless steel, aluminium products, window and curtain wall.	30 days upon delivery of products, payment made by cheque
2	Xingfa Aluminium (Hong Kong) Ltd	9,937	16.6	4.9	Supply of aluminium and fabrication services	A company incorporated in Hong Kong, which is wholly-owned by Xingfa Aluminium Holdings Limited (stock code: 98), a listed company in Hong Kong, which is principally engaged in the sale and production of aluminium products.	30 days upon delivery of products, payment made by cheque
3	Supplier B	3,968	6.6	4.3	Supply of stainless steel products	A company incorporated in Hong Kong since 1998, which is engaged in the production of stainless steel.	Settlement upon delivery, payment made by cheque
4	Huizhou Heng Jian Decoration Engineering Company Limited (惠州市恒建裝飾工程有限公司)	3,893	6.5	3.0	Supply of aluminium and stainless steel products and fabrication services	A company established in the PRC since 2011, which is principally engaged in the production and fabrication of stainless steel, aluminium products, window and curtain wall.	30 days upon delivery of products, payment made by cheque
5	Ying Fai Metal & Engineering Limited & Ying Fai Structural Engineering Limited	3,826	6.4	7.2	Supply of material and fabrication process	The companies belong to the same group established in Hong Kong, which is engaged in supply of metal raw materials and fabrication.	30 days upon delivery of products, payments made by cheque

BUSINESS

During the six months ended 30 September 2019

Ranking	Supplier	Purchase for the period	Percentage to our purchase for the period	Years of business relationship with us as of the Latest Practicable Date	Products purchased and/or services rendered for the period	Background and principal business	General credit terms and payment method
1	Kam Ying	17,835	42.1	2.9	Supply of aluminium and stainless steel products and fabrication services	The companies belong to the same group established in Hong Kong since 2017 with factories located in the PRC, which is engaged in the production and fabrication of stainless steel, aluminium products, window and curtain wall.	30 days upon delivery of products, payment made by cheque
2	Xingfa Aluminium (Hong Kong) Ltd	4,631	11.0	4.9	Supply of aluminium and fabrication services	A company incorporated in Hong Kong, which is wholly-owned by Xingfa Aluminium Holdings Limited (stock code: 98), a listed company in Hong Kong, which is principally engaged in the sale and production of aluminium products.	30 days upon delivery of products, payment made by cheque
3	GNT Glass Company Limited	3,398	8.0	5.5	Supply of glass panels and fabrication services	A private company established in the PRC since 2004, which is engaged in the production and fabrication of glass panels.	30 days upon receipt of invoice, payment made by cheque
4	Supplier B	2,958	7.0	4.3	Supply of stainless steel products	A company incorporated in Hong Kong since 1998, which is engaged in the production of stainless steel.	Settlement upon delivery, payment made by cheque
5	Bon Pacific Building Materials (HK) Company Limited	2,484	5.9	9.2	Supply of sealants	A private company incorporated in Hong Kong since 2002, which is an authorised agent of a U.S. brand sealant in Hong Kong.	30 days upon receipt of invoice, payment made by cheque

During the Track Record Period, all of our five largest suppliers are Independent Third Parties. To the best of the knowledge of our Directors, none of our Directors, their respective close associates, or any Shareholders who own more than five per cent of the share capital of our Company as of the Latest Practicable Date, had any interest (direct or indirect) in any of our five largest suppliers during the Track Record Period.

Basis of selection of suppliers

We maintain an approved list of suppliers. As of the Latest Practicable Date, our approved list of suppliers included 117 approved suppliers. In selecting our suppliers, we will assess their quotation, project credentials and capability, scale of operation, our business history with them, and the time required to provide and deliver the required materials or services. We also review and update our approved list of suppliers from time to time. Our project manager, together with our purchasing staff, select suppliers only from our approved list and will negotiate on the relevant purchase terms. Our executive Directors will also review and approve the suppliers' purchase order. Our project engineers will examine the quantity and quality of the materials ordered and ensure that the delivery can meet our project schedules.

After completion of the project, our project manager will assess the performance of our suppliers based on, among others, their (a) ability to meet the delivery schedules; (b) ability to meet the test requirements; (c) response to our instructions; (d) ability to honour warranties and guarantees; (e) commitment of management; (f) quality of goods and services; and (g) cost competitiveness.

We generally obtain quotations from more than one supplier for the same kind of materials. During the Track Record Period and up to the Latest Practicable Date, we had not experienced any material difficulty, shortage, delay or quality issue in the procurement of materials or services from our suppliers. Our Directors consider that we are not relying on any single supplier and we are able to engage different suppliers for the materials and services.

In addition, we did not experience any material fluctuation in the prices of materials or fabrication and processing charges during the Track Record Period. Our Directors consider that we are able to pass on any increase in the purchase costs of materials and fabrication and processing charges to our customers as we generally consider the total costs and the likely increment when we submit our tenders.

We place purchase orders with our suppliers on a project-by-project basis instead of entering into long-term supply agreements with our suppliers. Our purchase orders generally specify the type, quantity, price and delivery of the material that we purchase. We do not have any minimum purchase commitment with any of our suppliers. During the Track Record Period, we did not have any hedging instruments to hedge against fluctuations in the price of the materials. We usually purchase materials in accordance with the specification of our customers and generally take into account the purchase price of materials or services in preparing our tenders or in our budgeted costs for the project. We usually obtain price quotes for the materials or services when we tender for a project and will place orders with our suppliers based on such price quotes after we have been awarded the project. As such, we are generally not subject to significant price fluctuations between the time we tender for project and the time we place orders for the materials.

BUSINESS

The principal terms of our purchase orders for materials include the following:

- Specification of materials A description of the materials required such as the type of materials, quantity and technical specification.
- Purchase amount. The purchase amount is generally based on the quantity of materials ordered and the unit price of such materials, which are fixed at the time of confirmation of the purchase order.
- Deposit Some of our suppliers selected by our customers would require a deposit of five per cent. to 50% of the amount of the purchase price to be paid upon placing of the purchase order.
- Payment terms Cash on delivery or in accordance with the credit policy of our suppliers.
- Warranty Our suppliers may provide warranty of five to ten years for certain material.
- Delivery Our suppliers generally deliver the procured and processed materials directly to the construction site.

We do not place purchase orders with our suppliers until the project has been awarded to us. We may not be able to successfully pass any unexpected increase in the price of supplies to our customer if there is any significant price fluctuation subsequent to our submission of our tender or quotation documents.

Credit policy

During the Track Record Period, all of our major suppliers were located either in Hong Kong or the PRC, and most of the purchase orders made by us were denominated in Hong Kong dollars or RMB. The credit period granted to us by our suppliers is generally up to 30 days following the delivery of the products or the receipt of invoice. We usually settle the payment by cheque and bank remittance upon the delivery of the products, but we may sometimes pay cash upon delivery of the products. We do not withhold any retention money from our suppliers of materials.

SUBCONTRACTORS

Our subcontractors include subcontractors for (a) on-site installation works and (b) the lease of machinery and equipment. It is an industry practice in Hong Kong for façade works and building metal finishing works contractors to engage specialised subcontractors for on-site installation works. These subcontractors have their own labour force. We engage subcontractors to perform on-site installation works for our façade works and building metal finishing works projects. All of our subcontractors are Independent Third Parties. As we do not own machinery and equipment for on-site installation, we would either (a) lease at our cost the required machinery and equipment, such as modular working platform and aluminium mobile stand, for our subcontractors to perform the relevant on-site installation works or (b) request our subcontractors to arrange for the machinery and equipment by themselves. In the latter arrangement, our subcontractors would bear the cost of arranging for the machinery and equipment.

As the on-site installation works of our design, supply, and installation projects for façade works and building metal finishing works are based on the specific requirements of each project, it may not be cost effective for us to maintain our own labour force to undertake the works by ourselves. As such, we do not employ any direct labour but subcontract all the on-site installation works to the subcontractors. We supervise the works performed by our subcontractors and remain accountable for works performed by our subcontractors. During the Track Record Period, all of our subcontractors were located in Hong Kong and the subcontracting fees we paid and payable to our subcontractors were denominated in Hong Kong dollars. During the three years ended 31 March 2019, the subcontracting fees paid and payable by us for the installation works of our façade works and building metal finishing works projects accounted for 32.6%, 37.9%, and 36.3% of our total cost of sales, respectively. During the six months ended 30 September 2019, the subcontracting fees incurred by us for the installation works accounted for 32.1% of our total cost of sales, as compared to 31.3% during the six months ended 30 September 2018.

Major subcontractors

During the three years ended 31 March 2019, the subcontracting fees paid and payable by us to the largest subcontractor amounted to HK\$10.3 million, HK\$15.5 million, and HK\$11.7 million, respectively, and accounted for 42.4%, 35.3%, and 22.8%, of the total amount of subcontracting fees during the same years. During the three years ended 31 March 2019, the subcontracting fees paid and payable by us to our five largest subcontractors amounted to HK\$21.9 million, HK\$38.9 million, and HK\$42.3 million, respectively, and accounted for 89.9%, 88.4%, and 82.6%, of the total amount of subcontracting fees during the same years. During the six months ended 30 September 2019, the subcontracting fees paid and payable by us to our largest subcontractor amounted to HK\$18.9 million, and accounted for 65.3% of the total amount of subcontracting fees during the period, as compared to HK\$7.9 million and 41.4% during the six months ended 30 September 2018. During the six months ended 30 September 2019, the subcontracting fees paid and payable by us to our five largest subcontractors amounted to HK\$27.8 million, and accounted for 96.1% of the total amount of subcontracting fees during the period, as compared to HK\$17.0 million and 89.3% during the six months ended 30 September 2018.

We set forth below an analysis of the subcontracting fees we paid to our five largest subcontractors during the years/periods and the respective background information of such subcontractors:

During the year ended 31 March 2017

<u>Ranking</u>	<u>Subcontractor</u>	<u>Subcontracting fees incurred during the year</u>	<u>Percentage to the total subcontracting fees during the year</u>	<u>Years of business relationship with us as of the Latest Practicable Date</u>	<u>Services provided to us</u>	<u>Background and principal business</u>	<u>General credit terms and payment method</u>
1	Subcontractor A	10,342	42.4	8.6	Façade and metal works installation	A company incorporated in Hong Kong since 2006, which is principally engaged in the installation works of steel, aluminium and glass products. Based on the public information available to us, it has registered capital of HK\$10,000 and the ultimate shareholder of Subcontractor A is an individual.	30 days upon receipt of invoice, payment made by cheque
2	Global Metal and Aluminium Engineering Limited	7,115	29.2	4.4	Façade and metal works installation	A company incorporated in Hong Kong since 2015, which is principally engaged in the installation works in construction sites. Based on the public information available to us, it has registered capital of HK\$3 and the ultimate shareholders of Global Metal and Aluminium Engineering Limited are three individuals.	30 days upon receipt of invoice, payment made by cheque
3	Subcontractor B	2,530	10.4	4.0	Metal works installation	A company incorporated in Hong Kong since 2015, which is principally engaged in the installation works of metal products. Based on the public information available to us, it has registered capital of HK\$10,000 and the ultimate shareholder of Subcontractor B is an individual.	30 days upon receipt of invoice, payment made by cheque

BUSINESS

Ranking	Subcontractor	Subcontracting fees incurred during the year	Percentage to the total subcontracting fees during the year	Years of business relationship with us as of the Latest Practicable Date	Services provided to us	Background and principal business	General credit terms and payment method
4	Hin Tat Construction Engineering Company Limited (“Hin Tat”)	971	4.0	3.3	Metal works installation	A company incorporated in Hong Kong since 2009, which is principally engaged in the installation works of aluminium products and ceiling, and supply of construction materials. Based on the public information available to us, it has registered capital of HK\$1 and the ultimate shareholder of Hin Tat is an individual.	30 days upon receipt of invoice, payment made by cheque
5	Subcontractor C	952	3.9	3.8	Metal works installation	A company incorporated in Hong Kong since 1998, which is principally engaged in the coating and fire protection works and supply of fire protection board and glass door. Based on the public information available to us, it has registered capital of HK\$100,000 and the ultimate shareholders of Subcontractor C are two individuals and a company incorporated in the BVI.	30 days upon receipt of invoice, payment made by cheque

HK\$'000

During the year ended 31 March 2018

Ranking	Subcontractor	Subcontracting fees incurred during the year	Percentage to the total subcontracting fees during the year	Years of business relationship with us as of the Latest Practicable Date	Services provided to us	Background and principal business	General credit terms and payment method
1	Subcontractor A	15,534	35.3	8.6	Façade and metal works installation	A company incorporated in Hong Kong since 2006, which is principally engaged in the installation works of steel, aluminium and glass products. Based on the public information available to us, it has registered capital of HK\$10,000 and the ultimate shareholder of Subcontractor A is an individual.	30 days upon receipt of invoice, payment made by cheque
		<i>HK\$'000</i>					
2	Global Metal and Aluminium Engineering Limited	8,475	19.3	4.4	Façade and metal works installation	A company incorporated in Hong Kong since 2015, which is principally engaged in the installation works in construction sites. Based on the public information available to us, it has registered capital of HK\$3 and the ultimate shareholders of Global Metal and Aluminium Engineering Limited are three individuals.	30 days upon receipt of invoice, payment made by cheque
3	Subcontractor D	5,751	13.1	3.3	Metal works installation	A company incorporated in Hong Kong since 2005, which is principally engaged in construction and decoration with metal and glass, and floor ceiling work. Based on the public information available to us, it has registered capital of HK\$1,000 and the ultimate shareholders of Subcontractor D are two individuals.	30 days upon receipt of invoice, payment made by cheque

BUSINESS

Ranking	Subcontractor	Subcontracting fees incurred during the year	Percentage to the total subcontracting fees during the year	Years of business relationship with us as of the Latest Practicable Date	Services provided to us	Background and principal business	General credit terms and payment method
4	Subcontractor B	5,717	13.0	4.0	Metal works installation	A company incorporated in Hong Kong since 2015, which is principally engaged in the installation works of metal products. Based on the public information available to us, it has registered capital of HK\$10,000 and the ultimate shareholder of Subcontractor B is an individual.	30 days upon receipt of invoice, payment made by cheque
5	Kam Chuen Metal Engineering Company Limited ("Kam Chuen")	3,398	7.7	3.0	Metal works installation	A company incorporated in Hong Kong since 2009, which is principally engaged in the design, supply, and installation of metal platforms and support structure. Based on the public information available to us, it has registered capital of HK\$2 and the ultimate shareholder of Kam Chuen is an individual.	30 days upon receipt of invoice, payment made by cheque

HK\$'000

During the year ended 31 March 2019

Ranking	Subcontractor	Subcontracting fees incurred during the year	Percentage to the total subcontracting fees during the year	Years of business relationship with us as of the Latest Practicable Date	Services provided to us	Background and principal business	General credit terms and payment method
1	Subcontractor A	11,660	22.8	8.6	Façade and metal works installation	A company incorporated in Hong Kong since 2006, which is principally engaged in the installation works of steel, aluminium and glass products. Based on the public information available to us, it has registered capital of HK\$10,000 and the ultimate shareholder of Subcontractor A is an individual.	30 days upon receipt of invoice, payment made by cheque
2	Global Metal and Aluminium Engineering Limited	9,941	19.4	4.4	Façade and metal works installation	A company incorporated in Hong Kong since 2016, which is principally engaged in the installation works in construction sites. Based on the public information available to us, it has registered capital of HK\$3 and the ultimate shareholders of Global Metal and Aluminium Engineering Limited are three individuals.	30 days upon receipt of invoice, payment made by cheque
3	Subcontractor D	8,102	15.8	3.3	Metal works installation	A company incorporated in Hong Kong since 2005, which is principally engaged in construction and decoration with metal and glass, and floor ceiling work. Based on the public information available to us, it has registered capital of HK\$1,000 and the ultimate shareholders of Subcontractor D are two individuals.	30 days upon receipt of invoice, payment made by cheque

BUSINESS

Ranking	Subcontractor	Subcontracting fees incurred during the year	Percentage to the total subcontracting fees during the year	Years of business relationship with us as of the Latest Practicable Date	Services provided to us	Background and principal business	General credit terms and payment method
4	Fu Ying (Aluminium Engineering) Company Limited (“Fu Ying”)	7,695	15.0	2.6	Facade and metal works installation	A company incorporated in Hong Kong since 2015, which is principally engaged in the installation works of aluminium products and ceiling, and supply of construction materials. Based on the public information available to us, it has registered capital of HK\$10,000 and the ultimate shareholders of Fu Ying are four individuals.	30 days upon receipt of invoice, payment made by cheque
5	Kam Chuen	4,919	9.6	3.0	Metal works installation	A company incorporated in Hong Kong since 2009, which is principally engaged in the design, supply, and installation of metal platforms and support structure. Based on the public information available to us, it has registered capital of HK\$2 and the ultimate shareholder of Kam Chuen is an individual.	30 days upon receipt of invoice, payment made by cheque

HK\$'000

BUSINESS

During the six months ended 30 September 2019

Ranking	Subcontractor	Subcontracting fees incurred during the period	Percentage to the total subcontracting fees during the period	Years of business relationship with us as of the Latest Practicable Date	Services provided to us	Background and principal business	General credit terms and payment method
1	Subcontractor A	18,865	65.3	8.6	Façade and metal works installation	A company incorporated in Hong Kong since 2006, which is principally engaged in the installation works of steel, aluminium and glass products. Based on the public information available to us, it has registered capital of HK\$10,000 and the ultimate shareholder of Subcontractor A is an individual.	30 days upon receipt of invoice, payment made by cheque
<i>HK\$'000</i>							
2	Global Metal and Aluminium Engineering Limited	3,203	11.1	4.4	Façade and metal works installation	A company incorporated in Hong Kong since 2016, which is principally engaged in the installation works in construction sites. Based on the public information available to us, it has registered capital of HK\$3 and the ultimate shareholders of Global Metal and Aluminium Engineering Limited are three individuals.	30 days upon receipt of invoice, payment made by cheque
3	Kam Chuen	2,378	8.2	3.0	Metal works installation	A company incorporated in Hong Kong since 2009, which is principally engaged in the design, supply, and installation of metal platforms and support structure. Based on the public information available to us, it has registered capital of HK\$2 and the ultimate shareholder of Kam Chuen is an individual.	30 days upon receipt of invoice, payment made by cheque

BUSINESS

Ranking	Subcontractor	Subcontracting fees incurred during the period	Percentage to the total subcontracting fees during the period	Years of business relationship with us as of the Latest Practicable Date	Services provided to us	Background and principal business	General credit terms and payment method
4	Fu Ying	1,905	6.6	2.6	Façade and metal works installation	A company incorporated in Hong Kong since 2015, which is principally engaged in the installation works of aluminium products and ceiling, and supply of construction materials. Based on the public information available to us, it has registered capital of HK\$10,000 and the ultimate shareholders of Fu Ying are four individuals.	30 days upon receipt of invoice, payment made by cheque
5	Legend (Hong Kong) Engineering Limited	1,419	4.9	1.3	Metal works installation	A company incorporated in Hong Kong since 2014, which is principally engaged in the installation works of building metal works. Based on the public information available to us, it has registered capital of HK\$15,000 and the ultimate shareholders of Legend (Hong Kong) Engineering Limited are two individuals.	30 days upon receipt of invoice, payment made by cheque

All of our five largest subcontractors during the Track Record Period are Independent Third Parties. To the best of the knowledge of our Directors, none of our Directors, their respective close associates, or any Shareholders who owned more than five per cent of the issued share capital of our Company as of the Latest Practicable Date had any interest (direct or indirect) in any of our five largest subcontractors during the Track Record Period.

Concentration of subcontractors

During the three years ended 31 March 2019, our five largest subcontractors accounted for 89.9%, 88.4%, and 82.6% of the total amount of the subcontracting fees, respectively, whereas the fees paid and payable to our largest subcontractor accounted for 42.4%, 35.3%, and 22.8% of our total subcontracting fees during the same years. During the six months ended 30 September 2019, the subcontracting fees paid and payable by us to our largest subcontractor amounted to HK\$18.9 million, and accounted for 65.3% of the total amount of the subcontracting fees during the period, as compared to HK\$7.9 million and 41.4% during the six months ended 30 September 2018. During the six months ended 30 September 2019, the subcontracting fees paid and payable by us to our five largest subcontractors amounted to HK\$27.8 million, and accounted for 96.1% of the total amount of the subcontracting fees during the period, as compared to HK\$17.0 million and 89.3% during the six months ended 30 September 2018. Despite such concentration of subcontractors, our Directors consider that we are not overly relying on any single subcontractor for the following reasons:

- (a) Some projects undertaken by us were of relatively large contract sum and would last for a relatively long period of time until completion. When we engage a subcontractor for such projects, a substantial amount of subcontracting fees may be payable to such subcontractor, resulting in such subcontractor becoming one of our largest subcontractors in the relevant year.
- (b) Our Directors consider that there are abundant subcontractors providing the same kind of services in the market. According to the Ipsos Report, there are a considerable number of subcontractors in the construction industry as a whole.
- (c) We maintain a list of approved subcontractors which is reviewed and updated by us regularly. As of the Latest Practicable Date, we had over 40 approved subcontractors on our approved list. We have a comprehensive list of approved subcontractors and have a diversified base of reliable subcontractors which meet our quality standards.
- (d) Our Directors consider that having stable relationships with our subcontractors would be beneficial to us which enables us to have assessment of the quality of works of the subcontractors and allow us to mobilise labour at predictable costs.
- (e) The percentages of subcontracting fees for our largest subcontractor and our five largest subcontractors to our total subcontracting fees were decreasing during the Track Record Period.

Basis of and factors considered in selecting our subcontractors

We maintain a list of approved subcontractors, which is reviewed by our project team on an annual basis. As of the Latest Practicable Date, we had over 40 subcontractors on our approved list, of which 18 subcontractors had worked for us for three years or more. The established relationship with our subcontractors enables us to have a better control of the quality and schedule of works. We select our subcontractors based on various criteria, including their work credentials, tender price, technical capability, and prior working relationship with us. We also require our subcontractors to comply with the applicable registration requirements issued by the Construction Industry Council. When subcontractors are required to be engaged for a particular project with a contract sum of HK\$10 million or more, we will invite tenders from at least three subcontractors on our approved list of subcontractors.

BUSINESS

During the Track Record Period, we had engaged over 30 subcontractors for installation works. Our Directors consider that we do not rely on any subcontractor. Our Directors do not foresee any difficulties in securing subcontractors working for us.

Control on the business conduct and the services provided by subcontractors

While the subcontractors are required to comply with all relevant rules and regulations in connection with the works and the subcontractors' responsibilities and policies relating to quality control, work safety and environmental protection, we remain accountable to our customers for the quality of services rendered by our subcontractors. We have put in place procedures and control measures to monitor the quality of works performed by our subcontractors.

For each project undertaken by us, a project management team will be established to oversee the general compliance by our subcontractors with our requirements and we will also designate a safety supervisor and/or site supervisor to monitor and supervise the works of our subcontractors to ensure our subcontractors meet the relevant safety and workmanship requirements. Our safety supervisors have regular on-site inspections according to our safety and environmental requirements. We also have regular meetings with our subcontractors to address any material issues and to update their knowledge on safety and environmental issues. We provide our subcontractors with our internal guidelines on safety and environmental requirements and closely monitor their compliance with our internal guidelines. We also investigate the causes of any non-compliances and establish preventive measures and maintain records of non-compliances regarding safety, environmental and other issues of our subcontractors. Furthermore, our project manager shall arrange joint inspection with our customers upon completion of the works done by our subcontractors to ensure that they are consistent with the contract design, specifications and requirements.

We prohibit our subcontractors from hiring any illegal workers and we require our subcontractors to check carefully the identification documents of workers engaged by them to ensure that no illegal workers are hired to work in the sites.

We also require our subcontractors to follow the applicable laws and regulations in relation to occupational health and safety at the construction site. Under the relevant statutory requirements, all personnel employed to work at the construction site are required to attend the construction industry safety training session on occupational health and safety regulations and obtain the training certificate before they can work at the construction site.

We evaluate and assess the performance of our subcontractors after completion of the project. Our project manager will review the performance of the subcontractors based on, among others, their (a) ability to meet the delivery schedules; (b) ability to meet the tests requirements; (c) response to our instructions; (d) ability to honour the defect liability period; (e) commitment of management; (f) quality of services; and (g) cost competitiveness.

Our Directors confirm that we had not received any material claims or complaints from our customers for substandard work performed by our subcontractors and we had not experienced any material delay of performance by our subcontractors which had affected our scheduled completion time under our main contracts with our customers during the Track Record Period and up to the Latest Practicable Date.

BUSINESS

Principal terms of our subcontracting agreements

We generally engage subcontractors on a project-by-project basis. Our Directors consider that this subcontracting arrangement is in line with the industry practice in Hong Kong. The terms of subcontracting agreement entered by our Group with the subcontractors may vary from project to project. The principal terms of the subcontracting agreement include the following:

Contract sum For lump sum fixed price contract, the final contract sum of the subcontracting fee will be agreed at the time the subcontracting agreement is entered into, subject to variations subsequently made.

For variation orders placed by our customers, the additional contract sum for the variation orders will be determined based on the agreed rates and actual subcontracting works performed.

Scope of work The scope of services and types of works to be performed by our subcontractor.

Payment terms Our subcontractors submit monthly payment claims to be approved by us and will typically include all the associated costs in relation to fulfilment of their scope of works, including but not limited to, labour and machinery and equipment to carry out the subcontracted works. See the paragraphs under “Subcontractors — Credit policy” above.

Retention money Retention money is the portion of money that we generally withhold from each interim payment payable to the subcontractors (typically five per cent of each interim payment) to ensure that our subcontractors will be responsible for any defects or deficiencies in their works. Hence, we generally retain not more than five per cent. of the total sum of the subcontracting fee as retention money. Generally, the first half of the retention money is released upon issuance of the certificate of practical completion of the project and the second half is released upon issuance of the certificate of making good the defects after the expiry of the defect liability period.

Insurance Our Group or our customers are responsible for all necessary insurances for the subcontractors, including employees’ compensation insurance, contractors all risk insurance, and third-party liability insurance.

Indemnity Subcontractors are required to indemnify us against any loss, expense or claim arising from any failure to comply with all relevant laws, rules and regulations.

Subcontracting fees and payment terms

Prior to submitting our tender proposal, our procurement team generally obtains quotations from our subcontractors to determine the budgeted installation cost. We will also consider the price trends of the principal raw materials to determine any adjustments to be made to the subcontracting fee when we prepare for the tender proposal. We normally enter into fixed-price contracts with our subcontractors after we have been awarded the project by our customers. Subcontracting fees are generally determined with reference to the fee quotations we obtained from our subcontractors, the work scope, and the project duration.

Our Directors believe that leveraging on our stable working relationships with our subcontractors and our industry experience, we have been able to manage the pricing risk involved given the difference in timing of our contract awards and fee quotation provided by our subcontractors.

The payment terms with our subcontractors are generally in line with the payment terms under our main contract. We settle interim payments with our subcontractors on a monthly basis with reference to the value of the works done by our subcontractors. Our subcontractors normally submit the payment application to us on a monthly basis. We will release the relevant portion of the subcontracting fees, except for the retention money, upon verifying the works done by our subcontractors. Payments are generally made within one month after we receive and verify the subcontractors' requests. Retention money of five per cent. is generally withheld from each interim payment until a particular percentage of the total contract sum is reached. We generally retain five per cent. of the contract sum as the retention money. Generally speaking, we will release the first half of the retention money upon issuance of the certificate of practical completion of the project and the second half of the retention money upon the issuance of the certificate of making good the defects after the expiry of the defect liability period.

We require our subcontractors to submit payment application for interim payments on a regular basis. Our tender and procurement team will evaluate and assess the actual works performed by our subcontractors and prepare the payment certificate for review by our project manager. We will then prepare for the payment once the payment certificate is agreed and confirmed with our subcontractors. We will issue the final account to our subcontractors upon final completion of the project and will prepare for the payment when the final account is agreed and confirmed with our subcontractors. During the Track Record Period, all of our major subcontractors were located in Hong Kong and the subcontracting agreements were denominated in Hong Kong dollars. The credit period granted by our subcontractors is in most cases 30 days upon the receipt of the invoice. We usually settle payment with our subcontractors by way of cheque or wire transfer.

BUSINESS

EMPLOYEES

Number of our employees

As of 31 March 2017, 2018, and 2019, and 30 September 2019, we had a total of 30, 31, 42, and 46 employees, respectively. As of the Latest Practicable Date, we had 45 employees who are all based in Hong Kong. The table below sets forth an analysis of the number of our employees by function as of the Latest Practicable Date:

<u>Employee by function</u>	<u>Number of employees as of the Latest Practicable Date</u>
Project management (including safety supervisors)	23
System design	6
Purchasing	5
Finance	4
Tender and procurement	3
Human resources and administration	2
Management.	<u>2</u>
Total	<u><u>45</u></u>

Relationship with our employees

We have maintained good relationship with our employees. Our Directors confirm that we had complied with all applicable labour laws and regulations in all material aspects in Hong Kong and had not experienced any difficulties in the recruitment and retention of experienced staff or skilled personnel during the Track Record Period. We are committed to prohibiting recruiting illegal workers by installing the required identification checking device onsite. During the Track Record Period and up to the Latest Practicable Date, no illegal workers have been reported in the work sites for which we are responsible. During the Track Record Period and up to the Latest Practicable Date, there was no labour union established by employees nor any labour disputes.

Recruitment policy

We generally recruit employees through recruitment advertisements, referrals, and engagement of recruitment agencies. The remuneration package generally include basic salaries and discretionary bonuses depending on their respective performance and profitability of our Group. We conduct annual review on the remuneration package of our employees and promotion is based on performances. We make assessment on our human resources on a continual basis and will monitor whether additional personnel have to be retained to cope with our business development.

Training and remuneration policy

We provide on-the-job training for our new staff. We also encourage our staff to attend various training courses organised by third-party course providers. We have also provided specific site trainings to our site personnel in respect of management of quality, environmental protection, health and safety matters.

We participate the mandatory provident fund scheme established under the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong). Employees contribute five per cent. of their relevant income to the mandatory provident fund scheme and we contribute five per cent. of the each employee's monthly base salary.

INSURANCE

During the Track Record Period and up to the Latest Practicable Date, we maintain insurance coverage against (a) employees' compensation, (b) liability for third-party injury and damages to third-party property occurring within our office premises, and (c) third-party liability in relation to the use of our vehicles.

Employees' compensation

Pursuant to section 40 of the Employees' Compensation Ordinance (Chapter 282 of the Laws of Hong Kong) (the "**Employees' Compensation Ordinance**") all employers are required to take out insurance policies to cover their liabilities both under the Employees' Compensation Ordinance and at common law for injuries at work in respect of all their employees (including full-time and part-time employees). We have taken out insurance policies in accordance with such requirements.

According to section 24 of the Employees' Compensation Ordinance, we are liable to pay compensation to any injured employee of our subcontractors, who is was injured in the course of his/her employment to our subcontractors in carrying out the subcontract works for us. Such liabilities are covered by the aforementioned insurance policies taken out by us or our main contractor, as the case may be. In addition, under section 24 of the Employees' Compensation Ordinance, we are, nonetheless, entitled to be indemnified by the subcontractor who, as the actual employer of the injured employee, would have been liable to pay compensation to the injured employee.

It is a practice in construction industry in Hong Kong, as well as a term of most construction contracts between main contractor or its subcontractor and us if we act as Domestic Subcontractor, that we will not be required to maintain any work site insurance. If we act as Nominated Subcontractor, we will maintain employees' compensation insurance for the employees employed by us or our subcontractors. If we perform mock-up testing or installation outside work site, we will maintain employees' compensation insurance, contractors' all risks insurance, and insurance on liability for third-party injury and damages to third-party property.

BUSINESS

Contractors' all risks insurance

Contractors' all risk insurance policies generally cover potential loss, damage or destruction to the buildings, structures and any other constructions under our construction works as well as potential bodily injury to third parties or damage to third parties' properties as a result of the performance of our construction works.

During the Track Record Period and up to the Latest Practicable Date, we were involved in four claims against our Group in relation to employees' compensation and personal injuries in Hong Kong. See the paragraphs under "Litigation — Litigation and claims settled during the Track Record Period and up to the Latest Practicable Date" for further information.

During the three years ended 31 March 2019, the insurance expenses incurred by us (including those under our cost of sales and our operating and administrative expenses) amounted to HK\$0.3 million, HK\$0.6 million, and HK\$1.1 million, respectively. During the six months ended 30 September 2019, the insurance expenses incurred by us (including those under our cost of sales and our operating and administrative expenses) amounted to HK\$0.9 million, as compared to HK\$0.4 million during the six months ended 30 September 2018. Taking into account the insurance practice and the insurance taken out by us as stated above, our Directors consider that the existing insurance coverage is adequate for our business operations and consistent with the industry practice having regard to our current business operation and the prevailing industry practice.

OCCUPATIONAL HEALTH AND SAFETY CONTROL

Occupational health and safety control measures

We are subject to certain health and safety requirements under the relevant laws and regulations in Hong Kong and have occupational health and safety management system and policy in place. We are committed to ensuring our employees and employees of our subcontractors work in a safe and healthy working environment.

As of the Latest Practicable Date, we had 14 safety supervisors to monitor and implement our safety management system. We generally assign at least one safety supervisor to each project to monitor our safety management system. Our safety supervisors conduct regular internal safety inspections to ensure our operations are conducted in such manner as to reduce the risks to persons and properties.

We adopt a preventive approach with an emphasis on hazard management and risk assessment. We conduct internal risk assessment and review regularly. We aim to control our risk level by identifying risks and hazards in the course of execution of projects, and provide training and supervision to enhance awareness of hazards and to get prepared for contingency conditions. We have developed and maintained safety management system for our operation where records of non-compliance with safety procedure and remedial measures are properly managed and reviewed. We have adopted an internal safety manual highlighting the general rules and regulations applicable to our site operations. We also require strict implementation of our safety system with supervision by us or management staff of our subcontractors.

BUSINESS

We conduct safety induction training for our new employees and subcontractors. Our subcontractors are required to provide safety and protective equipment, such as fall arresters and safety boots, to the workers. Our safety supervisor also ensures that all personnel wear the protective equipment at the work site. We disseminate occupational health and safety information to employees, visitors and contractors and conduct briefings on occupational health and safety on a regular basis. We provide safety training to all of the workers at the sites for safety regulations compliance. We require our subcontractors to abide by all legislations, codes and guidelines as well as all safety requirements as stated in our safety manuals and project safety plans and to comply with all current and future enactments relating to their works. When selecting the subcontractors, we will take into consideration their safety standards, which include evaluating their safety management system, track record on safety and safety training records. Penalties will be deducted from the fees payable to the subcontractors for any failure by the subcontractor to implement our internal safety guidelines. We hold regular meetings with our subcontractors to follow up on any safety measures in the course of execution of the projects. We also evaluate the safety measures on a regular basis to improve safety control. Subcontractors who failed to follow the safety measures and refused or failed to rectify will be removed from our approved list of subcontractors.

All workplace incidents should be reported immediately to the relevant project manager and our executive director and senior management subsequently. The incident should be reported with requisite further information on the incident, including the date and time of the incident, place of incident and name of the injured. Investigation is to be carried out and corrective actions should be implemented for monitoring occupational hazards in future.

Pursuant to the FIU(SM)R, we are required to implement a safety management system and carry out safety audits or safety reviews of our safety management system, depending on the number of workers working at the construction site and the contract values of our projects. For further information, see the section headed “Applicable Laws and Regulations — Laws and regulation relating to labour, health and safety — Factories and Industrial Undertakings Ordinance (Chapter 59 of the Laws of Hong Kong) (the “**FIU Ordinance**”)” in this prospectus. During the Track Record Period and up to the Latest Practicable Date, we were required to conduct safety reviews and safety audits on ICGL (Hong Kong) and certain projects undertaken by it as required by FIU(SM)R. We had engaged an independent safety auditor and conducted all the necessary safety reviews and safety audits for the abovementioned projects. These safety review and safety audit reports revealed that we had maintained a good safety management standard and there was no material finding of non-compliance with the FIU(SM)R in relation to our safety management system.

We did not record any non-compliance with the applicable workplace safety regulations during the Track Record Period and up to the Latest Practicable Date. Our annual cost of compliance with the applicable workplace safety regulations during the Track Record Period was not material.

Despite the fact that we have a comprehensive safety management system together with various safety control measures to mitigate safety risks, the occurrence of accidents or injuries to workers on our sites is not uncommon due to the nature of the works of the building construction industry.

BUSINESS

Workplace accidents during the Track Record Period and up to the Latest Practicable Date

We maintain an internal record of workplace accidents. During the Track Record Period and up to the Latest Practicable Date, we recorded two, three, one, nil, and two workplace accidents, respectively, which gave rise or may give rise to potential employees' compensation and personal injury claims. We had not received any improvement notices in relation to these workplace accidents. However, we recorded two workplace accidents prior to the Track Record Period which gave rise to employees' compensation and personal injury claims. See the paragraphs under "Litigations — Litigation and claims settled during the Track Record Period and such period up to the Latest Practicable Date" below for details on such accidents and the claims in relation thereto.

The table below sets forth the nature of the above eight accidents that occurred during the Track Record Period and such period up to the Latest Practicable Date:

	Number of accidents
Injury caused by fall to ground from 1.5 metre	1
Injury caused in relation to operation of machineries	2
Injury caused by slip, trip or fall on the same level.	3
Striking against object.	1
Injury caused by fall from working platform	1
Total	8

In Hong Kong, injured workers may claim against ICGL (Hong Kong) pursuant to the Employee's Compensation Ordinance and/or the relevant principles common law. An employee receiving employees' compensation under the Employees' Compensation Ordinance may continue to initiate the claim under the common law subject to the limitation period of three years from the date of the relevant accident. The amount of compensation under the common law, would be reduced by the statutory compensation under the Employees' Compensation Ordinance.

Save as disclosed above, during the Track Record Period and up to the Latest Practicable Date, we did not experience any significant incidents or accidents in relation to workers' safety.

BUSINESS

Analysis on accident rate

The table below sets forth a comparison of the accident rate of the industry average of industrial accident rate per 1,000 workers and the industrial fatality rate per 1,000 workers in the construction industry in Hong Kong with that of our Group during the years indicated:

	Industry average in Hong Kong⁽¹⁾	Our Group⁽²⁾
Year ended 31 December 2016		
Accident rate per 1,000 workers	34.5	29.9
Fatality rate per 1,000 workers	0.093	0
Year ended 31 December 2017		
Accident rate per 1,000 workers	32.9	20.8
Fatality rate per 1,000 workers	0.185	0
Year ended 31 December 2018		
Accident rate per 1,000 workers	31.7	8.0
Fatality rate per 1,000 workers	0.125	0
Year ended 31 December 2019		
Accident rate per 1,000 workers	NA ⁽³⁾	3.6
Fatality rate per 1,000 workers	NA ⁽³⁾	0

Notes:

- (1) The figures are based on the Occupational Safety and Health Statistics Bulletin No. 17 (August 2017), No. 18 (August 2018, and No. 19 (August 2019) published by Occupational Safety and Health Branch, Labour Department, in which the accident rate is calculated as the number of industrial accidents during the year divided by the employment size which are based on the Quarterly Report of Employment and Vacancies Statistics published by the Census and Statistics Department.
- (2) Our accident rate is based on the number of industrial accidents during the year divided by the estimated number of our staff members and site workers and multiplied by 1,000. The estimated number of our staff members and site workers during the year is based on our internal records.
- (3) Accident rate and the fatality rate for 2019 are not available as of the Latest Practicable Date, such information is expected to be publicly available in August 2020 the earliest. The Labour Department has published the number of accidents and the number of fatalities for the first half of 2019 only. It is not common to estimate and publish interim accident rate and fatality rate for the half year ended 30 June.

BUSINESS

The table below sets forth our lost time injuries frequency rate (the “**LTIFR**”) during the Track Record Period:

	Industry average in Hong Kong⁽²⁾	LTIFR⁽¹⁾
	<i>(Hours)</i>	<i>(Hours)</i>
During the year ended 31 March 2017	13.93	9.83
During the year ended 31 March 2018	13.47	8.89
During the year ended 31 March 2019	14.52	2.90
During the ten months ended 31 January 2020	NA ⁽³⁾	1.70

Notes:

- (1) LTIFR is a frequency rate that shows the lost time injuries occurred over a specified time, e.g. per 1,000,000 labour hours, worked in a period. The LTIFRs shown above are calculated by using the number of the reportable cases divided by the total labour hours worked per year, and multiplied by 1,000,000, assuming that the working hour of each worker is 8 hours per day.
- (2) The industry average in Hong Kong refers to the estimated LTIFR of the construction industry calculated based on the information from the Census and Statistics Department and Labour Department of the Hong Kong Government.
- (3) The LTIFR is calculated based on accident rate published by the Labour Department and the total number construction workers published by the Census and Statistics Department. As of the Latest Practicable Date, the Labour Department has not published the accident rate yet, such information is expected to be publicly available in August 2020 the earliest.

Although we have various occupational health and safety measures in place for safety management at construction sites, our Directors consider that accidents remain an inherent risk at construction sites and personal injuries remain a common occurrence due to the nature of the works involved. Our Directors confirm that the injuries sustained in the accidents which occurred during the Track Record Period were mostly fractures, sprains, cuts, and bruises sustained by the workers while they were carrying out the installation works, and did not result in any material incapacity of the workers concerned. We will continue to maintain and improve our safety management system as appropriate in order to reduce risks related to construction site safety issues.

RESEARCH AND DEVELOPMENT

During the Track Record Period and up to the Latest Practicable Date, we were not engaged in any research and development activity nor had we incurred any research and development expenses.

AWARDS AND RECOGNITION

As we acted as subcontractor for main contractors or their subcontractors during the Track Record Period, we have not received any awards from Independent Third Parties in recognising our achievement or work quality or the services provided to our customers. ICGL (Hong Kong) was recognised for its safety measures by the main contractor in a façade work project in June and December 2018 and August 2019.

BUSINESS

QUALITY CONTROL

We hold the following quality management certification:

<u>Year of grant</u>	<u>Description</u>	<u>Certification holder</u>	<u>Awarding organisation/ institution</u>	<u>Period of validity</u>
2019	ISO 9001:2015	ICGL (Hong Kong)	Certification Asia (HK) Limited	18 September 2019 to 15 October 2022

Our business is operated under a set of procedures that complies with the ISO 9001 quality standard. Each project engaged by us has a project management team comprising, amongst others, an executive Director and a project manager who are responsible for the overall quality assurance of the project.

Our quality management system is implemented in various stages of our projects from procurement of materials to installation phase. We maintain a list of approved suppliers, which is reviewed by our project team and procurement team on an annual basis. We arrange for regular visits to the fabrication and processing factories of our suppliers to conduct inspections and quality checks to the fabrication process to ensure the quality of the materials supplied to us. Our quality control staff will inspect the fabricated and processed materials produced by our suppliers on a regular basis, and if any problems are found, our quality control staff will work with the supplier promptly to resolve the problem, in order to ensure that the fabricated/processed materials meets the requisite quality standards.

We impose strict quality control standards and closely monitor the quality of the workmanship of our subcontractors. We generally only engage subcontractors on our approved list of subcontractors. We select subcontractors based on various criteria, including work credentials, technical capability and prior working relationship with us. In respect of subcontractors for installation works, we will have regular site-visits to monitor the subcontractors' works at the construction site. Our project management team have regular meetings with our subcontractors to address and resolve material issues such as quality issues, to ensure the works can meet the requirements of our customers. See the paragraphs under "Subcontractors — Control on the business conduct and the services provided by subcontractors" above for our quality control measures on subcontractors.

We undertake various tests, such as test on building materials and fabricated/processed materials, tool calibration test, and tests on design performance and installation, during and after installation of façade works and building metal finishing works to ensure the project meets the requisite quality standards and standards required by our customers.

We will obtain feedback from our customers upon completion of the project to identify areas for improvement. We strive to improve our quality of work and the satisfaction level of our customers. We also have a complaint handling procedures in place, whereby upon the receipt of complaint, a project manager will be assigned to investigate the cause of the complaint. Corrective, improvement and preventive actions are then taken to ensure appropriate actions will be undertaken to the satisfaction of our customers. Our Directors and senior management team conduct annual review to identify areas for continual improvement. No material complaints or demand for compensation from our customers were received by us during the Track Record Period in relation to any deductions, withholding, counter-claim

BUSINESS

or set-off due to the quality issues in relation to the work performed by us or by our subcontractors. Subsequent to completion of the project, we will also conduct an internal meeting to review our performance and to discuss if any improvement need to be enacted in the subsequent projects.

PROPERTIES

Owned properties

During the Track Record Period and as of the Latest Practicable Date, we did not own any properties in Hong Kong and elsewhere.

Leased properties

As of the Latest Practicable Date, we leased the following properties in Hong Kong from Independent Third Parties:

<u>Location</u>	<u>Gross floor area</u>	<u>Usage</u>	<u>Term</u>	<u>Monthly rental (exclusive of government rent, rates and management fee)</u>
Unit 1001-02, Delta House 3 On Yiu Street, Shatin New Territories Hong Kong	3,122 sq. ft.	Office premises	Three years from 16 August 2013 to 15 August 2016	HK\$46,830
			Three years from 16 August 2016 to 15 August 2019	HK\$53,074
			Three years from 16 August 2019 to 15 August 2022	HK\$57,757
Unit 1003, Delta House 3 On Yiu Street, Shatin New Territories Hong Kong	786 sq. ft.	Office premises	Two years and eight months and fifteen days from 1 December 2019 to 15 August 2022	HK\$15,124
Unit 701, Delta House 3 On Yiu Street, Shatin New Territories Hong Kong	2,357 sq. ft.	Office premises	Three years from 1 March 2018 to 28 February 2021	HK\$42,426

During the Track Record Period and up to the Latest Practicable Date, we had not experienced any difficulty in renewing our leases.

ENVIRONMENTAL MATTERS

Our environmental protection policy

We have established environmental protection policy to demonstrate our commitment to deliver our services with no significant and adverse impact on the environment and to ensure that our operations are in compliance with the relevant environmental requirements pursuant to the laws of Hong Kong, including air pollution control, noise control, and waste disposal. See the section headed “Applicable Laws and Regulations — Laws and regulations in relation to environmental protection” in this prospectus for further information on the regulatory requirements.

Our executive Directors are responsible for ensuring that the environmental protection policy adopted by us is duly implemented and updating such policy for full compliance with the changing standards on environmental protection. Our safety supervisors are responsible for monitoring and implementing our environmental management system. Our safety supervisors will uphold our safety and environmental requirements and conduct on-site inspections to ensure our operations are conducted in a manner which comply with the environmental protection policy. Our safety supervisors report to our executive Directors if they identify any issue relating to environmental protection. As of the Latest Practicable Date, we employed 14 qualified safety supervisors.

As part of our selection process for suppliers of building materials and fabricated/processed materials, we generally require our suppliers to comply with the applicable laws and regulations in relation to environmental matters. For fabricated/processed materials, we will pay visits to the factory of the suppliers from time to time for inspections of the production and fabrication processes to ensure that their operations are conducted in a manner which comply with environmental protection. We distribute guidance materials and provide trainings to workers engaged by our subcontractors. It is also our policy to provide induction site specific trainings to workers engaged by our subcontractors in relation to environmental matters before commencement of each project. We generally require our subcontractors to comply with our environmental protection policy and we normally conduct weekly site inspections throughout the construction phase. See the paragraphs under “Business — Control on the business conduct and services provided by subcontractors” in this prospectus for further informations on the control measures on our subcontractors.

Impact of environmental risks on our Group

Our business operations are subject to compliance with various laws and regulations on environmental protection, including air pollution control, noise control, and waste treatment and disposal. We have to ensure that our subcontractors are aware of the requirements under these laws and regulations and if they fail to comply with such laws and regulations, we may be subject to fine or penalty. The failure on the part of the subcontractors may also result in claims and disputes with customers, suppliers, subcontractors, workers, and other parties involved in the design, supply, and installation projects undertaken by us. These claims may also result in legal proceedings and divert our management’s resources from our business operations and increase our cost of compliance. The laws and regulations on environmental protection may change from time to time and any change may increase our cost of compliance and place burden on our operations when we have to comply with it.

BUSINESS

During the Track Record Period and up to the Latest Practicable Date, we were not subject to any material fines, penalties or compensation as a result of violation of the applicable environmental laws and regulations. We will continue to monitor due compliance with the environmental protection laws and regulations.

Environmental risks identification, assessment, and management

Our Directors consider that the major environmental risks of our operations include (a) air pollution, (b) noise control, (c) waste treatment and disposal, and (d) resource utilisation. We identify and assess environmental risks according to the relevant legal requirement and environmental consequence. We have adopted the following measures to identify, assess, and manage risks that may arise from these aspects.

Air pollution

Our business operations do not generate any significant air pollution as we do not consume fossil fuel for equipment for site installation works, and the level of dust generated during the installation process is insignificant and is not measurable independently from other source of air pollution at the construction sites. Nonetheless, we are committed to reduce air pollution by requiring our subcontractors to use electrical-powered machines, such as scissor lift, cherry picker, boom lift, and air compressor, during on-site installation so as to reduce the level of air pollutant emission.

Noise control

The main contactors will apply the noise permits for the construction works involving (a) erection or dismantling of scaffolding; (b) loading, unloading or handling of rubble wooden boards, steel bars, wood or scaffolding material; (c) hammering; and (d) other works that create noise works from 7:00 p.m. to 7:00 a.m. on weekdays and any time on Sundays and public holidays if the project progress requires us to continue the site installation work on these days.

In order to minimise noise pollution, our environmental policy requires us and our subcontractors to (a) select low noise generating equipment whenever possible, for example, hand-held tools such as drill, grinder and welding machine, for the site installation works; (b) avoid performing noisy works during the restricted days and hours; and (c) shut down plants and machinery if they are not in use.

Waste treatment and disposal

Either the main contractor or we will engage subcontractors to handle the disposal of waste building materials during the site installation stage. While handling the construction wastes, we require our subcontractors to (a) ensure the disposal of the wastes at licensed landfill sites; (b) use authorised or licensed wastes collectors (including chemical wastes); (c) handle and store waste in a secured manner to avoid pollution or contamination by wastes; (d) maintain and clean waste storage areas regularly; (e) refrain from littering on site (both on land or sea); (e) ensure waste collectors to cover trucks with impervious sheeting or transport waste in enclosed containers to minimise dust generation during transportation; and (f) maintain trip tickets record.

BUSINESS

During the Track Record Period and up to the Latest Practicable Date, in general, the main contractors were responsible for arranging waste disposal in the projects undertaken by us, and we were responsible for the handling charges by way of contra-charge or making direct payments by us. Therefore, we were not able to measure the volume of wastes disposal in projects undertaken by us during the Track Record Period. In future, we will maintain a record for projects that we are responsible for waste disposal.

In order to reduce waste and promote recycling, our environmental protection policy requires us to (a) avoid over-stocking of construction materials; (b) re-use the window panel frame for transportation to reduce the use of packaging materials, if possible; (c) avoid unnecessary repeated steps; (d) engage suppliers committed to reduce wastage and recycling; and (e) return the package materials to suppliers or other organisations for recycle, if possible.

Our Directors believe that we have adopted appropriate and commercially viable measures to help environmental protection. During the Track Record Period and up to the Latest Practicable Date, we did not receive any material complaint on violating any of the requirements under the applicable environmental protection laws and regulations. We will evaluate the effectiveness of our policy and would develop measurable objectives on environmental protection. We will strive to maintain zero complaint relating to air pollution, noise and waste in the future.

Resource utilisation

Minimising consumption of resources is one of the key considerations in our operations. Energy consumption is mainly derived from electricity consumption from our offices as we do not consume fossil fuel in our operations. Water is supplied to our office building by municipal water supply and we do not have any issue in sourcing water. Our Directors consider that our water consumption is minimal as most of our operations are conducted at our office, as compared to factories or other construction companies. For installation works at construction sites, energy and water consumption are managed by main contractors. Nonetheless, we implement measures to reduce electricity consumption at sites including but not limited to (a) shut off mains-powered plant and equipment when not in use; (b) select energy efficient plant and equipment; and (c) reduce non-essential load.

In office, we control our electricity consumption through (a) setting energy saving mode where possible, for computers the idle automatically mode is 20 minutes or less; (b) setting room temperature range from 20°C to 25.5°C; (c) switching off unnecessary lighting; (d) switching off power supply when they are not in use; and (e) switching off all power supply in the area while leaving. Electricity consumption of our office is illustrated in the following table:

	Year ended 31 March		
	2017	2018	2019
	<i>kWh</i>	<i>kWh</i>	<i>kWh</i>
Electricity consumption	36,344	44,997	63,879
Electricity consumption per employee	1,211	1,452	1,521

The electricity consumption level per employee during the year ended 31 March 2019 was 1,521 kWh and we target to reduce such consumption level by five per cent by the end of 2021.

BUSINESS

Environmental compliance

During the Track Record Period and up to the Latest Practicable Date, there was no breach of the environmental protection rules by our staff or material non-compliance with the applicable laws and regulations in relation to environmental protection. We may need to dispose of utensils or packaging materials in the course of on-site installation. For disposal of waste materials in the course of our on-site installation, we engage subcontractors to collect the waste materials on site or that our customers will arrange for disposal of such waste materials for us, and contra-charge against us on the levy imposed by the Hong Kong Government for waste disposal as required under applicable laws and regulations. We have not incurred any significant cost for the purpose of environmental law compliance.

INTELLECTUAL PROPERTY

Trademarks

As of the Latest Practicable Date, we had registered one trademark in Hong Kong. See the paragraphs under “Intellectual property rights” in Appendix IV to this prospectus for further information.

Domain name

As of the Latest Practicable Date, our Group had registered two domain names. See the paragraphs under “Intellectual property rights” in Appendix IV to this prospectus for further information.

Save as disclosed in the paragraphs under “Non-compliance with laws and regulations” and “Litigations” below, our Directors were not aware of any infringement by us of any intellectual property rights owned by third parties; or by any third parties of any intellectual property rights owned or being applied by us as of the Latest Practicable Date.

LICENCES AND REGISTRATIONS

In respect of our business of undertaking façade works and building metal finishing works projects as a subcontractor in Hong Kong, we have completed the registrations as follows:

<u>Name of our Group member</u>	<u>Registration</u>	<u>Issuing body</u>	<u>Trade code</u>	<u>Trade speciality</u>	<u>Expiry date</u>
ICGL (Hong Kong)	Registered specialist trade contractor	Construction Industry Council	S03 Curtain wall	N/A	31 March 2022
ICGL (Hong Kong)	Registered subcontractor	Construction Industry Council	02.04 Window fabrication and installation	Aluminium window/louvers	25 January 2024

BUSINESS

Name of our Group member	Registration	Issuing body	Trade code	Trade speciality	Expiry date
			02.08 Metal work	Metal work, stainless steel work, and metal roof/skylight/cladding/space frame	25 January 2024
			02.10 Other finishing trades and components	False ceiling	25 January 2024

In relation to the works for which we are engaged as a subcontractor, ICGL (Hong Kong) is not required to hold such licence or register with any government department in Hong Kong or to obtain any requisite permits and approvals for its business activities except for the business registration under the Business Registration Ordinance (Chapter 310 of the Laws of Hong Kong). However, we are required for and have completed registration under the Subcontractor Registration Scheme (currently renamed as the Registered Specialist Trade Contractors Scheme) with the Construction Industry Council in order to participate in public projects commissioned by the Hong Kong Government and certain statutory bodies, such as the Development Bureau and Hong Kong Housing Authority. See the section headed “Applicable Laws and Regulations — Licencing regime and operation — Registered Specialist Trade Contractors Scheme (“**RSTCS**”)” in this prospectus for further information.

Qualified personnel of our Group to maintain the registration status under the RSTCS

To be eligible to register as a group two registered specialist trade contractor for curtain wall, ICGL (Hong Kong) should employ at least:

- *safety supervisor*: three employees who have completed the construction industry safety supervisor course organised by the Construction Industry Council or Occupational Safety and Health Council (“**safety supervisor qualification**”);
- *director*: one director with five years of curtain wall project management experience (“**director qualification**”);
- *technical staff*: three technical staff: (a) with five years of experience relevant to the trade of curtain wall, (b) with qualification relevant to the trade of curtain wall (including skilled workers registered under the CWR Ordinance or workers with Technically Competent Person (T1) Certificate (“**TCP (T1) Certificate**”)), and (c) completed the Safety Training Course for Construction Workers of Specified Trade (“**technical staff qualification**”); and
- *apprentices/semi-skilled/skilled workers*: eight staff who are either: (a) apprentices who have joined apprenticeship scheme or training programme operated and recognised by the Construction Industry Council or the Vocational Training Council or (b) semi-skilled or skilled workers registered with the trade divisions relevant to the trade of curtain wall under the CWR Ordinance (“**apprentices/semi-skilled/skilled workers qualification**”).

BUSINESS

Compliance with the staff qualification requirements under the RSTCS

As of the Latest Practicable Date, ICGL (Hong Kong) has satisfied the following qualification requirements under the RSTCS:

- *safety supervisor qualification:* ICGL (Hong Kong) had 14 employees who completed the construction industry safety supervisor course; and
- *director qualification:* Mr. CHU has more than five years of project management experience in the area of curtain wall works.

However, as of the Latest Practicable Date, ICGL (Hong Kong) has not satisfied the following qualification requirements under the RSTCS:

- *technical staff qualification:* although ICGL (Hong Kong) had 13 employees who had five year of experience and qualification relevant to the trade of curtain wall (i.e. TCP (T1) Certificate), they have not completed the Safety Training Course for Construction Workers of Specified Trade; and
- *apprentice/semi-skilled/skilled workers qualification:* ICGL (Hong Kong) only had one skilled worker registered under the CWR Ordinance.

According to the information published by the Construction Industry Council, there were a total of 3,167 skilled workers and 175 semi-skilled workers in the area of curtain wall and glass panes installation fulfilling the apprentices/semi-skilled/skilled workers qualification in Hong Kong market in 2019. Although there were approximately 93 apprentices graduated from the apprenticeship scheme in 2018, which fulfilled the apprentices/semi-skilled/skilled workers qualification, the Manpower Forecasting Model 2018 published by the Construction Industry Council in May 2019 anticipated that there would be a labour shortage during the period from 2020 to 2023. Considering the above, our Directors plan to provide additional training to our staff to satisfy the staff qualification requirement under the RSTCS and will only recruit additional staff if our staff is not able to obtain the necessary qualifications.

As disclosed in the section headed “Applicable Laws and Regulations — Licencing regime and operation — Registered Specialist Trade Contractors Scheme (“RSTCS”)” in this prospectus, ICGL (Hong Kong) is required to fulfil all registration requirements within the three years grace period, which will expire on 31 March 2022, or otherwise its registration status will be cancelled. In light of that, we have implemented several measures to maintain our registration status under the RSTCS as set forth below.

BUSINESS

Measures taken by our Group to maintain the registration status under the RSTCS

Although ICGL (Hong Kong) has fulfilled the safety supervisor qualification and director qualification requirement under the RSTCS, we have implemented the following measures to ensure we will have enough qualified staff to fulfil the said qualification requirement in the event of departure of any of our qualified staff:

- *safety supervisor*: all new site supervisors to be recruited by our Group should possess safety supervisor qualification. As of the Latest Practicable Date, in addition to the 14 safety supervisors, we had one safety supervisor that had not completed the safety supervisor course organised by the Construction Industry Council or Occupational Safety and Health Council. We have arranged for that he would attend the safety training course organised by the Construction Industry Council in July 2020. We expect that he would obtain the certificate for the safety supervisor course in October 2020; and
- *director*: in addition to Mr. CHU, Mr. TSANG possesses the relevant qualifications and experience to satisfy the director qualification.

We have also implemented the following measures to ensure that ICGL (Hong Kong) will have sufficient qualified staff to fulfil the technical staff qualification and apprentices/semi-skilled/skilled workers qualification requirement under the RSTCS:

- *technical staff*: we will arrange for five staff with TCP (T1) Certificate to attend and complete the “Safety Training Course for Construction Workers of Specified Trade” in June 2020 and in any event no later than the end of 2020. The estimated cost for training course for each person will be HK\$170 funded by our internal financial resources; and
- *apprentices/semi-skilled/skilled workers*: we target to recruit, or provide training to our staff, such that our Group will have eight workers with apprentices/semi-skilled/skilled workers qualification. We plan to provide training to ten staff to become semi-skilled workers and arrange for the training and preparation courses to be attended by them in February 2020 and the practical and written test in April 2020. If they fail the test, we will arrange additional training sessions and arrange for them to re-attend the examination up to two times. We expect that our staff would pass the test and become registered semi-skilled workers by October 2020. If they cannot pass the examination and become a semi-skilled worker by that time, we will recruit apprentices. Our Directors consider hiring apprentices will be beneficial to us as a whole as (a) there is steady supply of apprentices with graduates of the apprenticeship scheme every year, and (b) we can provide our own trainings to the apprentices to ensure they can fit into our working arrangements. The estimated total costs for training will be HK\$31,200 and the estimated cost for hiring apprentices will be HK\$1,965,600 per year (on the assumption that we are going to hire seven apprentices and the annual salary for each apprentice is HK\$280,800). All costs for training and hiring apprentices will be funded by our internal financial resources.

We will implement the above measures to ensure ICGL (Hong Kong) will fulfil all registration requirements in relation to the qualified personnel by 31 March 2021, i.e. one year before the three years grace period as imposed by the Construction Industry Council.

BUSINESS

Our Directors confirm that we have obtained all necessary licences, permits, consents, and approvals for our business operations in Hong Kong and all of them were valid during the Track Record Period and up to the Latest Practicable Date.

MARKET AND COMPETITION

The façade works industry in Hong Kong is a mature and consolidated market with 30 to 40 façade companies actively performing façade works as of March 2020. The development of the façade works industry is primarily driven by the increasing number of construction projects and the increasing popularity of environmental-friendly buildings. The building metal finishing works industry in Hong Kong is relatively fragmented. In March 2020, there were 448 contractors registered as metal works subcontractors with the Construction Industry Council. Building metal finishing works industry is primarily driven by the increasing number of building construction projects in Hong Kong and the initiatives of the Hong Kong Government to boost the demand for renovating the existing buildings in Hong Kong.

We mainly compete on work quality and capability to implement the architectural designs of our customers. Based on our Group's proven track record, we believe that we have a good reputation and established relationship with our customers, and compete effectively in the industry. See the section headed "Industry Overview" in this prospectus for further information regarding the competitive landscape of the industry in which we operate.

BUSINESS

NON-COMPLIANCE WITH LAWS AND REGULATIONS

Member of our Group involved	Particulars of the non-compliance	Reasons for the non-compliance	Legal consequences and potential maximum penalty	Remedial actions taken	Measures taken to prevent any future breaches and ensure on-going compliance
ICGL (Hong Kong)	In July 2013, a search was conducted by the Customs and Excise Department of the Hong Kong Government at Room 911 and Room 1111 of Wing On Plaza at Tsim Sha Tsui, Hong Kong, being the registered office of ICGL (Hong Kong) and the premises leased by ICGL (Hong Kong) for office purpose, in which a number of computers owned by us were found to have installed pirated software (the “ Pirated Software ”).	We did not have any system to check the licence status of the computer software used in our computers because there was no designated personnel to perform regular checks. Our Directors considered that the Pirated Software might be installed by an employee of ICGL (Hong Kong) without authorisation.	<p>In February 2015, ICGL (Hong Kong) was charged under sections 118(2A) and 119(1) of the Copyright Ordinance because of possession of the Infringing Software. Pursuant to section 119(1) of the Copyright Ordinance, the maximum penalty for this offence is a fine of HK\$50,000 in respect of each infringing copy and imprisonment for four years.</p> <p>In July 2015, ICGL (Hong Kong) was convicted of the breach of sections 118(2A) and 119(1) of the Copyright Ordinance and was fined a total sum of HK\$70,000, which was fully paid by ICGL (Hong Kong). As advised by our Compliance Counsel, since the total fine of HK\$70,000 had been settled by ICGL (Hong Kong) in full, there would have no other legal consequence.</p> <p>Besides, Mr. CHU, as the sole director of ICGL (Hong Kong), was also charged under the same offence as ICGL (Hong Kong). See the section headed “Directors, Senior Management, and Employees — Biographical Information of Directors — Executive Directors — Criminal charges against Mr. CHU on possessing pirated software” in this prospectus for further information.</p>	<p>We have purchased new computers installed with licensed computer software. We also engaged an external computer service provider to carry out thorough inspections on our computers on a regular basis.</p>	<p>We have kept a list of all hardware and software licences in our finance department.</p> <p>We have engaged an external computer service provider to conduct monthly software licence checks on our computers.</p> <p>We have disabled the installation function in our computers so as to avoid future breaches of copyright. Any installation of software must first be checked for licensing by our finance department.</p> <p>We have implemented a copyright policy to: (i) iterate our denouncement of the use of any unlicensed software or unlicensed copyrighted works; (ii) imposed individualised passwords to each of our computer to prevent and trace any use of unlicensed software or unlicensed copyrighted works; and (iii) established different measures to regulate the authorised usage of computers. All current and future employees of our Group must sign an acknowledgement of such policy upon their employment.</p>

Save as disclosed above, our Directors confirm that we had complied with all applicable laws and regulations in Hong Kong in all material respects during the Track Record Period and up to the Latest Practicable Date.

BUSINESS

View of our Directors and the Sole Sponsor

Our Directors and the Sole Sponsor have reviewed the relevant internal control measures adopted by our Group, and the Sole Sponsor has discussed with the Internal Control Consultant on the progress of the implementation of the internal control measures adopted by our Group. After due consideration, our Directors are of the view, which the Sole Sponsor concurs, that the internal control measures adopted by us are adequate to avoid the reoccurrence of the non-compliance incident and that the non-compliance incident does not have any material impact on the suitability for listing of our Company under Rule 8.04 of the Listing Rules.

LITIGATIONS

Civil claim on the pirated software

Moreover, prior to the Track Record Period, the copyright owners of certain computer software intended to pursue a civil claim against ICGL (Hong Kong) for its breach of the Copyright Ordinance in November 2015. Further information on the breach is set forth in the paragraphs under “Non-compliance with laws and regulations” above. Subsequently, ICGL (Hong Kong) settled the claim by way of settlement agreement entered into in January 2016. ICGL (Hong Kong) subsequently executed a deed of undertaking in favour of the copyright owners and paid HK\$120,000 to them as agreed costs and damages in relation to the infringement. As advised by our Compliance Counsel, the possible claim had been settled.

Our Directors confirm that the above claim did not cause material disruption to our business.

Litigations and claims settled during the Track Record Period and such period up to the Latest Practicable Date

During the Track Record Period and up to the Latest Practicable Date, we were involved in a number of litigations and claims, as well as ongoing and potential litigations as part of our ordinary course of business. Our Directors are of the view that these claims are not uncommon in the construction industry. The table below is a summary of the ongoing and potential claims and legal proceedings involving our Group during the Track Record Period and as of the Latest Practicable Date:

No.	Further information on the incidents	Nature of claim	Date of incident	Capacity of plaintiff/claimant	Names and capacity of defendants	Amount/quantum of damages claimed	Status of the claim
1.	It was alleged that the claimant suffered injury on his left forearm when the aluminium plate, which he was cutting with a portable grinder, slipped away.	(i) Employee's compensation claim under Employee's Compensation Ordinance (Chapter 282 of the Laws of Hong Kong)	4 June 2014	An employee of subcontractor of ICGL (Hong Kong)	— ICGL (Hong Kong) as subcontractor — Subcontractor of ICGL (Hong Kong) — Main contractor of ICGL (Hong Kong)	As confirmed by our Directors, the amount of claim was unknown to us as the amount of claim was not stated in the court document and we have not been served with documents containing information on the amount of the claim.	A consent order was made on 20 May 2016 that the employees' compensation claim would be settled by payment of HK\$178,760 to the claimant. Such amount was covered by the insurance company of the main contractor and it had been settled in full.

BUSINESS

No.	Further information on the incidents	Nature of claim	Date of incident	Capacity of plaintiff/claimant	Names and capacity of defendants	Amount/quantum of damages claimed	Status of the claim
		(ii) Personal injury claim			<ul style="list-style-type: none"> — ICGL (Hong Kong) as subcontractor — Subcontractor of ICGL (Hong Kong) — Main contractor of ICGL (Hong Kong) 	HK\$554,809.20 plus interest	A consent order was made on 1 November 2016 that the personal injury claim would be settled by payment of HK\$328,760 (HK\$150,000 plus HK\$178,760, being the employees' compensation settlement sum already received by the claimant pursuant to the consent order dated 20 May 2016) to the claimant. Such amount was covered by the insurance company of the main contractor and the personal injury claim had been settled in full.
2.	It was alleged that the claimant suffered injury on his right index finger when he intended to switch off an electric rotary cutter, which stopped functioning at that time, rotated again.	(i) Employee's compensation claim under Employee's Compensation Ordinance (Chapter 282 of the Laws of Hong Kong)	15 October 2014	An employee of subcontractor of ICGL (Hong Kong)	<ul style="list-style-type: none"> — ICGL (Hong Kong) as subcontractor — Subcontractor of ICGL (Hong Kong) — Main contractor of ICGL (Hong Kong) 	As confirmed by our Directors, the amount of claim was unknown to us as the amount of claim was not stated in the court document and we have not been served with documents containing information on the amount of the claim	A settlement was reached between the main contractor and the claimant and a compensation in the sum of HK\$513,174.82 was paid by the insurance company of the main contractor to the claimant in April 2016. The claimant filed a notice of discontinuance on 19 May 2016 and the employees' compensation claim had been settled in full.
		(ii) Personal injury claim			<ul style="list-style-type: none"> — ICGL (Hong Kong) as subcontractor — Subcontractor of ICGL (Hong Kong) — Main contractor of ICGL (Hong Kong) 	HK\$2,053,206.00 plus interest	A notice of acceptance of sanctioned payment was filed on 23 December 2016. Pursuant to the notice of acceptance of sanctioned payment, the claimant accepted the sanctioned payment in the amount of HK\$500,000 paid into the court in settlement of his personal injury claim. The sanctioned payment was fully covered by the insurance company of the main contractor. The personal injury claim had been settled in full.

Our Directors confirm that the above accidents and claims did not cause material disruption to our business, and none of our Directors were involved in the above accidents.

Ongoing proceedings against us as of the Latest Practicable Date

As of the Latest Practicable Date, ICGL (Hong Kong) was involved in the following ongoing proceedings in relation to the improvement notices issued by the Labour Department:

Improvement notice issued on 16 July 2018

On 16 July 2018, ICGL (Hong Kong) received an improvement notice, pursuant to which ICGL (Hong Kong) failed to ensure that suitable goggles or effective screens were provided for the protection of the workers using the goggles or screens. Such failure constitutes a breach of regulations 43, 68(1)(a), and 68(2)(b) of the Construction Sites (Safety) Regulations (Chapter 59I of the Laws of Hong Kong) (the “CSSR”). On 9 January 2019, a summons was issued against ICGL (Hong Kong) and the hearing for the summons is scheduled to be held on 20 April 2020. As advised by our Compliance Counsel, the maximum penalty for the alleged breach is a fine of HK\$50,000 pursuant to regulations 68(1)(a) and 68(2)(b) of the CSSR.

Two improvement notices issued on 8 May 2019 (the “May Improvement Notices”)

On 8 May 2019, ICGL (Hong Kong) received the May Improvement Notices, pursuant to which ICGL (Hong Kong) failed to: (a) take adequate steps to prevent a person from falling from a height of two metres or more, in contravention of regulation 38B(1A) of the CSSR, and (b) so far as was reasonably practicable, ensure that suitable and adequate safe access to and egress from a place of work was provided and properly maintained, in contravention of regulation 38AA(2) of the CSSR. The May Improvement Notices were issued as a result of an inspection conducted by the Labour Department, in which a worker of a subcontractor of ICGL (Hong Kong) conducted work on a work platform not complying with the safety requirements pursuant to the Schedule Three of the CSSR.

On 1 November 2019, two summonses were issued against ICGL (Hong Kong) and as at the Latest Practicable Date, the court hearing for both summonses is scheduled to be held on 27 March 2020. As advised by our Compliance Counsel, pursuant to regulation 68(2)(g) of the CSSR, the maximum penalty for the alleged breach is a fine of HK\$200,000 and an imprisonment for 12 months for offence committed without reasonable excuse. Taking into consideration that there was no fatality involved, our Compliance Counsel is of the view that the estimated fine would be HK\$15,000 for each of the summonses.

Two improvement notices issued on 16 July 2019 (the “July Improvement Notices”, and together with the May Improvement Notices, the “Improvement Notices”)

On 16 July 2019, ICGL (Hong Kong) received the July Improvement Notices, pursuant to which ICGL (Hong Kong) failed to ensure that (a) suitable goggles or effective screens were provided for the protection of the workman and the workman used the goggles or screens, in contravention of regulation 43 of CSSR and (b) no timber with projecting nails were left on the place where the construction work was being carried out, in contravention of regulation 51(2) of the CSSR. The July Improvement Notices were issued as a result of an inspection conducted by the Labour Department, in which: (a) a worker of the subcontractor of ICGL (Hong Kong) failed to put on safety goggles when cutting aluminium materials, and (b) there were nails on the timber in the construction site.

BUSINESS

On 13 January 2020, a summons was issued against ICGL (Hong Kong) for its failure to ensure suitable goggles or effective screens were provided for the protection of the workman and the workman used the goggles or screens. The hearing for the summons is scheduled to be held on 8 May 2020. As advised by our Compliance Counsel, pursuant to regulation 68(2)(g) of the CSSR, the maximum penalty for the alleged breach is a fine of HK\$50,000 pursuant to the CSSR.

Pursuant to section 26 of the Magistrates Ordinance (Chapter 227 of the Laws of Hong Kong) (the “**Magistrates Ordinance**”), the time limit to issue summons against ICGL (Hong Kong) for the alleged breaches as stated in the July Improvement Notice expired in January 2020. Considering that as of the Latest Practicable Date (a) we had not received any summons in relation to the failure to ensure no timber with projecting nails were left on the construction site, and (b) the six months period for issuing summons has lapsed, our Compliance Counsel is of the view that no summons for the alleged failure to ensure no timber with projecting nails were left on the construction site will be issued against ICGL (Hong Kong).

Our Directors confirm that based on discussion with staff and review of internal records, the incidents being the subject matter of the Improvement Notices were primarily due to the carelessness on the part of the relevant workers without complying with the applicable safety policies, procedures, and regulations. The underlying incidents leading to the Improvement Notices did not involve any injury or death, and hence were not included in the accidents as stated in the paragraphs under “Workplace accidents during the Track Record Period and up to the Latest Practicable Date” above.

Taking into account the immaterial amount of maximum penalty, our Directors are of the view that the above charges, if convicted, would not constitute a material non-compliance on the part of our Group.

Summons issued by the Labour Department

If the Labour Department observed an underlying incident which in its opinion (a) is contravening the OSH Ordinance or the FIU Ordinance, or (b) has led to a contravention of either of these Ordinances that make the breach likely to continue or repeat, it will issue an improvement notice to the employer or occupier pursuant to section 9(1) of the OSH Ordinance. As advised by our Compliance Counsel, after issuing the improvement notice to the breaching employer or occupier, the Labour Department may decide whether to initiate a prosecution in relation to the underlying incident and issue summons (the “**Breach Summons**”) to them by considering factors such as the strength of the evidence, nature and the seriousness of the offence.

The Labour Department will also state in the improvement notice requiring the breaching employer or occupier to refrain from continuing or repeating the underlying incident leading to the issue of improvement notice. As advised by our Compliance Counsel, failure to comply to refrain from continuing or repeating the underlying incident leading to the issue of the improvement notice is a separate criminal offence under section 9(5) of the OSH Ordinance, and the Labour Department may initiate a prosecution and issue a separate summons for breach of section 9(5) of the OSH Ordinance if it is not satisfied with the rectification measures taken (the “**Rectification Summons**”). A Rectification

BUSINESS

Summons is different from a Breach Summons. If one committed a breach leading to the issue of an improvement notice and he rectified the underlying incident leading to the breach, he will only be issued a Breach Summons if the Labour Department decided to initiate a prosecution against him.

As of the Latest Practicable Date, the summonses issued against ICGL (Hong Kong) were all Breach Summonses relating to the breaches observed by the Labour Department during their inspections at the construction sites as disclosed above (i.e. work platform not complying with the safety requirements in Schedule Three of the CSSR, worker failed to put on safety goggles when cutting aluminium materials and nails were found on the timber in the construction site), and ICGL (Hong Kong) had not received any Rectification Summons (i.e. failure to refrain from continuing or repeating the breaches observed by the Labour Department during their inspections at the construction sites).

Time limit and estimated penalty of the Rectification Summons

As advised by our Compliance Counsel, our Directors confirm that the time limit for the Labour Department to issue the Rectification Summons is six months from the date the Labour Department considers that ICGL (Hong Kong) failed to refrain from continuing or repeating the underlying incidents leading to the issue of the Improvement Notices (pursuant to section 26 of the Magistrates Ordinance and section 9(5) of the OSH Ordinance). With the advice from our Compliance Counsel and based on the fact that the Labour Department has not taken any further action after the serving of the Improvement Notices and the inspections carried out as stated in this section below, our Directors consider that it would be unlikely for the Labour Department to issue the Rectification Summons at the current stage.

Taking into consideration the penalty ordered in the precedent cases, our Compliance Counsel estimates that the maximum penalty would not be more than HK\$15,000 for each Rectification Summons, if issued. Our Directors are therefore of the view that, in the less likely event that a Rectification Summons is issued and ICGL (Hong Kong) is held liable for the breach under section 9(5) of the OSH Ordinance, such breach would not constitute a material non-compliance on the part of our Group.

Rectification measures

Upon identification of the above incidents as mentioned in the Improvement Notices, our Group had taken the following specific rectification actions:

- in relation to measure to prevent falling from a height of two metres or more, we had provided work platforms that fulfil the safety requirements pursuant to Schedule Three of the CSSR to the workers and required them to use such work platforms since mid May 2019;
- in relation to measure to ensure wearing of suitable safety goggles, our subcontractors had provided suitable safety goggles to the workers and required them to wear such goggles under our supervision since August 2019; and
- in relation to measure to ensure no nails on the timber in the construction site, we had conducted site inspection and removed the nails on the timbers in the construction site. We also required the workers to wear safety shoes since August 2019.

BUSINESS

Furthermore, our site supervisors and project managers had analysed the cause of the incidents leading to the Improvement Notices and developed a safety improvement plan in order to enhance our work safety measures. The improvement plan includes the remedial actions to be implemented, the responsibilities of each party and the execution time during the improvement period (three months or the completion of the construction project, whichever is earlier). Such remedial actions include:

- increase the number of site supervisors from one to two. The site supervisors are responsible for conducting safety inspections and training, and supervising the implementation of the safety measures in the construction sites;
- increase the frequency of site safety check conducted by the site supervisors from once to twice a week. After the site safety check, the site supervisors are required to prepare a safety inspection report covering areas such as safety measures for personal protective equipment, tools, working platform and construction site environment;
- increase the frequency of toolbox talks conducted by the site supervisors from once to twice a week, so as to enhance workers' understanding of the safety guidelines; and
- the site supervisors will prepare a report evaluating the effectiveness of the remedial actions taken at the end of the improvement period.

Follow-up actions taken by ICGL (Hong Kong) and the Labour Department after the implementation of the rectification measures

Our Directors confirm that (a) under the Improvement Notices, ICGL (Hong Kong) is not required to report the rectification measures taken to the Labour Department, (b) ICGL (Hong Kong) has never been otherwise required by the Labour Department to report the rectification measures taken after receiving the Improvement Notices, and (c) there is no requirement to report the rectification measures taken under the OSH Ordinance. Despite the above, we sent a letter to the Labour Department on 1 November 2019 on the rectification measures taken by ICGL (Hong Kong) (the “**Letter**”).

Our Directors confirm that the Labour Department has carried out several inspections on ICGL (Hong Kong) after the issue of the Improvement Notices and the Letter, but it has not raised any concern. Furthermore, no negative response was noted from the reply by the Labour Department, as the Labour Department stated in the reply that other than the Improvement Notices, it found no other non-compliance record of ICGL (Hong Kong) in relation to the FIU Ordinance, the OSH Ordinance, and other respective subsidiary regulations. Furthermore, no Rectification Summons has been issued by the Labour Department against ICGL (Hong Kong) as of the Latest Practicable Date. Having considered the above, our Directors are of the view that the Labour Department is satisfied with the rectification measures taken by our Group.

BUSINESS

Impact of the Improvement Notices on ICGL (Hong Kong)'s ability to renew and maintain its registration status under the Registered Specialist Trade Contractors Scheme

Under the Rules and Procedures for the Register of Specialist Trade Contractors and the Rules and Procedures for the Register of Subcontractors, circumstances that may lead to regulatory actions (e.g. suspension or revocation of registration under the Register of the Specialist Trade Contractors and Register of Subcontractors) include: (i) convictions under the FIU Ordinance or the OSH Ordinance in relation to serious construction site safety incidents resulting in loss of life or loss or amputation of a limb or permanent total disability; and (ii) conviction of five or more offences under the FIU Ordinance and/or the OSH Ordinance each arising out of separate incidents in any six months period, committed by the registered subcontractor at each of a construction site under a contract.

As the underlying incidents leading to the issuance of the Improvement Notices did not involve any injury or death, our Compliance Counsel is of the view that the Improvement Notices will not cause regulatory action which may affect ICGL (Hong Kong) to maintain its registration status under the Register of Specialist Trade Contractors and Register of Subcontractors.

Save as disclosed above, as of the Latest Practicable Date, no member of our Group was engaged in any litigation or arbitration of material importance, and no litigation, claim or arbitration of material importance is known to our Directors to be pending or threatened against any member of our Group.

INTERNAL CONTROL AND RISK MANAGEMENT

In preparation for the Listing, we have appointed the Internal Control Consultant to perform detailed assessment of our internal control systems including the control systems in financial, operation, compliance matters risk management, and corporate governance measures. In March 2019, the Internal Control Consultant completed the first review of our internal control systems. The Internal Control Consultant had provided recommendations in relation to strengthening our internal controls, and we have taken measures to implement the relevant internal control measures.

In September 2019, the Internal Control Consultant completed a follow-up review by focusing on the remedial actions undertaken by us on the control deficiencies identified in the first round review. Our Directors confirm that we have adopted all of the major internal measures and policies recommended by the Internal Control Consultant, including the selection of subcontractors to ensure their safety capacity. Based on the scope of review agreed and the results of the follow-up review in September 2019, the Internal Control Consultant has not noted any significant internal control weaknesses on the adequacy and effectiveness of the Group's internal control measures.

We have adopted the following internal control measures to enhance our corporate governance:

- Prior to the Listing, our Directors and senior management have attended training sessions on applicable laws and regulations, including the Listing Rules, conducted by our legal advisers. We will continue to arrange, from time to time, various trainings to be conducted by our legal advisers for our Directors, senior management, and employees to update them on the relevant laws and regulations. As such, our Directors are aware of the requirements and obligations as directors of a listed issuer under the Listing Rules and have undertaken to observe and comply with all the relevant rules and regulations.

BUSINESS

- We have established policies for our Directors, senior management, and employees, in particular, in respect of authorised and legitimate use of computers and software.
- We have appointed Mr. LEE Wai Hung Garic as our company secretary who are responsible for company secretarial matters of members of our Group and assist our Directors in implementation and ongoing compliance with internal control measures of our Group. See the section headed “Directors, Senior Management, and Employees — Biographical information of our senior management” of this prospectus for further information on the biographical information of Mr. LEE Wai Hung Garic.
- We have appointed Innovax Capital Limited as our compliance adviser to advise on the ongoing compliance matters under the Listing Rules. Our Directors have attended training sessions conducted by our Hong Kong legal advisers on, among other things, the obligation, on-going corporate governance requirements, and the duties of directors of a company listed on the Stock Exchange.
- We have established the Audit Committee. The primary duties of the Audit Committee are to provide our Directors with an independent review of the effectiveness of the financial reporting process, internal control, and risk management system of our Group, oversee the audit process, and perform other duties and responsibilities as assigned by our Directors.
- We will arrange training sessions to be conducted by external professionals or institutions to our Directors, senior management, and employees to ensure continuous update regarding the legal and regulatory requirements relevant to our business operations, in particular to work safety.

DIRECTORS, SENIOR MANAGEMENT, AND EMPLOYEES

MEMBERS OF OUR BOARD AND SENIOR MANAGEMENT

Our Board has the ultimate responsibility for the management of our Company. 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. Our Board currently consists of five Directors, comprising two executive Directors and three independent non-executive Directors. Our senior management team consists of four individuals.

The table below sets forth the brief information regarding our Directors and senior management:

Directors

Name	Age	Position	Date of joining our Group	Date of appointment as Director	Responsibilities in our Group	Relationship with other Directors and/or our senior management
Mr. CHU Kwok Fun (朱國歡先生)	49	Executive Director, Chairman, and Chief Executive Officer	4 May 2007	14 November 2018	Primarily responsible for the overall management, strategic planning, and development of our business operations	N/A
Mr. TSANG Chiu Wan (曾昭維先生)	61	Executive Director	1 February 2011	24 May 2019	Primarily responsible for supervising, managing and overseeing the day-to-day operation and administration of our business	N/A
Ms. LEUNG Yin Fai (梁燕輝女士)	55	Independent non-executive Director	5 March 2020	5 March 2020	Supervising and providing independent advice to our Board	N/A
Mr. MA Tsz Chun (馬時俊先生)	54	Independent non-executive Director	5 March 2020	5 March 2020	Supervising and providing independent advice to our Board	N/A
Ms. YUEN Wai Yee (袁慧儀女士)	45	Independent non-executive Director	5 March 2020	5 March 2020	Supervising and providing independent advice to our Board	N/A

DIRECTORS, SENIOR MANAGEMENT, AND EMPLOYEES

Senior management

Name	Age	Position	Date of joining our Group	Responsibilities in our Group	Relationship with other Director(s) and/or our senior management
Mr. MO Wan Fai (毛雲輝先生)	57	Senior manager (tender and procurement)	22 September 2011	Responsible for tendering, procurement, preparing claims, and project budgeting	N/A
Mr. PHUA Chau Yuen (潘秋源先生)	36	Senior project manager	1 November 2012	Responsible for overall coordination and management of assigned projects, including project design, site supervision, and completion for our façade works projects	N/A
Mr. LI Hing Chung (李慶聰先生)	55	Senior project manager	28 August 2015	Responsible for overall coordination and management of assigned projects, including project design, site supervision, and completion for our building metal finishing works projects	N/A
Mr. LEE Wai Hung Garic (李偉鴻先生)	52	Financial controller and company secretary	2 October 2018	Overseeing financial and compliance matters of our Group	N/A

BIOGRAPHICAL INFORMATION OF OUR DIRECTORS

Executive Directors

Mr. CHU Kwok Fun (朱國歡先生), aged 49, is our executive Director, Chairman, Chief Executive Officer, and one of our Controlling Shareholders. Mr. CHU has been the sole shareholder and the sole director of ICGL (Hong Kong) since its incorporation on 4 May 2007. Mr. CHU was appointed as a Director on 14 November 2018 and was redesignated as an executive Director on 19 September 2019. Mr. CHU is primarily responsible for the overall management, strategic planning, and development of our business operations.

DIRECTORS, SENIOR MANAGEMENT, AND EMPLOYEES

Mr. CHU has over 22 years of work experience in construction project management. From March 1997 to February 2001, Mr. CHU worked in Hip Hing Construction Co., Ltd., a private company engaged principally in building works, with his last position as a project coordinator and was responsible for assisting project manager in project coordination and management. Mr. CHU then started a business venture by cooperating with two Independent Third Parties for the establishment of INKA Limited, a private company incorporated in Hong Kong, in which Mr. CHU was a director and one of the shareholders from February 2001 to May 2010. During that period, Mr. CHU was responsible for the overall project management, major business decisions and development strategy of INKA Limited. In May 2010, in order to focus on his own business (carried out by ICGL (Hong Kong)) and the overseas façade works and building metal finishing works projects undertaken as stated below, Mr. CHU resigned as the director of INKA Limited, and transferred 16 shares and 17 shares, representing his entire interests in INKA Limited, to two Independent Third Parties for cash consideration of HK\$16 and HK\$17, respectively. The considerations were determined with reference to the par value of the shares of INKA Limited. INKA Limited had never been a member of our Group. Mr. CHU confirms that he does not have any dispute with the two Independent Third Parties.

Apart from undertaking projects in Hong Kong, Mr. CHU also had experience in undertaking building metal finishing works projects in Dubai and façade works project in Macau. From October 2008 to October 2014, Mr. CHU cooperated with certain shareholders of INKA (ICGL) Limited and a local resident in Dubai, an Independent Third Party, to establish ICGL Technical Works (L.L.C.), a limited liability company incorporated in the United Arab Emirates, for the building metal finishing works projects for certain train stations in Dubai. Mr. CHU was one of the partners of ICGL Technical Works (L.L.C.). ICGL Technical Works (L.L.C.) which was eventually deregistered in October 2014 due to cessation of business. In April 2010, Mr. CHU cooperated with an Independent Third Party to establish a limited company in Macau, ICGL Technical Works (Macau) Ltd., for the façade works project for a composite development in Macau. In October 2012, the Independent Third Party sold all his shares in ICGL Technical Works (Macau) Ltd at par to Mr. CHU and Mr. TSANG. After completion of the façade works project, Mr. CHU and Mr. TSANG sold all their shares at par to an Independent Third Party in July 2016. From April 2010 to July 2016, Mr. CHU was a shareholder of ICGL Technical Works (Macau) Ltd. Mr. CHU confirms that he does not have any dispute with the shareholders of ICGL Technical Works (L.L.C.) and ICGL Technical Works (Macau) Ltd..

For further information of ICGL Technical Works (L.L.C.) and ICGL Technical Works (Macau) Ltd., see the sections headed “Relationship with our Controlling Shareholders — Interests of our Controlling Shareholders in other business — ICGL Technical Works (L.L.C.)” and “Relationship with our Controlling Shareholders — Interests of our Controlling Shareholders in other businesses — ICGL Technical Works (Macau) Ltd.” in this prospectus.

Mr. CHU graduated from Hong Kong Polytechnic (presently known as The Hong Kong Polytechnic University) with the higher diploma in structural engineering in October 1992. Before joining the construction industry, Mr. CHU had worked for the Hong Kong Government as a technical officer (civil), a private enterprise and a social service organisation from October 1992 to March 1997.

DIRECTORS, SENIOR MANAGEMENT, AND EMPLOYEES

Mr. CHU was a director of the following dissolved private companies. The relevant details are as follows:

Name of company	Place of incorporation	Nature of business	Date of dissolution	Means of dissolution	Reasons of dissolution
Constant Raise	Hong Kong	Provision of construction site cleaning, manual, and touching up works services to ICGL (Hong Kong) ⁽¹⁾	21 September 2018	Deregistration	Cessation of business
JSM Limited ⁽²⁾	Hong Kong	Trading of building materials	17 February 2017	Deregistration	Cessation of business
ICGL Technical Works Limited ⁽³⁾	Hong Kong	Provision of management services to ICGL Technical Works (L.L.C.)	6 January 2017	Deregistration	Cessation of business
ICGL Technical Works (L.L.C.) ⁽⁴⁾	United Arab Emirates	Undertaking metal finishing works project for certain train stations in Dubai	27 October 2014	Deregistration	Cessation of business
CT Capital Holdings Limited	Hong Kong	Investment holding	21 March 2014	Deregistration	Cessation of business
Shenzhen Shi Tangrenjie Catering Service Co., Ltd. (深圳市糖人街餐飲服務有限公司)	PRC	Dessert production and selling	16 April 2013	Deregistration	Cessation of business
Oriental Holdings Limited	Hong Kong	Investment holding	13 July 2012	Deregistration	Never conducted any business activity
INKA (ICGL) Limited ⁽⁵⁾	Hong Kong	Metal works	26 February 2010	Deregistration	Never conducted any business activity
IESEM Co. Limited	Hong Kong	Fashion trading	26 April 2002	Striking-off ⁽⁶⁾	Cessation of business

DIRECTORS, SENIOR MANAGEMENT, AND EMPLOYEES

Notes:

- (1) Such business activities have ceased because of the high administration costs involved. We currently outsource such construction site cleaning, manual and touching up works services to Independent Third Parties. See the section headed “Relationship with our Controlling Shareholders — Interests of our Controlling Shareholder in other businesses — Constant Raise” in this prospectus for further information on Constant Raise.
- (2) See the section headed “Relationship with our Controlling Shareholders — Interests of our Controlling Shareholder in other businesses — JSM Limited” in this prospectus.
- (3) See the section headed “Relationship with our Controlling Shareholders — Interests of our Controlling Shareholder in other businesses — ICGL Technical Works Limited” in this prospectus.
- (4) See the section headed “Relationship with our Controlling Shareholders — Interests of our Controlling Shareholder in other businesses — ICGL Technical Works (L.L.C.)” in this prospectus.
- (5) See the section headed “Relationship with our Controlling Shareholders — Interests of our Controlling Shareholder in other businesses — INKA (ICGL) Limited” in this prospectus.
- (6) Striking-off in this context refers to striking-off the name of a company from the register of companies by the Registrar of Companies of Hong Kong under section 291 of the Predecessor Companies Ordinance where the Registrar of Companies has reasonable cause to believe that a company is not carrying on business or in operation.

Mr. CHU confirms that, to the best of his knowledge: (i) each of the dissolved companies was solvent and had no outstanding claims or liabilities immediately prior to its dissolution; (ii) there was no wrongful act on his part leading to the dissolution of these companies; (iii) he was not aware of any actual or potential claim that has been or will be made against him as a result of deregistration or strike-off of these companies; and (iv) these companies were not involved in any material non-compliance incidents, disputes or litigations during the time he was a director of these companies.

Criminal charges against Mr. CHU on possessing pirated software

In January 2015, Mr. CHU, being the sole director of ICGL (Hong Kong) at the relevant time, was charged together with ICGL (Hong Kong) for violating sections 118(2A) and 119(1) of the Copyright Ordinance for possessing the computer software infringing copyright at the place of business of ICGL (Hong Kong) on 9 July 2013. The charges against Mr. CHU were dismissed on 2 July 2015. For further information, see the section headed “Business — Non-compliance with laws and regulations” in this prospectus.

Taking into consideration that the dismissal of the criminal charges against Mr. CHU, our Compliance Counsel is of the view that there was no evidence showing the direct involvement of Mr. CHU in the use of the computer software infringing the copyright, and that Mr. CHU was also charged together with ICGL (Hong Kong) was due to the operation of presumption of breach under the Copyright Ordinance, which states that if a body corporate is suspected to have breached section 118(2A) of the Copyright Ordinance, the director of such body corporate is also presumed to have committed the offence.

Our Directors believe that Mr. CHU acted honestly and was not involved in any fraudulent act on the part of Mr. CHU.

DIRECTORS, SENIOR MANAGEMENT, AND EMPLOYEES

Besides, Mr. CHU has requested us to implement various internal control measures, as described in the paragraphs under “Business — Non-compliance with Laws and Regulations — Remedial actions taken” and “Business — Non-compliance with Laws and Regulations — Measures taken to prevent any future breaches and ensure on-going compliance” in this prospectus, to prevent the reoccurrence of the above breaches.

Based on (i) the fact that the charges against Mr. CHU were dismissed; (ii) there was no dishonest and fraudulent act on the part of Mr. CHU; and (iii) the view of our Compliance Counsel, our Directors, as concurred by the Sole Sponsor, consider that the above charges would not affect the suitability of Mr. CHU to be our executive Director under Rules 3.08 and 3.09 of the Listing Rules.

Mr. TSANG Chiu Wan (曾昭維先生), aged 61, is our executive Director. Mr. TSANG joined us as a general manager of ICGL (Hong Kong) in February 2011. He was appointed as a Director on 24 May 2019 and was redesignated as an executive Director on 19 September 2019. Mr. TSANG is primarily responsible for supervising, managing, and overseeing the day-to-day operation and administration of our business operations.

Mr. TSANG has more than 26 years of experience in business management. From November 1993 to August 1996, he worked for Oriental Emporium & Supermarket Pte Ltd, a company in Singapore engaging in retail business, with his last position as an operations officer in Oriental Emporium, Clementi Branch and was responsible for managing the performance of gents, toys and sports departments, and the sales staff and supervisors. From October 1996 to March 2000, he worked in TIBS Taxis Pte Ltd, a taxi services provider in Singapore, with his last position as a services manager and was responsible for managing the services provided by a fleet of taxi, including booking system, premier taxi services, and corporate taxi services. Prior to joining our Group, Mr. TSANG worked as a general manager at Maple Crest Development Limited, a subsidiary of Kerry Properties Limited (stock code: 683), a company listed on the Main Board, from August 2000 to April 2010 and was responsible for managing and overseeing the operation of the Tai Po Kai Interactive Nature Centre.

From October 2012 to July 2016, Mr. TSANG was a shareholder and a director of ICGL Technical Works (Macau) Ltd., a limited company incorporated in Macau for the façade works project for a composite development in Macau. After completion of the façade works project, Mr. TSANG sold his shares in ICGL Technical Works (Macau) Ltd. to an Independent Third Party at par and resigned as the director in July 2016. Mr. TSANG confirms that he does not have any dispute with the shareholders of ICGL Technical Works (Macau) Ltd.

Mr. TSANG graduated from The University of Hong Kong with a bachelor’s degree of social sciences in November 1981.

DIRECTORS, SENIOR MANAGEMENT, AND EMPLOYEES

Independent non-executive Directors

Ms. LEUNG Yin Fai (梁燕輝女士), aged 55, was appointed as an independent non-executive Director on 5 March 2020. Ms. LEUNG is responsible for supervising and providing independent advice to our Board.

Ms. LEUNG has over 25 years of experience in accounting and corporate services. The table below sets forth the working experience of Ms. LEUNG:

<u>Period of service</u>	<u>Name of entity</u>	<u>Principal business activities</u>	<u>Position held</u>	<u>Major responsibilities</u>
November 2018 — present	Classified Group (Holdings) Limited (stock code: 8232), a company listed on GEM of the Stock Exchange	Operating restaurants	Company secretary	Responsible for the company secretarial matters of the company
July 2018 — present	China Huarong Energy Company Limited (stock code: 1101), a company listed on the Main Board	Selling of crude oil and excavators	Company secretary	Responsible for the company secretarial matters of the company
May 2018 — present	Jia Group Holdings Limited (stock code: 8519), a company listed on GEM of the Stock Exchange	Operating restaurants and providing membership services for group's restaurants	Company secretary	Responsible for the company secretarial matters of the company
October 2017 — present	F8 Enterprises (Holdings) Group Limited (stock code: 8347), a company listed on GEM of the Stock Exchange	Selling and transporting of diesel oil and related products	Company secretary	Responsible for the company secretarial matters of the company
November 2016 — present	In Technical Productions Holdings Limited (stock code: 8446), a company listed on GEM of the Stock Exchange	Visual display solution provider for pop concerts	Company secretary	Responsible for the company secretarial matters of the company
April 2016 — present	K E Corporate Services Limited	Corporate services provider	Director	Developing strategy policy and overseeing business and financial performance of the group

DIRECTORS, SENIOR MANAGEMENT, AND EMPLOYEES

<u>Period of service</u>	<u>Name of entity</u>	<u>Principal business activities</u>	<u>Position held</u>	<u>Major responsibilities</u>
August 2015 — present	K E Management & Consultancy (Shanghai) Company Limited	Corporate services provider	Director	Overseeing the daily operation of the company
August 2008 — October 2014	KCS Hong Kong Limited	Corporate services provider	Director	Responsible for strategic planning of the company
July 2008 — July 2015	KCS Management & Consultancy (China) Co., Ltd., Beijing Branch	Corporate services provider	Director	Overseeing the daily operation of the branch
November 1998 — May 2007	Deloitte Touche Tohmatsu CPA Ltd., Beijing office	Auditing services	Partner (last position)	Responsible for audit work
October 1996 — June 1998	Deloitte Touche Tohmatsu CPA Ltd., Shanghai office	Auditing services	Senior Manager (last position)	Responsible for audit work
July 1994 — October 1996; July 1998 — October 1998	Deloitte Touche Tohmatsu	Auditing services	Senior Manager (last position)	Responsible for audit work

From April 2014 to January 2020, Ms. LEUNG was an independent non-executive director of Green Leader Holdings Group Limited (stock code: 61), a company listed on the Main Board and is engaged principally in coal mining, deep processing, system integration services, and software solutions business.

Ms. LEUNG has been an associate member of Hong Kong Society of Accountants (presently known as the HKICPA) since September 1990, a fellow member of The Chartered Association of Certified Accountants (presently known as The Association of Chartered Certified Accountants) in the United Kingdom and CPA Australia since July 1995 and May 2004, respectively. Ms. LEUNG obtained a master's degree of commerce in international professional accounting from The University of New South Wales, in November 2002.

DIRECTORS, SENIOR MANAGEMENT, AND EMPLOYEES

Mr. MA Tsz Chun (馬時俊先生), aged 54, was appointed as an independent non-executive Director on 5 March 2020. Mr. MA is responsible for supervising and providing independent advice to our Board.

Mr. MA has over 32 years of experience in accounting and finance matters. The table below sets forth the recent working experience of Mr. MA:

Period of service	Name of entity	Principal business activities	Position held	Major responsibilities
September 2018 — present	TCM Investment Ltd.	Property investment	Director	Responsible for general management
June 2018 — present	CCTH CPA Limited	Auditing services	Director	Responsible for audit work
November 2014 — present	Andrew & Associates CPA Limited	Auditing services	Director	Responsible for audit work
October 2004 — present	Sino-Bridge China Consulting Limited	China consulting services	Director (latest position)	Responsible for general management
May 2016 — May 2019	Deep Blue Technology Limited	N.A. ⁽¹⁾	Director	Responsible for general management

Note:

- (1) Mr. MA confirms that Deep Blue Technology Limited had not commenced any business activities since its incorporation until his resignation.

Mr. MA is an independent non-executive director of the following listed companies in Hong Kong:

Period of service	Name of entity	Principal business activities	Major responsibilities
May 2017 — present	In Technical Productions Holdings Limited (stock code: 8446), a company listed on GEM of the Stock Exchange	Visual display solution provider for pop concerts	Supervising and providing independent advice to the board
November 2008 — present	Chinese Estates Holdings Limited (stock code: 127), a company listed on the Main Board	Property developer	Supervising and providing independent advice to the board

DIRECTORS, SENIOR MANAGEMENT, AND EMPLOYEES

Mr. MA graduated from Hong Kong Polytechnic (presently known as The Hong Kong Polytechnic University) with a professional diploma in accountancy in November 1987. Mr. MA then obtained a master's degree of business administration and a master's degree of science from The Chinese University of Hong Kong in December 1997 and December 2003, respectively. In October 2009, Mr. MA obtained a master's degree of science in China business studies from The Hong Kong Polytechnic University.

Mr. MA has been an associate member and a certified public accountant (practising) of Hong Kong Society of Accountants (presently known as the HKICPA) since September 1990 and October 2000, respectively. Mr. MA has been an associate member in October 1990 and subsequently a fellow member of The Chartered Association of Certified Accountants (presently known as The Association of Chartered Certified Accountants) since November 1995.

Mr. MA was a director of the following dissolved private companies in Hong Kong. The relevant details are as follows:

<u>Name of company</u>	<u>Nature of business</u>	<u>Date of dissolution</u>	<u>Means of dissolution</u>	<u>Reasons of dissolution</u>
Sino-Bridge Strategy Consulting Limited	Investment holding	5 January 2018	Deregistration	Cessation of business
JC Premier Financial Services Limited	Investment holding	15 August 2008	Striking-off ⁽¹⁾	Cessation of business
Key Health (International) Limited	Investment holding	6 August 2004	Deregistration	Cessation of business
Manforce Limited	Investment holding	30 July 2004	Deregistration	Cessation of business

Note:

- (1) Striking-off in this context refers to striking-off the name of a company from the register of companies by the Registrar of Companies of Hong Kong under section 291 of the Predecessor Companies Ordinance where the Registrar of Companies has reasonable cause to believe that a company is not carrying on business or in operation.

Mr. MA confirms that, to the best of his knowledge: (i) each of the dissolved companies was solvent and had no outstanding claims or liabilities immediately prior to its dissolution; (ii) there was no wrongful act on his part leading to the dissolution of these companies; (iii) he was not aware of any actual or potential claim that has been or will be made against him as a result of deregistration or strike-off of these companies; and (iv) these companies were not involved in any material non-compliance incidents, disputes or litigations during time he was a director of these companies.

Mr. MA was appointed as an independent non-executive director of Asia Aluminum Holdings Limited (formerly known as Global Applied Technologies Holdings Limited) (“**Asia Aluminum**”) in June 2001, a company incorporated in Bermuda and a registered non-Hong Kong Company under Part 16 of the Predecessor Companies Ordinance. Asia Aluminum was engaged principally in aluminium extrusion and was listed on the Stock Exchange in April 1998 and subsequently delisted in May 2006 by way of privatisation. On 16 March 2009, a provisional liquidation order was made on Asia Aluminum and Mr. MA resigned as its independent non-executive director on the same day. On 27 July 2009, a

DIRECTORS, SENIOR MANAGEMENT, AND EMPLOYEES

winding up order was made against Asia Aluminum on the basis that it was insolvent. As of the date of this prospectus, Asia Aluminum was still undergoing liquidation proceedings. Mr. MA confirms that (i) there was no wrongful act on his part leading to the winding up of Asia Aluminum given that he was the independent non-executive director of Asia Aluminium and did not involve in the operation and management of Asia Aluminum; and (ii) he was not aware of any actual or potential claim that has been or will be made against him as a result of the winding up of Asia Aluminum.

Ms. YUEN Wai Yee (袁慧儀女士), aged 45, was appointed as an independent non-executive Director on 5 March 2020. Ms. YUEN is responsible for supervising and providing independent advice to our Board.

Ms. YUEN has over 22 years of work experience in corporate finance, accounting, and company secretarial matters. The table below sets forth the working experience of Ms. YUEN:

<u>Period of service</u>	<u>Name of entity</u>	<u>Principal business activities</u>	<u>Position held</u>	<u>Major responsibilities</u>
January 2020 — present	Fancy Starup Limited	Investment holding	Director	Advising on tax and financial planning of the company
November 2019 — present	United Wealth Ventures Limited	Investment holding	Director	Advising on tax and financial planning of the company
April 2016 — present	Red Carpet Investments Limited	Investment and management in concert business	Reserve director	Advising on tax and financial planning of the company
September 2007 — present	Topman Holdings Limited	Managing a company specialising in artist management, film and television production, intellectual property, and brand management	Financial controller (last position)	Responsible for treasury, tax, and financial planning of the company
March 2003 — June 2007	Newvision Asia Ltd.	Factory and product sourcing, quality control, due diligence, and business consulting services	Accountant	Managing the accounting and human resource functions of the company

DIRECTORS, SENIOR MANAGEMENT, AND EMPLOYEES

<u>Period of service</u>	<u>Name of entity</u>	<u>Principal business activities</u>	<u>Position held</u>	<u>Major responsibilities</u>
December 2002 — March 2003	Ngai Hing Engineering Plastic Materials Ltd.	Manufacturing and trading of plastics materials, pigments, colourants, compounded plastics resins, and engineering plastic products	Accounting officer	Responsible for daily financial transactions, and financial reporting of the company
July 1997 — October 2002	China Pacific Special Projects Ltd.	Investment projects in the PRC	Assistant accountant	Responsible for audit functions of the company

Ms. YUEN graduated from The Hong Kong Polytechnic University with a bachelor's degree of arts in accountancy (honours) in November 2004. Ms. YUEN then obtained a master's degree of business administration from Heriot-Watt University, a university based in Edinburgh, Scotland, the United Kingdom in November 2010. Ms. YUEN has been a member and a fellow member of The Association of Chartered Certified Accountants since November 2003 and November 2008, respectively, and a certified public accountant of HKICPA since April 2004.

Disclosure required under Rules 13.51(2) of the Listing Rules

Save as disclosed in this section, each of our Directors confirms with respect of himself/herself that:

- (a) he/she has not held any directorship in the three years prior to the Latest Practicable Date in other public companies, the securities of which are listed on any securities market in Hong Kong or overseas;
- (b) he/she does not hold other positions in our Company or other members of our Group;
- (c) he/she is independent from and he/she does not have any relationship with other Directors, senior management of our Company, substantial Shareholders or Controlling Shareholders;
- (d) he/she does not have any interest in our Shares within the meaning of Part XV of the SFO, save as disclosed in the paragraphs under "D. Disclosure of interests — 1. Disclosure of interests of our Directors" in Appendix IV to this prospectus;
- (e) he/she does not have any interest in any business which competes or may compete, directly or indirectly, with us, which is discloseable under the Listing Rules; and
- (f) 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 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 of the Latest Practicable Date.

DIRECTORS, SENIOR MANAGEMENT, AND EMPLOYEES

BIOGRAPHICAL INFORMATION OF OUR SENIOR MANAGEMENT

Mr. MO Wan Fai (毛雲輝先生), aged 57, joined us as a senior manager of ICGL (Hong Kong) on 22 September 2011 and was promoted as a senior manager (tender and procurement) of ICGL (Hong Kong) on 1 January 2019. Mr. MO is responsible for tendering, procurement, preparing claims, and project budgeting.

Mr. MO has over 37 years of work experience in project planning, project estimation and management in construction industry. Mr. MO worked in Techwell Engineering Limited (formerly known as Techwell Contractors & Company), a private company incorporated in Hong Kong engaged in roofing, cladding, window, and curtain wall works, from March 1982 to May 2008. His last position at Techwell Engineering Limited was project manager and he was responsible for procurement, programme preparation, and progress monitoring. Mr. MO then joined Techwell Engineering Ltd. (Dubai Branch) as a project manager in May 2008 and was responsible for the overall coordination of the project works. Before joining our Group in 2011, Mr. MO was employed by CSABS Cladding Works L.L.C., a limited liability company incorporated in the United Arab Emirates engaging in roofing, window, and curtain wall works, as a design coordination manager from June 2009 to August 2011 and was responsible for the coordination of the design of the project works.

Mr. MO graduated from Hong Kong Polytechnic (presently known as The Hong Kong Polytechnic University) with a higher certificate in building studies in November 1990. Mr. MO also obtained a bachelor's degree of applied science, construction management and economics from Curtin University of Technology in February 2004.

Mr. PHUA Chau Yuen (潘秋源先生), aged 36, joined us as a project manager of ICGL (Hong Kong) on 1 November 2012 and was promoted as a senior project manager of ICGL (Hong Kong) on 1 January 2019. Mr. PHUA is responsible for the overall coordination and management of assigned projects, including project design, site supervision, and completion for our façade works projects.

Mr. PHUA has over 14 years of work experience in construction projects management. Before joining our Group, he worked in Chevalier (Aluminium) Engineering Limited, a subsidiary of Chevalier International Holdings Limited (stock code: 25), a company listed on the Main Board, from August 2005 to April 2008. His last position was site supervisor and he was responsible for following up on the site activities of different projects. From April 2008 to November 2012, Mr. PHUA worked in Million Hope Industries Limited, a subsidiary of Million Hope Industries Holdings Limited (stock code: 1897), a company listed on the Main Board. His last position was assistant project manager and he was responsible for assisting project manager to handle project activities.

Mr. PHUA graduated from City University of Hong Kong with an associate's degree of science in construction engineering and management and a bachelor's degree of engineering (honours) in building engineering (structural and geotechnical engineering) in November 2005 and February 2010, respectively.

Mr. LI Hing Chung (李慶聰先生), aged 55, joined us as a senior project manager of ICGL (Hong Kong) on 28 August 2015. Mr. LI is responsible for the overall coordination and management of assigned projects, including project design, site supervision, and completion for our building metal finishing works projects.

DIRECTORS, SENIOR MANAGEMENT, AND EMPLOYEES

Mr. LI has over 28 years of work experience in construction projects management and surveying. From March 1991 to December 1995, Mr. LI worked for the Architectural Services Department of the Hong Kong Government as a survey officer (quantity). From December 1995 to March 1997, Mr. LI was employed by Wan Chung Construction Co., Ltd. as a senior quantity surveyor. From March 1997 to August 2001, he was employed by Hung Wai Engineering Co. as a project manager and was responsible for carrying out property maintenance work. From August 2001 to October 2002, Mr. LI worked as a project manager in United Reliance Corporation Limited. Prior to joining our Group in 2015, Mr. LI worked as a project manager in INKA Limited from November 2002 to June 2015.

Mr. LI obtained a diploma in building studies from the Vocational Training Council in July 1986. Mr. LI then graduated from City Polytechnic of Hong Kong (presently known as City University of Hong Kong) with a higher diploma in building in November 1989. Mr. LI obtained a diploma in surveying (quantity surveying) from The College of Estate Management (presently known as the University College of Estate Management) by distance learning and a bachelor's degree of science in building engineering and management from The Hong Kong Polytechnic University in September 1993 and December 2005, respectively.

Mr. LEE Wai Hung Garic (李偉鴻先生), aged 52, joined us as a financial controller of ICGL (Hong Kong) on 2 October 2018. Mr. LEE is responsible for overseeing financial and compliance matters of our Group.

Mr. LEE has over 26 years of work experience in auditing and financial matters. The table below sets forth the recent working experience of Mr. LEE:

<u>Period of service</u>	<u>Name of entity</u>	<u>Principal business activities</u>	<u>Position held</u>	<u>Major responsibilities</u>
December 2015– March 2018	Trio Engineering Company Limited, a subsidiary of Trio Industrial Electronics Group Limited (stock code: 1710), a company listed on the Main Board	Manufacturing and trading of electronic and electrical products	Financial controller	Responsible for the financial matters of the company
March 2014– April 2015	C&N Jewelry Trading Ltd	Manufacturing and selling of jewellery products	General manager, finance and accounting	Responsible for the financial matters of the company
June 2010– March 2014	Tung Chun Group	Property investment, food manufacturing and hotel rental	Finance manager (head of finance department)	Responsible for the financial matters of the company

DIRECTORS, SENIOR MANAGEMENT, AND EMPLOYEES

<u>Period of service</u>	<u>Name of entity</u>	<u>Principal business activities</u>	<u>Position held</u>	<u>Major responsibilities</u>
July 2006– November 2009	LiFung Trinity (Management) Limited, a subsidiary of Trinity Limited (stock code: 891), a company listed on the Main Board	Manufacturing and selling of luxury menswear	General manager — finance (last position)	Responsible for the financial matters of the company
June 2005– May 2006 ⁽¹⁾	The Grande Group (Hong Kong) Limited, a former subsidiary of The Grande Holdings Limited (presently known as Nimble Holdings Company Limited) (stock code: 186), a company listed on the Main Board ⁽¹⁾	Manufacturing and trading of LCD and plasma television sets	Financial controller	Responsible for the financial matters of the company
April 2003– April 2005	York International (Northern Asia) Ltd., a subsidiary of Johnson Controls International PLC (stock code: JCI), a company listed on the New York Stock Exchange	Manufacturing and trading of air-conditioners	Financial controller	Responsible for the financial matters of the company
October 1997– January 2003	C.G. Development Ltd	Manufacturing and trading of remote controls	Accounting manager	Responsible for the financial matters of the company

DIRECTORS, SENIOR MANAGEMENT, AND EMPLOYEES

<u>Period of service</u>	<u>Name of entity</u>	<u>Principal business activities</u>	<u>Position held</u>	<u>Major responsibilities</u>
May 1994– April 1997	Jackin Magnetic Company Limited, a subsidiary of Jackin International Holdings Limited (presently known as AMCO United Holding Limited) (stock code: 630), a company listed on the Main Board	Manufacturing and trading of video tapes	Accounting manager	Responsible for the financial matters of the company
June 1993– May 1994	Philips Hong Kong Limited	Trading of semi-conductors	Accountant (last position)	Responsible for the financial matters of the company

- (1) Mr. LEE worked as financial controller of The Grande Group (Hong Kong) Limited from June to November 2005 and worked in another company belonging to the same group until May 2006 as financial controller.

Mr. LEE graduated from Hong Kong Polytechnic (presently known as The Hong Kong Polytechnic University) with a professional diploma in management accountancy in November 1989. Mr. LEE has been an associate member of the Chartered Institute of Management Accountants since August 1995 and an associate member of Hong Kong Society of Accountants (presently known as the HKICPA) since January 1998. Mr. LEE has also been a fellow member of The Association of Chartered Certified Accountants since November 2005.

COMPANY SECRETARY

Mr. LEE was appointed as our company secretary on 19 September 2019. For the biography of Mr. LEE, see the paragraphs under “Biographical information of our senior management” in this section above.

BOARD COMMITTEES

Audit Committee

We established our Audit Committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph C3.3 of the Corporate Governance Code pursuant to a resolution of our Directors passed on 5 March 2020. 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 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.

DIRECTORS, SENIOR MANAGEMENT, AND EMPLOYEES

At present, our Audit Committee comprises Mr. MA, Ms. LEUNG, and Ms. YUEN, being our independent non-executive Directors. Mr. MA is the chairman of our Audit Committee.

Remuneration Committee

We established our Remuneration Committee with written terms of reference in compliance with Rule 3.25 of the Listing Rules and paragraph B1.2 of the Corporate Governance Code pursuant to a resolution of our Directors passed on 5 March 2020. 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/her own remuneration.

At present, our Remuneration Committee comprises Mr. TSANG, being our executive Director, and Ms. LEUNG, Mr. MA, and Ms. YUEN, being our independent non-executive Directors. Ms. LEUNG is the chairlady of our Remuneration Committee.

Nomination Committee

We established our 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 5 March 2020. The primary duties of our Nomination Committee are to review the structure, size and composition of our Board, and our board diversity policy (the “**Board Diversity Policy**”) to assess the independence of our Independent non-executive Directors, and select or make recommendations on the selection of individuals nominated for directorships.

At present, our Nomination Committee comprises Mr. CHU, being our executive Director, and Mr. MA and Ms. LEUNG, being our independent non-executive Directors. Mr. CHU is the chairman of our Nomination Committee.

BOARD DIVERSITY

We have adopted the Board Diversity Policy which sets forth the objective and approach to achieve diversity on our Board in order to enhance the effectiveness of our Board. The Board Diversity Policy provides that our Company should endeavour to ensure that our Board members have the appropriate balance of skills, experience and diversity of perspectives that are required to support the execution of our business strategy. Pursuant to the Board Diversity Policy, we seek to achieve board diversity through the consideration of a number of factors, including but not limited to professional experience, skills, knowledge, gender, age, cultural and education background, ethnicity and length of service.

Measurable objectives

Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, religious and philosophical belief, disability, nationality, sexual orientation, family status, ethnicity, professional experience, skills, knowledge, length of services or any other factor our Board may consider relevant and applicable from time to time and beneficial to the implementation of the business strategy of our Group or development of the business of

DIRECTORS, SENIOR MANAGEMENT, AND EMPLOYEES

our Group. The ultimate decision of the appointment will be based on merit and the contribution that the selected candidates will bring to our Board. Our Company believes that such merit-based approach would enable our Board to serve our Company and our Shareholders best.

When identifying potential candidates to our Board of Directors, our Board and our Nomination Committee shall, among others, (i) consider the current level of representation of female on our Board and the senior management when making recommendations for nominees; (ii) ensure that appropriate balance of gender diversity is achieved with reference to investors' expectation, and international and local recommended best practices; (iii) consider the criteria that promotes diversity by making references to the code of practices on employment published by the Equal Opportunities Commission from time to time; and (iv) implement a succession planning policy so as to afford stability to the long term management and succession of our Company.

Our Board comprises five members, including two executive Directors and three independent non-executive Directors. Our Board has a balanced mix of experiences, including but not limited to experiences in façade works industry, business management, strategic planning, finance and accounting. Our Board members have also obtained professional degrees or diploma in various majors, including structural engineering, social sciences, accounting, business administration and science. Moreover, our Board members are comprised of a wide range of ages, ranging from 45 years old to 61 years old.

Despite the façade works industry has been a male-dominant industry, our Board and our Nomination Committee shall, on a best-effort basis, maintain the gender diversity of our Board in particular, recognising the importance of gender diversity. Currently, our Board consists of two female independent non-executive Directors. Besides, we will commit to look for suitable female candidates to join our Group and to provide career development and training opportunities to our female staff such that they will be eligible for managerial and board-level position in future. Our Board and our Nomination Committee will also ensure that appropriate balance of gender diversity is achieved with reference to investors' expectation, and international and local recommended best practices.

After the Listing, our Nomination Committee will review the Board Diversity Policy from time to time to ensure its continued effectiveness and monitor and report annually in our corporate governance report about the implementation of the Board Diversity Policy. Taking into account our existing business model and specific needs as well as the different background and abilities of our Directors, our Directors are of the view that the composition of our Board satisfies the Board Diversity Policy.

CORPORATE GOVERNANCE CODE

Pursuant to code provision A.2.1 of the Corporate Governance Code, the responsibilities between the chairman and the chief executive officer should be segregated and should not be performed by the same individual. However, we do not have a separate chairman and chief executive officer and Mr. CHU currently performs these two roles. Throughout our business history, Mr. CHU, being a founder of our Group and a Controlling Shareholder, has held the key leadership position of our Group and has been deeply involved in the overall management, strategic planning and development of our business operation since its establishment. Taking into account the consistent leadership within our Group, our Board believes that it is in the best interest of our Group and our Shareholders as a whole to have Mr. CHU taking up both roles for effective and efficient overall strategic planning and continuation of the

DIRECTORS, SENIOR MANAGEMENT, AND EMPLOYEES

implementation of such plans for our Group. Our Board considers that the balance of power and authority under the present arrangement will not be impaired and this structure will enable our Company to make and implement decisions promptly and effectively.

Save as disclosed above, our Company has complied with the code provisions of the Corporate Governance Code in Appendix 14 to the Listing Rules.

Our Directors will review our corporate governance policies and compliance with the Corporate Governance Code each financial year and comply with the “comply or explain” principle in our corporate governance report which will be included in our annual report upon the Listing.

REMUNERATION POLICY

Our Directors and senior management receive compensation in the form of salaries, benefits in kind and discretionary bonuses relating to our performance. We also reimburse them for expenses which are necessary and reasonably incurred in relation to all business and affairs carried out by us from time to time or for providing services to us or executing their functions in relation to our business and operations. We regularly review and determine the remuneration and compensation package of our Directors and senior management, by reference to, among other things, market level of salaries paid by comparable companies, the respective responsibilities of our Directors and senior management and our performance.

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

During the Track Record Period, the aggregate remuneration (including salaries, other allowances, discretionary bonus and retirement benefit scheme contributions) paid by us to our Directors were HK\$1.9 million, HK\$2.1 million, HK\$2.3 million, and HK\$1.1 million, respectively. The aggregate remuneration (including salaries, other allowances, discretionary bonus and retirement benefit scheme contributions) paid by us to the five highest paid individuals (excluding our Directors) during the Track Record Period, were HK\$2.6 million, HK\$2.8 million, HK\$3.0 million, and HK\$1.4 million, respectively. Save as disclosed above, no other remuneration has been paid, or are payable by our Group to our Directors and the five highest paid individuals during the same period. During the Track Record Period, no remuneration was paid by our Group to our Directors or the five highest paid individuals as an inducement to join or upon joining our Group or as a compensation for loss of office. Further, there was no arrangement under which any of our Directors waived or agree to waive any remuneration during the Track Record Period.

Under our arrangements currently in force, we estimate that the aggregate remuneration payable to our Directors (excluding discretionary bonus) for the year ending 31 March 2020 will be HK\$2.1 million. Upon Listing, the remuneration committee will make recommendation to our Board on the remuneration of our Directors. Accordingly, the historical remuneration to our Directors during the Track Record period may or may not reflect their future levels of remuneration. Our remuneration policy in respect of our Directors is based on and with reference to a number of factors including but not limited to their experience, responsibilities and workload. Further information on the terms of the service contracts is set forth in the paragraphs under “C. Further information about our Directors — 1. Particulars of Directors’ service contracts and letters of appointment” in Appendix IV to this prospectus. For additional information on the Directors’ remuneration during the Track Record Period, as well as information on the five highest paid individuals, see Appendix I to this prospectus.

DIRECTORS, SENIOR MANAGEMENT, AND EMPLOYEES

COMPLIANCE ADVISER

We have appointed Innovax Capital Limited as our compliance adviser pursuant to Rule 3A.19 of the Listing Rules. Pursuant to Rule 3A.23 of the Listing Rules, the compliance adviser will advise our Company in the following circumstances:

- (a) before the publication of any regulatory announcement, circular or financial report;
- (b) where a transaction, which might be a notifiable or connected transaction under the Listing Rules, is contemplated by our Group, including but not limited to share issues and share repurchase;
- (c) where we proposes to use the proceeds of the Share Offer in a manner different from that detailed in this prospectus or where the business activities, developments or results deviate from any forecast, estimate, or other information in this prospectus; and
- (d) where the Stock Exchange makes an enquiry of us regarding unusual movements in the price or trading volume of the Shares.

The term of appointment of our compliance adviser shall commence on the Listing Date and is expected to end on the date on which we comply with Rule 13.46 of the Listing Rules in respect of our financial results for the first full financial year commencing after the Listing Date and such appointment may be subject to extension by mutual agreement.

CONTROLLING SHAREHOLDERS AND SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, as of the date of this prospectus and immediately following 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 the Over-allotment Option and/or any option which may be granted under the Post-IPO Share Option Scheme), the following persons/entities will have an interest or short position in our Shares or underlying Shares which would fall to be disclosed to us and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who will be directly or indirectly, be interested in 10% or more of the number of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company and are therefore regarded as substantial shareholders under the Listing Rules:

LONG POSITION

<u>Name</u>	<u>Nature of interest</u>	<u>As of the date of this prospectus</u>		<u>Immediately following completion of the Capitalisation Issue and the Share Offer</u>	
		<u>Number of Shares held/ interested</u>	<u>Approximate percentage of shareholding in our Company</u>	<u>Number of Shares held/ interested</u>	<u>Approximate percentage of shareholding in our Company</u>
			(<i>%</i>)		(<i>%</i>)
Platinum Lotus	Beneficial owner	200	100	1,500,000,000	75.0
Mr. CHU	Interest in controlled corporation ⁽¹⁾	200	100	1,500,000,000	75.0
Ms. DAI Wing Yi Marjor	Interest of spouse ⁽²⁾	200	100	1,500,000,000	75.0

Notes:

- (1) These Shares are registered in the name of Platinum Lotus, which is legally, beneficially and wholly-owned by Mr. CHU. Under the SFO, Mr. CHU is deemed to be interested in all the Shares held by Platinum Lotus.
- (2) Ms. DAI Wing Yi Marjor (戴詠兒女士) is the spouse of Mr. CHU and is deemed to be interested in all the Shares which Mr. CHU is deemed to be interested in by virtue of the SFO.

Save as disclosed above, our Directors are not aware of any other persons who will, immediately following completion of the Capitalisation Issue and the Share Offer (without taking into account any Share which may be allotted and issued pursuant to the exercise of the Over-allotment Option and any option which may be granted under the Post-IPO Share Option Scheme), have interests or short positions in the Shares or underlying Shares which would 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 who will be directly or indirectly, interested in 10% or more of the number of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company or any of its subsidiaries.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

OVERVIEW

Immediately after completion of the Share Offer and the Capitalisation Issue (assuming that the Over-allotment Option and the options that may be granted under the Post-IPO Share Option Scheme are not exercised), Mr. CHU, through Platinum Lotus, legally and beneficially owns 75.0% of the issued Shares. Accordingly, Mr. CHU and Platinum Lotus are directly or indirectly entitled to the exercise of 30% or more of the voting power at general meetings of our Company immediately following the Listing and will be regarded as our Controlling Shareholders under the Listing Rules.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS AND THEIR RESPECTIVE CLOSE ASSOCIATES

We are independent from our Controlling Shareholders because we are managerially, operationally, and financially independent from our Controlling Shareholders. Based on the reasons set forth below, our Directors are satisfied that we are capable of carrying on our business independently from our Controlling Shareholders (including any close associates thereof) after the Listing.

Management independence

Composition of our Board

Our Board consists of five Directors, comprising two executive Directors and three independent non-executive Directors.

Each of our Directors is aware of his/her fiduciary duties as a Director which require, among other things, that he/she acts for the benefit and in the best interests of our Group and does not allow any conflict between his/her duties as a Director and his/her 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 associates, the interested Director(s) shall abstain from voting at the relevant Board meeting in respect of such transactions and shall not be counted in the quorum.

Although Mr. CHU, our founder, our Chairman, executive Director, Chief Executive Officer and one of our Controlling Shareholders, is also the sole shareholder and director of Platinum Lotus, being our Controlling Shareholder directly holding 75.0% of the issued share capital of our Company immediately after the Listing (assuming that the Over-allotment Option is not exercised), our Board functions independently of the board of directors of Platinum Lotus and other companies involving in the private investments which Mr. CHU may have apart from the investment in our Company. Since Platinum Lotus is an investment holding company with no operative business and Mr. CHU is not involved in any other businesses that are in competition with our business, our Directors believe that the independence of the management of our Group will not be affected or compromised by the common directorship of Mr. CHU on our Board and his respective interests in Platinum Lotus and his other private investments.

In the circumstances where our executive Directors are required to abstain from voting due to potential conflicts of interest, our independent non-executive Directors will make their business judgment for the decision making process of our Board. Given the experience and qualifications of our

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

independent non-executive Directors as set forth in the section headed “Directors, Senior Management, and Employees” in this prospectus, our Directors believe that the remaining Board can still function properly in the event that our executive Directors are required to abstain from voting.

Committees of our Board

We have established the Audit Committee, the Remuneration Committee, and the Nomination Committee. Each committee consists of a majority of our independent non-executive Directors. Further, we believe that our independent non-executive Directors will be able to exercise their independent judgment and will be able to provide impartial opinion and professional advice in the decision making process of our Board to protect the interests of our Shareholders.

Based on the above, our Directors are satisfied that our Board as a whole together with our senior management are able to perform the managerial role in our Group independently.

Operational independence

On the following basis, our Directors are of the view that our Group will be operating independently from our Controlling Shareholders and their close associates upon the Listing:

- (a) we had not relied on trademarks owned by our Controlling Shareholders, or other companies controlled by our Controlling Shareholders;
- (b) we have sufficient capital and employees to operate our business independently from our Controlling Shareholders;
- (c) we have independent access to customers and suppliers;
- (d) we have our own administrative and corporate governance system (including our own finance and accounting, human resources and operations departments); and
- (e) upon the Listing, our Company will have established a set of internal control procedures to facilitate the effective operation of our business.

Financial independence

On the following basis, our Directors are of the view that our Group will be financially independent from our Controlling Shareholders and any of their respective closes associates upon the Listing:

- (a) we have an independent financial system and will make financial decisions according to our own business needs;
- (b) the guarantees and the legal charges over a property and a fixed deposit provided by Mr. CHU, and the legal charge over a property provided by Ms. DAI Wing Yi Marjor, the spouse of Mr. CHU, for certain banking facilities currently used by us in the total amount of HK\$68.0 million as of the Latest Practicable Date will be released and replaced by the corporate guarantees executed by our Company upon the Listing;

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

- (c) our Directors believe that we will be able to obtain financing such as bank loans and Performance Bonds, if necessary from external sources on market terms and conditions without reliance on our Controlling Shareholders; and
- (d) there will be no financial assistance, security and/or guarantee provided by our Controlling Shareholders and their respective close associates in favour of our Group or vice versa upon the Listing.

All the non-trade amounts due to and from our Controlling Shareholders and companies controlled by our Controlling Shareholders, as well as all guarantees, indemnities, and other securities provided by us for the benefit of our Controlling Shareholders, and companies controlled by our Controlling Shareholders, or vice versa, will be fully settled or released before the Listing Date.

INTERESTS OF OUR CONTROLLING SHAREHOLDER IN OTHER BUSINESSES

Mr. CHU had interest in the following companies engaged principally in businesses similar or complementary to our Group's business.

INKA Limited

On 12 February 2001, Mr. CHU cooperated with two Independent Third Parties to establish INKA Limited. INKA Limited was engaged principally in the provision of metal works services in Hong Kong and Mr. CHU was a director and shareholder of INKA Limited from February 2001 to May 2010. In May 2010, in order to focus on his own business (carried out by ICGL (Hong Kong)) and the overseas façade works and building metal finishing works projects undertaken, Mr. CHU resigned as the director of INKA Limited, and transferred his entire interests in INKA Limited to the two Independent Third Parties. For the year ended 31 March 2009, being the financial year prior to the selling of shares and resignation as director of INKA Limited by Mr. CHU, INKA Limited recorded a revenue of HK\$27 million and a loss of HK\$270,000.

INKA Engineering (Macau) Ltd.

On 8 June 2005, Mr. CHU and the shareholders of INKA Limited established INKA Engineering (Macau) Ltd. for the purpose of exploring façade and metal works opportunities in Macau. Mr. CHU is one of the shareholders and was one of administrators of the company. On 3 December 2019, Mr. CHU resigned as an administrator of INKA Engineering (Macau) Ltd. Mr. CHU confirms that INKA Engineering (Macau) Ltd. had no business operation since incorporation up to the Latest Practicable Date.

INKA (ICGL) Limited

INKA (ICGL) Limited was a limited company incorporated on 4 September 2008 and was engaged principally in the provision of metal works services. As INKA (ICGL) Limited had no business operation since its incorporation, it was deregistered on 26 February 2010. Mr. CHU was the sole director and one of the shareholders (through his shareholding in INKA Limited) of INKA (ICGL) Limited at the time of its deregistration in 2010. Mr. CHU confirms that the revenue of INKA (ICGL) Limited was nil for the financial year prior to its deregistration in 2010.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

ICGL Technical Works (L.L.C.)

In October 2008, Mr. CHU cooperated with certain shareholders of INKA (ICGL) Limited and a local resident in Dubai, an Independent Third Party, to undertake the building metal finishing works projects for certain train stations in Dubai. For this purpose, they established ICGL Technical Works (L.L.C.), a limited liability company incorporated in the United Arab Emirates on 28 October 2008. As ICGL Technical Works (L.L.C.) ceased operation after completion of the projects in 2010 and Mr. CHU had no intention to undertake other projects in the United Arab Emirates, it was eventually deregistered in October 2014. Mr. CHU was one of the partners and a management director of ICGL Technical Works (L.L.C.) at the time of its deregistration. Mr. CHU confirms that the revenue of ICGL Technical Works (L.L.C.) was nil for the financial year prior to its deregistration in 2014.

ICGL Technical Works Limited

For the purpose of facilitating the metal finishing works projects undertaken by ICGL Technical Works (L.L.C.), the shareholders of ICGL Technical Works (L.L.C.) (except the local resident in Dubai) incorporated ICGL Technical Works Limited on 2 November 2007 in Hong Kong for the provision of management services to ICGL Technical Works (L.L.C.). As it had ceased operation after completion of the building metal finishing works projects undertaken by ICGL Technical Works (L.L.C.) in 2010, Mr. CHU applied for deregistration of ICGL Technical Works Limited in August 2016 and it was deregistered on 6 January 2017. Mr. CHU was the sole director and the sole shareholder of ICGL Technical Works Limited at the time of its deregistration. The revenue of ICGL Technical Works Limited was nil for the financial year prior to its deregistration in 2017.

JSM Limited

JSM Limited was a limited company incorporated in Hong Kong on 10 July 2009 and was engaged principally in trading of building materials. As JSM Limited was operating at a loss since its incorporation, JSM Limited had ceased operation since September 2015. Mr. CHU applied for deregistration of JSM Limited in October 2016 and it was deregistered on 17 February 2017. At the time of its deregistration, Mr. CHU was the sole director and the sole shareholder of JSM Limited. Mr. CHU confirms that the revenue of JSM Limited was nil for the financial year prior to its deregistration in 2017.

ICGL Technical Works (Macau) Ltd.

In April 2010, Mr. CHU cooperated with an Independent Third Party to undertake the façade works project for a hotel and residential complex in Macau. For this purpose, they established ICGL Technical Works (Macau) Ltd. on 20 April 2010. As ICGL Technical Works (Macau) Ltd. ceased operation after completion of the façade works project in 2013 and Mr. CHU intended to focus on the business of ICGL (Hong Kong), he sold all his shares to an Independent Third Party at a consideration of MOP\$24,000 determined with reference to the par value of the shares in July 2016. Mr. CHU confirms that the revenue of ICGL Technical Works (Macau) Ltd. was nil for the financial year prior to the disposal of interests by Mr. CHU.

Mr. TSANG, our executive Director, was also a shareholder and a director of ICGL Technical Works (Macau) Ltd. For further information, see the section headed “Directors, Senior Management, and Employees — Biographical information of our Directors — Executive Directors” in this prospectus.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

Constant Raise

Constant Raise was incorporated in Hong Kong on 5 November 2013 and was wholly-owned by Summit Sino. Summit Sino is an investment holding company wholly-owned by Mr. CHU. As confirmed by Mr. CHU, Summit Sino has no material assets, liabilities and business operations since its date of incorporation other than the holding of shares of ICGL (Hong Kong) and Constant Raise. Upon completion of the Reorganisation, Summit Sino ceased to hold the shares of ICGL (Hong Kong). For further information, see the section headed “History, Development, and Reorganisation — Reorganisation — Acquisition of ICGL (Hong Kong)” in the prospectus.

Constant Raise was engaged principally in the provision of construction site cleaning, manual and touching up works services. During the year ended 31 March 2017, ICGL (Hong Kong) engaged Constant Raise for the provision of construction site cleaning, manual, and touching up works services and the amount of transaction between ICGL (Hong Kong) and Constant Raise was HK\$155,000, nil, nil, and nil as of 31 March 2017, 2018, and 2019, and 30 September 2019, respectively. The reason for such subcontracting arrangement was that the subcontractors of ICGL (Hong Kong) experienced difficulty in hiring temporary workers to provide construction site cleaning, manual, and touching up works services. Therefore, Mr. CHU decided to set up Constant Raise to provide cleaning, manual, and touching up works services to ICGL (Hong Kong). As confirmed by our Directors, the transaction between Constant Raise and ICGL (Hong Kong) was conducted on normal commercial terms and was entered into in our ordinary and usual course of business. Our Directors confirm that all amount due to Constant Raise had been settled and Constant Raise did not have other transactions with other members of our Group during the Track Record Period.

As confirmed by Mr. CHU, the business activities of Constant Raise have ceased since the second half of 2017 because of the high administration costs involved. As Constant Raise had no business operation, it was deregistered on 21 September 2018 pursuant to section 751 of the Companies Ordinance. Mr. CHU had been the sole director of Constant Raise since its incorporation till its deregistration in 2018. As confirmed by our Directors, Constant Raise had no material non-compliance incidents and was solvent immediately before its deregistration. During the year ended 31 March 2017, i.e. the financial year prior to the deregistration of Constant Raise, Constant Raise recorded a revenue of HK\$155,000 and a net loss of HK\$3,674.

As we do not provide construction site cleaning, manual, and touching up works services to our customers and Constant Raise was deregistered on 21 September 2018, our Directors consider that the businesses of our Group and Constant Raise were different in nature, and the business of Constant Raise did not compete with our business from the commencement of the Track Record Period and up to the date of deregistration of Constant Raise.

Our Directors confirm that we had not shared any of our operating activities or resources with the companies associated with Mr. CHU without recharging the relevant expenses to us on an arm’s length basis during the Track Record Period and up to the Latest Practicable Date.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

COMPETING INTERESTS

Save as disclosed in this section, none of our Controlling Shareholders, our Directors and their respective associates has any interests in any business, apart from our Group's business, which competes and is likely to compete, directly or indirectly, with our Group's business and would require disclosure under Rule 8.10 of the Listing Rules.

CORPORATE GOVERNANCE MEASURES FOR RESOLVING ACTUAL AND/OR POTENTIAL CONFLICTS OF INTERESTS

Our Directors recognise the importance of good corporate governance in protecting our Shareholders' interests as well as resolving actual and/or potential conflicts of interests between our Company, our Controlling Shareholders, and Directors. We would adopt the following measures to safeguard good corporate governance standards and to avoid potential conflict of interests between our Group, our Controlling Shareholders, and Directors:

- (a) where a Shareholders' meeting is to be held for considering proposed transactions in which any of our Controlling Shareholders or any of their associates has a material interest, the relevant Controlling Shareholder(s) will abstain from voting on the relevant resolutions and shall not be counted in the quorum in the voting;
- (b) our Company has established internal control mechanisms to identify connected transactions. Upon the Listing, if our Company enters into connected transactions with our Controlling Shareholders or any of their associates, our Company will comply with the applicable Listing Rules;
- (c) the management structure of our Group includes an audit committee, a remuneration committee and a nomination committee, the terms of reference of each of which will require them to be alert to prospective conflict of interest and to formulate their proposals accordingly;
- (d) where our Directors reasonably request the advice of independent professionals, such as financial advisers, the appointment of such independent professionals will be made at our Company's expenses; and
- (e) we have appointed Innovax Capital Limited as our compliance adviser to provide advice and guidance to us in respect of compliance with the applicable laws and regulations, as well as the Listing Rules, including various requirements relating to corporate governance.

Based on the above, our Directors are satisfied that sufficient corporate governance measures have been put in place to manage conflicts of interest that may arise between our Group and our Controlling Shareholders, and to protect our minority Shareholders' interests after the Listing.

FINANCIAL INFORMATION

The following discussion and analysis should be read in conjunction with the consolidated financial information together with the accompanying notes in the Accountants' Report. Our financial information and our consolidated financial statements have been prepared in accordance with the HKFRS. You should read the Accountants' Report and not rely merely on the information contained in this section. Unless the context otherwise requires, financial information in this section is described on a consolidated basis.

The discussion and analysis set forth in this section contains forward-looking statements that involve risks and uncertainties. These statements are based on assumptions and analyses made by us in light of our experience and perception of the historical trends, current conditions, and the expected future developments, as well as other factors we believe are appropriate under the circumstances. Our actual results may differ significantly from those projected. Factors that could cause or contribute to such differences include, but without limitation, those discussed in sections headed "Risk Factors" and "Business" in this prospectus

OVERVIEW

We are a subcontractor engaged in the provision of design, supply, and installation services for façade works and building metal finishing works projects in Hong Kong. With more than a decade of industry experience, we have completed various façade works and building metal finishing works projects for commercial properties, residential properties, and public facilities in Hong Kong, including public facilities projects initiated by the Hong Kong Government and residential and commercial properties with distinguished and remarkable designs.

We offer design, supply, and installation services for façade works and building metal finishing works projects in Hong Kong. For each project undertaken by us, we are responsible for project management and provision of system design solutions according to the design intent provided by our customers. Our works encompass customised system design of façade works and building metal finishing works, shop drawings, sourcing and procurement of materials, material fabrication and processing, on-site installation works, performance testing, and post-installation maintenance.

As part of our services, we also provide repairs and maintenance services for curtain walls, aluminium windows and, doors and replacement of aluminium of damaged components mainly for property development projects in which we had acted as subcontractors.

During the Track Record Period, we had completed 27 design, supply, and installation projects, of which 12 were façade works projects and 15 were building metal finishing works projects. Out of the 27 completed projects, six were residential properties, six projects were in relation to commercial properties, and 15 projects were public facilities projects, including nine MTR station projects, one public housing project, three education institution projects, and two projects on public recreational facilities.

FINANCIAL INFORMATION

RECENT DEVELOPMENT AND NO MATERIAL ADVERSE CHANGE

Our business model and revenue and cost structure remain unchanged after the Track Record Period. Based on our unaudited management accounts for the four months ended 31 January 2020, our monthly revenue was comparable with the average monthly revenue for the six months ended 30 September 2019 and we have achieved similar gross profit margin as the six months ended 30 September 2019.

As of the Latest Practicable Date, we had 23 projects in progress with an aggregate project backlog of HK\$324.6 million, among which five projects with total project value of HK\$122.2 million were awarded by our Group subsequent to the Track Record Period. Our Directors anticipate that several sizable projects within the project backlog as of the Latest Practicable Date are expected to be completed during the two years ending 31 March 2022, namely *Hong Kong International Airport* (Project 36), *Pok Fu Lam* (Project 47), *Western District* (Project 51) and *Wong Chuk Hang* (Project 53). All these four sizable projects are façade works projects with each of them contributing more than HK\$30.0 million project backlog as of the Latest Practicable Date, representing in aggregate 48.9% of our project backlog as of the Latest Practicable Date.

Subsequent to the Track Record Period and up to the Latest Practicable Date, we continued our business expansion in Hong Kong and have submitted tenders for a number of façade works and building metal finishing works projects. As of the Latest Practicable Date, we are awaiting results of nine tenders with an aggregate tender sum of HK\$209.1 million, including (a) a potential façade works project in relation to a residential property in Tai Kok Tsui with an estimated contract sum of HK\$65.3 million and (b) a potential façade works project in relation to a residential property in Prince Edward with an estimated contract sum of HK\$31.7 million. We act as the Nominated Subcontractor in both tenders. Our Directors believe that our Group is likely to secure these two façade works projects given that (a) we have attended the relevant tender interviews and have been shortlisted and requested for submission of the revised tenders based on the updated information provided by the property developers and (b) according to our record, the tender success rate for projects with our role acted as the Nominated Subcontractor is relatively higher than that of the Domestic Subcontractor. Our Directors expect that the tender results of the above nine tenders would be announced during the first half of 2020.

In addition to the tenders submitted above and our projects on hand, as of the Latest Practicable Date, we have received invitations for tender/submission of quotation for five projects with an aggregate estimated contract sum of HK\$440.0 million for which we are considering to tender, subject to the availability of our financial and human resources.

As of 31 January 2020, our total indebtedness amounted to HK\$36.7 million, which included our bank borrowings and lease liabilities.

Further information on the impact of the COVID-19 is set forth in the section headed “Summary and Highlights — Impact of the outbreak of novel coronavirus disease (COVID-19)” in this prospectus.

Our Directors confirm that, save as disclosed above and the impact of the Listing expenses, there is no event which could materially affect the information shown in our consolidated financial statements included in the Accountants’ Report following the Track Record Period and as of the date of this prospectus, there has been no material adverse change in our financial or trading position or prospect.

FINANCIAL INFORMATION

PRINCIPAL FACTORS AFFECTING OUR OPERATING RESULTS

Our operating results as well as our ability to grow our business and revenue could be impacted by a number of factors, including those affecting our industry generally and those that could specifically affect our existing projects and our ability to grow.

Our business is project-based.

Our services are provided on a project basis, thus we do not have any long-term commitments with our customers. As of the Latest Practicable Date, we had 23 projects in progress. Upon completion of these on-going projects, in case we are unable to procure new projects or we have not commenced work for any of our new contracts, our revenue and business and financial conditions could be adversely affected. Our future growth and success depends on our ability to continue to procure new projects. In addition, the amount of revenue recognised during a particular year or period would also be affected by project delay. Project delay can be caused by various factors, including shortage of manpower, adverse weather or factors attributable to the main contractor of the construction projects, or other factors beyond our control.

Our ability to provide an accurate yet competitive estimation of time and cost in our tender submission

In preparing our tenders or quotations, we determine the tender amount with reference to the pricing model based on our cost plus a profit margin taking into consideration various factors including quotations of our suppliers and subcontractors, price trends of the principal raw materials, implementation timetable, our previous tenders or quotations, and the awarded contract sum of similar projects. The actual project costs incurred and time required to complete the project could differ from our estimate due to various factors, including the fluctuations in the building material costs, the time required for completion, actual implementation difficulties, and project delay attributable to the main contractor or other subcontractors which affects our installation works. Any material under-estimation of the time and costs involved in a project may result in delays in completion of works and/or cost overruns, which in turn could materially and adversely affect our business and financial positions, operating results, and liquidity.

Fluctuations in building material costs and subcontracting fees.

Our cost of sales mainly comprises building material costs and subcontracting fees. During the three years ended 31 March 2019, the costs of building material and subcontracting fees incurred were HK\$59.6 million, HK\$96.8 million, and HK\$111.2 million, respectively, representing 79.6%, 83.5%, and 78.8% of our cost of sales during the years. During the six months ended 30 September 2019, our building material costs and subcontracting fees accounted for 79.1% of our cost of sales, as compared to 76.6% during the six months ended 30 September 2018. Generally, we prepare tenders and quotations based on our estimated project costs plus a profit margin. However, the actual costs of building material cannot be ascertained until we place the relevant purchase orders. Any unexpected significant increase in the costs of building materials, such as steel and aluminium, could adversely affect our profitability. The subcontracting fees could also be increased due to various factors outside our control, albeit that we normally require our subcontractors to confirm the amount of their fees before our submission of tender/

FINANCIAL INFORMATION

quotation. See the paragraphs under “Cost of sales” below for the sensitivity analysis on the impact of hypothetical fluctuations in the costs of building material costs and subcontracting fees on our profitability for each of the Track Record Period.

If we are unable to factor these potential fluctuations into our tenders or quotations and pass on a part or the whole of such additional costs to our customers, or reduce other costs, our financial positions, operating results could be materially and negatively affected.

Timely settlement by our customers.

We generally receive monthly progress payments from our customers. A progress payment is generally made with reference to the certified value of the works done for the preceding month. A portion of the contract sum (which is generally subject to a maximum of five per cent. of the total contract sum) is generally withheld by customers as retention money. As of 31 March 2017, 2018, and 2019, and 30 September 2019, the balance of our retention receivables amounted to HK\$12.3 million, HK\$14.3 million, HK\$15.0 million, and HK\$16.5 million, respectively.

The retention money or any future retention money may not be returned by our customers to us on time and in full due to the examination process of the completed works, which may also result in disputes. When there is a significant delay in the examination process or dispute arises on the works completed, it may result in further delays in payments. Further, our customers may amend the original design or require additional services through variation orders, service of which may not be fully covered in the original contract sum. There are occasions that additional fees cannot be determined or agreed upon with our customers at different project stages. Thus, we may only receive part of progress payments. Any failure or delay by our customers to make payments with us on time or in full could have an adverse impact on our financial positions, operating results, and liquidity.

Market conditions and trends in the façade works and building metal finishing works industries.

We derived all of our revenue from façade works projects and building metal finishing works projects in Hong Kong during the Track Record Period. The market demand for our services is principally related to the level of construction activities in Hong Kong and the prospects and conditions of the Hong Kong economy. Any downturn in the construction industry and economy in Hong Kong for whatever reason is likely to result in the decrease in value and number of construction projects in Hong Kong and as a result, the demand for our services would reduce, which could have an adverse impact on our financial positions, operating results, and liquidity.

According to the Ipsos Report, both the façade works industry and the building metal finishing works industry in Hong Kong have experienced steady growth from 2014 to 2018, with the gross output value increased at the CAGRs of 4.0% and 12.9%, respectively. The performance of individual subcontractors in these industries was, however, different because of the following:

- (a) different subcontractors have their own business strategies and strengths and different customer base, which could affect the number and the size of the projects undertaken by the subcontractors;
- (b) the backlog of projects of different subcontractors is different; and
- (c) the amount of revenue generated from different projects at different stages is different.

FINANCIAL INFORMATION

In light of the foregoing and the fact that the business of façade works and building metal finishing works subcontractors is entirely based on the number and the size of the projects undertaken by them, it would not be uncommon for subcontractors to experience revenue fluctuations or even negative revenue growth. Such negative revenue growth may be a result of reduced number of projects in progress, completion of significant number of projects, or that most of the projects undertaken are still in the design stage.

BASIS OF PRESENTATION OF OUR FINANCIAL INFORMATION

The Accountants' Report and the financial information set forth in this section is prepared based on the applicable accounting policies set forth in note 4 of the Accountants' Report, which conform with the HKFRS. Before completion of the Reorganisation, our Company, Platinum Lotus, and ICGL (Hong Kong) were wholly-owned directly or indirectly by Mr. CHU. In preparation for the Listing, the companies comprising our Group underwent the Reorganisation, following completion of which, members of our Group are regarded as continuing entities and are still controlled by Mr. CHU. The Reorganisation was completed in March 2019. See the section headed "History, Development, and Reorganisation" in this prospectus for further information.

The consolidated statements of profit or loss and other comprehensive income, consolidated statements of changes in equity, and consolidated statements of cash flows for the Track Record Period include the results, changes in equity, and cash flows, respectively, of the companies now comprising our Group as if the current group structure had been in existence throughout the Track Record Period, or since their respective dates of incorporation, where there is a shorter period. The consolidated statements of financial position of our Group as of 31 March 2017, 2018, and 2019, and 30 September 2019 have been prepared to present the assets and liabilities of the companies now comprising our Group, as if the current group structure had been in existence at those dates taking into account the respective dates of incorporation, where applicable.

SIGNIFICANT ACCOUNTING POLICIES AND CRITICAL ESTIMATES AND JUDGEMENT

We have identified certain accounting policies that are significant to the preparation of our financial statements. Some of our accounting policies involve subjective assumptions and estimates, as well as complex judgements relating to accounting items. In each case, the determination of these items requires management judgements based on information and financial data that may change in future periods. When reviewing our financial statements, you should consider: (a) our selection of critical accounting policies; (b) the judgements and other uncertainties affecting the application of such policies; and (c) the sensitivity of the reported results to changes in conditions and assumption. The historical financial information has been prepared on a historical cost basis. Our significant accounting policies and estimates which are important for an understanding of our business and financial condition and operating results, are set forth in note 4 of the Accountants' Report.

We prepare our consolidated financial information in accordance with HKFRS, which requires us to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities on the date of the consolidated financial information and the reported amounts of revenues and expenses during the Track Record Period. We continually evaluate these estimates and assumptions based on the most recently available information, our own historical

FINANCIAL INFORMATION

experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources.

ADOPTION OF HKFRS 9, HKFRS 15, AND HKFRS 16

With effect from annual periods beginning on or after (a) 1 January 2018, HKFRS 9 “Financial instruments” (“**HKFRS 9**”) replaced the previous standard HKAS 39 “Financial instruments” (“**HKAS 39**”) and HKFRS 15 “Revenue from contracts with customers” (“**HKFRS 15**”) replaced the previous standards HKAS 18 “Revenue” (“**HKAS 18**”) and HKAS 11 “Construction contracts” (“**HKAS 11**”) and related interpretations and (b) 1 January 2019, HKFRS 16 “Leases” (“**HKFRS 16**”) replaced HKAS 17 “Leases” and related interpretations. We have consistently adopted HKFRS 15 and HKFRS 16 throughout the Track Record Period. We have adopted HKFRS 9 from 1 April 2018 and HKAS 39 for the two years ended 31 March 2018.

HKFRS 9

HKFRS 9 introduces new requirements for (1) the classification and measurement of financial assets and financial liabilities, (2) expected credit losses (“**ECL**”) for financial assets and contract assets, and (3) general hedge accounting.

We have adopted HKFRS 9 during the year ended 31 March 2019 and the six months ended 30 September 2019, and applied it in accordance with the transition provisions set forth in HKFRS 9. HKFRS 9 sets forth the requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. The adoption of HKFRS 9 has no significant impact on our financial position and performance as compared to the requirements of HKAS 39.

HKFRS 15

HKFRS 15 as issued by the HKICPA is effective for the financial year beginning on or after 1 January 2018. We adopt HKFRS 15 for the preparation of our consolidated financial statements for the Track Record Period. HKFRS 15 establishes a comprehensive revenue recognition framework in determining when revenue will be recognised and how much revenue is to be recognised. According to HKFRS 15, the core principle is that an entity should recognise revenue when a performance obligation is satisfied by transferring a promised goods or service to a customer. The amount of revenue recognised should reflect the consideration to which the entity expects to be entitled in exchange for the promised goods and service.

The HKFRS 15 requires an entity to apply either output method or input method in measuring the progress of the performance obligation. The output method requires an entity to recognise revenue on the basis of the value of the goods and service to the customer through objective measurement, such as survey results, certification of works or units produced. The input method requires the entity to recognise revenue on the basis of the entity’s input to the satisfaction of performance obligation relative to the expected total input required.

FINANCIAL INFORMATION

We adopt input method under HKFRS 15 which uses the costs and other efforts actually incurred by us as the basis in determining the amount of revenue recognised in the consolidated statement of profit or loss and other comprehensive income. The amount of revenue recognised is determined by the percentage of the amount of actual costs incurred out of the total budgeted costs of a project. According to the superseded HKAS 11, the amount of revenue is determined based on the amount of works actually certified by our customers, while the amount of cost recognised is determined based on the percentage of amount of works certified by our customers out of the total budgeted revenue of a project. The differences in the amounts of revenue and costs recognised under input method of HKFRS 15 and HKAS 11 primarily arise from the difference in (1) the revenue recognised in proportion to the actual costs incurred (under input method of HKFRS 15) and (2) the revenue recognised based on certification of works from customers and costs recognised in proportion to the revenue recognised (under HKAS 11). As a result of the differences in revenue and costs recognition, the adoption of HKFRS 15 also results in changes to profit and hence, net assets as compared to HKAS 11. Since the revenue recognised under input method reflects the work performed by us, our Directors consider that the input method under HKFRS 15 is the most appropriate in measuring our performance.

The following tables summarise the estimated impact of adoption of HKFRS 15 on our financial position and performance for the Track Record Period by comparing the amounts reported under HKFRS 15 with the estimate of the hypothetical amounts that would have been recognised under HKAS 18 and HKAS 11 as if those superseded standards continued to apply after 1 April 2016, being the date of commencement of the Track Record Period. The tables show only those line items impacted by the adoption of HKFRS 15.

FINANCIAL INFORMATION

As of

As of 31 March

30 September 2019

2019

2018

2017

	Amounts reported in accordance with HKFRS 15 HK\$'000	Hypothetical amounts under HKAS 18 and HKAS 11 HK\$'000	Estimated impact of adoption of HKFRS 15 Increase/ (decrease) HK\$'000	Amounts reported in accordance with HKFRS 15 HK\$'000	Hypothetical amounts under HKAS 18 and HKAS 11 HK\$'000	Estimated impact of adoption of HKFRS 15 Increase/ (decrease) HK\$'000	Amounts reported in accordance with HKFRS 15 HK\$'000	Hypothetical amounts under HKAS 18 and HKAS 11 HK\$'000	Estimated impact of adoption of HKFRS 15 Increase/ (decrease) HK\$'000
Inventories	—	3,785	(3,785)	—	240	(240)	—	8,640	(8,640)
Trade and other receivables	6,918	26,111	(19,193)	6,549	19,881	(13,332)	23,324	25,491	(2,167)
Retention receivables . . .	—	12,343	(12,343)	—	14,302	(14,302)	—	15,149	(15,149)
Contract assets	17,556	—	17,556	6,407	—	6,407	63,318	—	63,318
Amounts due from contract customers	—	752	(752)	—	1,170	(1,170)	—	48,578	(48,578)
Contract liabilities	12,459	—	12,459	8,358	—	8,358	1,162	—	1,162
Amounts due to contract customers	—	22,904	(22,904)	—	22,262	(22,262)	—	10,168	(10,168)
Taxation payable	261	1,692	(1,431)	2,878	4,319	(1,441)	2,136	3,621	1,485
Retained profits/ (Accumulated losses) .	(2,588)	4,053	(6,641)	7,967	15,258	(7,291)	18,106	18,832	(726)
	36,197	27,111	(9,086)	36,197	27,111	(9,086)	36,197	27,111	(9,086)

FINANCIAL INFORMATION

	Year ended 31 March			Six months ended		
	2017	2018	2019	30 September 2019		
	Amounts reported in accordance with HKFRS 15 HKAS 11 HK\$'000	Hypothetical amounts under HKAS 18 and HKAS 11 HK\$'000	Estimated impact of adoption of HKFRS 15 Increase/ (decrease) HK\$'000	Amounts reported in accordance with HKFRS 15 HK\$'000	Hypothetical amounts under HKAS 18 and HKAS 11 HK\$'000	Estimated impact of adoption of HKFRS 15 Increase/ (decrease) HK\$'000
Profit and total comprehensive income for the year/period . . .	16,403	32,555	(4,199)	18,091	8,279	9,812
		33,205	(650)	36,490	29,924	6,566

FINANCIAL INFORMATION

During the Track Record Period, the adoption of HKFRS 15 resulted in the decrease in profit for the year ended 31 March 2017 and 2018 and the increase in profit for the year ended 31 March 2019 and the six months ended 30 September 2019 as compared to those under HKAS 11. The decrease in profit for the two years ended 31 March 2018 was primarily due to lesser amount of actual costs incurred and hence lesser amount of revenue recognised for *Marriott Hotel (A)* (Project 05) and *Hong Kong West Kowloon Station* (Project 13–17 and Project 20), respectively, as compared to the amount of works certified by respective customers. Such differences resulted in an increase of contract liabilities of our Group. The increase in profit for the year ended 31 March 2019 and the six months ended 30 September 2019 was primarily due to the excess in the actual amount of costs incurred for *Sung Wong Toi Station* and *To Kwa Wan Station (B)* (Project 26) and *So Kwun Wat Road (A)* (Project 29), respectively, over the amounts of works certified by respective customers. Such differences resulted an increase of contract assets of our Group, and majority of which had been certified and settled as at 31 January 2020.

In respect of the above impact on our Group's profit, the decrease in profit for the years ended 31 March 2017 and 2018 had contributed to the reduction of net assets as of 31 March 2017 and 2018 under HKFRS 15 as compared to those under HKAS 11. The increase in profit for the year ended 31 March 2019 reduced the cumulative difference in net assets under HKFRS 15 and HKAS 11. The increase in profit for the six months ended 30 September 2019 caused the net assets as at 30 September 2019 under HKFRS 15 to become greater as compared to that of HKAS 11.

Change to the input method in measuring the stage of project completion and determining the amount of revenue upon the adoption of HKFRS 15

Our Group previously adopted HKAS 11 in measuring the stage of project completion and determining the amount of revenue, which was based on the amount of works certified by our customers in our financial statements up to the year ended 31 March 2018. At that time, the works performed by us for the projects were certified by our customers timely without any material delay. This is an important assumption for the output method to be able to provide a faithful depiction of our performance of services for which control has been transferred to the customer.

Since HKFRS 15 has been effective on 1 April 2018, our Group has adopted HKFRS 15 consistently and throughout the Track Record Period retrospectively and has chosen the input method in measuring the stage of project completion and determining the amount of revenue.

The principal reason for adopting the input method under HKFRS 15 is that the input method can truly reflect our Group's performance of works completed as of the end of each reporting year/period and include the revenue as the measurement of the performance when the control has been transferred to our customers. If our Group continued to adopt the output method under HKFRS 15, our performance for goods or services already delivered to our customers would not be able to be ascertained and faithfully accounted for when the works performed by us had not been certified by the relevant customers on a timely basis or there was a significant delay in the certification process beyond our control or expectation.

FINANCIAL INFORMATION

As we have undertaken more design, supply, and installation projects and the size of these projects increases, our Directors expect that the time required for work certification by our customers would increase, as compared to the costs incurred by us on a simple and small-scale project which could be completed within a short period of time. It was particularly relevant that those sizable projects would involve a large number of subcontractors to request for their works to be certified at almost the same time. Throughout the three years ended 31 March 2019, we were awarded with projects of increasing original contract sums. For example, (a) *Perkins Road* (Project 12) with the original contract sum of HK\$52.5 million was awarded in September 2016, (b) *King's Road* (Project 31) with the original contract sum of HK\$77.0 million was awarded in January 2017, and (c) *So Kwun Wat Road (A)* (Project 29) with the original contract sum of HK\$98.8 million was awarded in March 2018. These projects clearly demonstrate an increasing trend as each of these projects was the largest project in terms of the original contract sum awarded to us during the three years ended 31 March 2019, respectively.

Due to above reasons and our continuous business development, the impact of the time difference between the certification of works performed by us and the amount of the works performed by us becomes more significant. As a result, our Directors considered that reliable information required to apply the output method would not be available timely for the measurement of our financial performance. Our Directors, therefore, considered that it would be more appropriate to use the input method as the basis, under which the amount of the works performed and completed by us would be used as the basis in measuring the stage of project completion and determining the amount of revenue to be recognised, rather than relying on the certification by our customers.

HKFRS 16

HKFRS 16 was issued in May 2016. It requires almost all leases being recognised on the statements of financial position, as the distinction between operating and finance leases is removed. Under HKFRS 16, an asset (the right to use the leased item) and a liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The accounting for lessors will not significantly change.

We adopt HKFRS 16 for the preparation of our consolidated financial statements for the Track Record Period. We consider that there is no significant impact on our financial position and performance during the Track Record Period (including the key ratios) following the adoption of HKFRS 16, as compared to the requirements of HKAS 17.

FINANCIAL INFORMATION

SELECTED FINANCIAL INFORMATION

Consolidated statements of profit or loss and other comprehensive income

The table below sets forth our audited consolidated statements of profit or loss and other comprehensive income during the Track Record Period (with the comparative figures during the six months ended 30 September 2018):

	Year ended 31 March			Six months ended 30 September	
	2017	2018	2019	2018	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
				<i>(Unaudited)</i>	
Revenue	105,822	166,751	202,786	83,990	126,217
Cost of sales	<u>(74,922)</u>	<u>(115,973)</u>	<u>(141,002)</u>	<u>(60,816)</u>	<u>(90,056)</u>
Gross profit	30,900	50,778	61,784	23,174	36,161
Other income, gains, and losses, net	398	(17)	(248)	(242)	36
Impairment losses (recognised) reversed, net	(2,718)	(1,103)	716	(320)	41
Operating and administrative expenses	(8,688)	(10,587)	(10,884)	(4,673)	(7,023)
Finance costs	(289)	(110)	(328)	(58)	(662)
Listing expenses	<u>—</u>	<u>—</u>	<u>(6,044)</u>	<u>(594)</u>	<u>(5,913)</u>
Profit before taxation	19,603	38,961	44,996	17,287	22,640
Income tax expense	<u>(3,200)</u>	<u>(6,406)</u>	<u>(8,506)</u>	<u>(2,950)</u>	<u>(4,549)</u>
Profit and total comprehensive income for the year/period	<u><u>16,403</u></u>	<u><u>32,555</u></u>	<u><u>36,490</u></u>	<u><u>14,337</u></u>	<u><u>18,091</u></u>

FINANCIAL INFORMATION

Consolidated statements of financial position

The table below sets forth our audited consolidated statements of financial position as of the dates indicated:

	As of 31 March			As of
	2017	2018	2019	30 September
	HK\$'000	HK\$'000	HK\$'000	2019 HK\$'000
Non-current assets				
Property and equipment	4,191	4,341	2,894	4,122
Other assets	414	613	831	990
Rental deposits	287	364	160	385
Deferred tax assets	—	—	141	134
	<u>4,892</u>	<u>5,318</u>	<u>4,026</u>	<u>5,631</u>
Current assets				
Trade and other receivables	6,918	6,549	23,324	25,606
Contract assets	17,556	6,407	63,318	81,418
Amount due from a director	582	—	—	—
Amount due from ultimate holding company	—	—	19	23
Amount due from immediate holding company	12	—	—	—
Bank balances and cash	3,779	26,402	13,457	14,594
	<u>28,847</u>	<u>39,358</u>	<u>100,118</u>	<u>121,641</u>
Current liabilities				
Trade and other payables	10,836	11,911	21,319	27,562
Dividend payable	—	360	17,219	12,219
Contract liabilities	12,459	8,358	1,162	195
Lease liabilities	959	1,429	913	1,303
Taxation payable	261	2,878	2,136	5,050
Bank borrowings	—	—	32,479	32,978
	<u>24,515</u>	<u>24,936</u>	<u>75,228</u>	<u>79,307</u>
Net current assets	<u>4,332</u>	<u>14,422</u>	<u>24,890</u>	<u>42,334</u>
Total assets less current liabilities	<u>9,224</u>	<u>19,740</u>	<u>28,916</u>	<u>47,965</u>
Non-current liability				
Lease liabilities	1,812	1,773	810	1,768
Net assets	<u>7,412</u>	<u>17,967</u>	<u>28,106</u>	<u>46,197</u>
Capital and reserves				
Share capital	10,000	10,000	— ⁽¹⁾	— ⁽¹⁾
Reserves	(2,588) ⁽²⁾	7,967	28,106	46,197
Total equity	<u>7,412</u>	<u>17,967</u>	<u>28,106</u>	<u>46,197</u>

FINANCIAL INFORMATION

Notes:

- (1) The amount of share capital of our Company was HK\$2.0 as of 31 March 2019 and 30 September 2019.
- (2) We recorded accumulated loss as of 1 April 2016 primarily due to the loss incurred in the early stage of business operation of ICGL (Hong Kong). At that time, we spent significant amount of resources on team building and establishing business relationships with our customers, suppliers, and subcontractors. Due to our limited human and financial resources during the early establishment stage, we submitted less tenders than we did during the Track Record Period and only secured façade works and building metal finishing works projects of small contract sum. We began generating profit from the year ended 31 March 2015 and have improved our profitability since then, although the amount of profit was not yet sufficient to offset the accumulated loss position as of 1 April 2016, as our tender prices were generally lower than the prices that could be secured by us during the Track Record Period due to the lack of credentials and reputation.

The adoption of HKFRS 15 also reduced the amount of revenue recognised in the years prior to the commencement of the Track Record Period. As of 1 April 2016, ICGL (Hong Kong) recorded an accumulated loss of HK\$7.0 million. During the year ended 31 March 2017, ICGL (Hong Kong) declared and paid interim dividend of HK\$12.0 million out of the profit of HK\$16.4 million (which was based on the then applicable accounting standards). This reduced the balance of the accumulated loss to HK\$2.6 million as of 31 March 2017. Our Directors confirm that ICGL (Hong Kong) had sufficient reserve for distribution during the year ended 31 March 2017 at the time of declaration of the interim dividend based on the then applicable accounting standards and the negative reserve had no impact on us.

DESCRIPTION OF THE PRINCIPAL COMPONENTS OF THE CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSION INCOME

Revenue

During the Track Record Period, we undertook design, supply, and installation projects as Nominated Subcontractor or Domestic Subcontractor, and our revenue during the Track Record Period was derived from projects located in Hong Kong. During the Track Record Period, we had completed 27 design, supply, and installation projects in relation to façade works and building metal finishing works. During the three years ended 31 March 2019, our revenue amounted to HK\$105.8 million, HK\$166.8 million, and HK\$202.8 million, respectively. During the six months ended 30 September 2019, our revenue amounted to HK\$126.2 million, as compared to HK\$84.0 million during the six months ended 30 September 2018. Our Directors confirm that the increase in revenue recognised by us during the Track Record Period was primarily due to (a) the increase in the number of ongoing and completed design, supply, and installation projects undertaken by us and (b) the size of the projects undertaken by us.

Further information on the operating results of each year comprising the Track Record Period is set forth in the paragraphs under “Our operating results” below.

FINANCIAL INFORMATION

The table below sets forth an analysis of our revenue by the types of services provided by us for the Track Record Period (with the comparative figures during the six months ended 30 September 2018):

	Year ended 31 March						Six months ended 30 September			
	2017		2018		2019		2018		2019	
	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%
Façade works ⁽¹⁾	77,392	73.1	82,268	49.3	139,381	68.7	44,521	53.0	97,088	76.9
Building metal finishing works	28,430	26.9	84,483	50.7	63,405	31.3	39,469	47.0	29,129	23.1
Total	105,822	100.0	166,751	100.0	202,786	100.0	83,990	100.0	126,217	100.0

Note:

- (1) Revenue generated from façade works includes the revenue generated from the repairs and maintenance services provided by us.

As part of our services, we also provide repairs and maintenance services for curtain walls, aluminium windows and doors, and replacement of damaged components mainly for property development projects in which we had acted as subcontractors or at the request of our customers. During the three years ended 31 March 2019, the revenue generated from the provision of repairs and maintenance services, which was treated as part of the revenue generated from façade works projects, amounted to nil, HK\$62,000 and HK\$550,000, respectively. During the six months end 30 September 2019, the revenue generated from the provision of repairs and maintenance services amounted to HK\$188,000, as compared to nil for the six months ended 30 September 2018.

The table below sets forth an analysis of our revenue by sectors for the Track Record Period (with the comparative figures during the six months ended 30 September 2018):

	Year ended 31 March						Six months ended 30 September			
	2017		2018		2019		2018		2019	
	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%
Residential properties . . .	7,776	7.3	39,495	23.7	59,807	29.5	13,914	16.6	74,015	58.7
Commercial properties . . .	34,701	32.8	41,033	24.6	57,472	28.3	23,973	28.5	20,624	16.3
Public facilities ⁽¹⁾	63,345	59.9	86,223	51.7	85,507	42.2	46,103	54.9	31,578	25.0
Total	105,822	100.0	166,751	100.0	202,786	100.0	83,990	100.0	126,217	100.0

Note:

- (1) During the Track Record Period, projects involving public facilities included the design, supply, and installation projects for MTR stations, footbridge, education institution, swimming pool, and recreational garden commissioned by the Hong Kong Government (including the Development Bureau, Civil Engineering and Development Department, Drainage Services Department, Environment Protection Department, Highways Department, Architectural Services Department, Water Services Department, and Housing Authority) and statutory corporations, such as MTR Corporation Limited, West Kowloon Cultural District Authority, and the Airport Authority Hong Kong.

FINANCIAL INFORMATION

The table below sets forth an analysis of our revenue by our role as Domestic Subcontractor or Nominated Subcontractor during the Track Record Period (with the comparative figures during the six months ended 30 September 2018):

	Year ended 31 March						Six months ended 30 September			
	2017		2018		2019		2018		2019	
	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000	%
	<i>(Unaudited)</i>									
Domestic Subcontractor . .	105,537	99.7	161,476	96.8	145,951	72.0	61,367	73.1	81,969	64.9
Nominated Subcontractor . .	285	0.3	5,275	3.2	56,835	28.0	22,623	26.9	44,248	35.1
Total	105,822	100.0	166,751	100.0	202,786	100.0	83,990	100.0	126,217	100.0

The table below sets forth an analysis of revenue contribution by the amounts of the original contract sum and the variation orders for the Track Record Period (with the comparative figures during the six months ended 30 September 2018):

	Year ended 31 March						Six months ended 30 September			
	2017		2018		2019		2018		2019	
	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000	%
	<i>(Unaudited)</i>									
Revenue recognised										
— under original contract sum	98,446	93.0	152,996	91.8	180,844	89.2	73,007	86.9	119,066	94.3
— under variation orders	7,376	7.0	13,755	8.2	21,942	10.8	10,983	13.1	7,151	5.7
Total	105,822	100.0	166,751	100.0	202,786	100.0	83,990	100.0	126,217	100.0

Cost of sales

Cost of sales include building material costs, subcontracting fees, staff costs, design and calculation fees, and other costs. During the three years ended 31 March 2019, our cost of sales amounted to HK\$74.9 million, HK\$116.0 million, and HK\$141.0 million, respectively. During the six months ended 30 September 2019, our cost of sales amounted to HK\$90.1 million, as compared to HK\$60.8 million during the six months ended 30 September 2018. Such increasing trend of cost of sales was in line with the increase in our revenue. The table below sets forth an analysis of the cost of sales for the Track Record Period (with the comparative figures during the six months ended 30 September 2018):

	Year ended 31 March						Six months ended 30 September			
	2017		2018		2019		2018		2019	
	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000	%
	<i>(Unaudited)</i>									
Building material costs . .	35,210	47.0	52,840	45.6	59,960	42.5	27,596	45.3	42,365	47.0
Subcontracting fees	24,406	32.6	43,991	37.9	51,229	36.3	19,006	31.3	28,903	32.1
Staff costs	8,880	11.9	10,823	9.3	14,377	10.2	7,350	12.1	8,339	9.3
Design and calculation fees	4,236	5.6	5,181	4.5	8,336	5.9	3,699	6.1	4,028	4.5
Other costs ⁽¹⁾	2,190	2.9	3,138	2.7	7,100	5.1	3,165	5.2	6,421	7.1
Total	74,922	100.0	115,973	100.0	141,002	100.0	60,816	100.0	90,056	100.0

FINANCIAL INFORMATION

Note:

- (1) Other costs include equipment rental and utensil purchase, travelling expenses, performance test fees, insurance premium, and miscellaneous expenses.

Building material costs

Building material costs represent the charges paid and payable by us to our suppliers for purchase of materials being installed/utilised in our projects. We normally use aluminium, steel, and glass as the principal building materials for the façade works and building metal finishing works projects. All suppliers are Independent Third Parties and are based in Hong Kong, South Korea or the PRC. Generally speaking, we begin to incur a significant part of building material costs at the site installation stage and the proportion of each type of building materials used in our projects depends on, among other factors, the nature, design, and requirements of the respective projects. During the Track Record Period, we incurred increasing proportion in the purchase of steel to our total building material costs due to the increasing use of steel in projects in relation to the *Hong Kong West Kowloon Station* (Projects 13–17 and Project 20), *Sung Wong Toi Station and To Kwa Wan Station* (Projects 26–27), and *Museum+* (Projects 32–33). During the three years ended 31 March 2019, the building material costs represented 47.0%, 45.6%, and 42.5% of the cost of sales, respectively. During the six months ended 30 September 2019 the building material costs represented 47.0% of the cost of sales, as compared to 45.3% during the six months ended 30 September 2018.

The table below sets forth an analysis of our building material costs incurred by the type of supplies for the Track Record Period (with the comparative figures during the six months ended 30 September 2018):

	Year ended 31 March						Six months ended 30 September			
	2017		2018		2019		2018		2019	
	<i>HK\$'000</i>	<i>Percentage to building material costs</i>	<i>HK\$'000</i>	<i>Percentage to building material costs</i>	<i>HK\$'000</i>	<i>Percentage to building material costs</i>	<i>HK\$'000</i>	<i>Percentage to building material costs</i>	<i>HK\$'000</i>	<i>Percentage to building material costs</i>
Aluminium panels and extrusion components	15,851	45.0	24,746	46.8	22,843	38.1	8,912	32.3	12,580	29.7
Fabricated and galvanised steel sheets and components	7,086	20.1	12,330	23.3	18,468	30.8	11,291	40.9	9,190	21.7
Glass	5,563	15.8	5,551	10.5	5,437	9.1	3,298	12.0	5,438	12.8
Metal parts and components ⁽¹⁾	4,349	12.4	6,579	12.5	9,440	15.7	2,409	8.7	4,963	11.7
Sealants ⁽²⁾	1,652	4.7	2,326	4.4	2,512	4.2	1,032	3.7	7,905	18.7
Others ⁽³⁾	709	2.0	1,308	2.5	1,260	2.1	654	2.4	2,289	5.4
Total	35,210	100.0	52,840	100.0	59,960	100.0	27,596	100.0	42,365	100.0

FINANCIAL INFORMATION

Notes:

- (1) Metal parts and components include anchors, anchor bolts, channels, screws, fixings, ironmongery, gaskets, and fasteners.
- (2) Sealants include the cost of sealants and application costs.
- (3) Others mainly include paints, protection materials, wooden box, and fire stop.

See the sensitivity analysis in the paragraphs below for the impact of hypothetical fluctuations in building material costs on our profit during the Track Record Period.

Subcontracting fees

Subcontracting fees mainly represent the fees charged by our subcontractors who provide installation services at construction sites for our projects. We do not have our own labour force and hence, we incurred substantial amount of subcontracting fees at the installation stage of each project, further information on which is set forth in the section headed “Business — Subcontractors” in this prospectus. During the three years ended 31 March 2019, the subcontracting fees amounted to HK\$24.4 million, HK\$44.0 million, and HK\$51.2 million, respectively, representing 32.6%, 37.9%, and 36.3% of the cost of sales during the years. During the six months ended 30 September 2019, the subcontracting fees amounted to HK\$28.9 million, representing 32.1% of the cost of sales, as compared to HK\$19.0 million and 31.3% during the six months ended 30 September 2018. The significant increase in subcontracting fees for the year ended 31 March 2018 was primarily due to several of our projects, in particular, *Perkins Road* (Project 12), *Marriott Hotel (A)* (Project 05), *Sung Wong Toi* and *To Kwa Wan Station (A)* (Project 26), *Hong Kong West Kowloon Station (B)* (Project 14) and *Hong Kong West Kowloon Station (C)* (Project 15), which were in installation stage during the year ended 31 March 2018.

See the sensitivity analysis in the paragraphs below for the impact of hypothetical fluctuations in the subcontracting fees to our profit during the Track Record Period.

Staff costs

Staff costs represent salaries, other benefits, and retirement benefit scheme contributions paid and payable to our employees of the project management team (including safety supervisors) who are directly involved in the projects undertaken by us. As of 31 March 2017, 2018 and 2019, we had 17, 16, and 21 project staff. As of 30 September 2019, we had 24 project staff, as compared to 18 project staff as of 30 September 2018. Our project staff in Hong Kong is responsible for overseeing the progress of each project undertaken by us. The increase in the staff costs during the Track Record Period was primarily due to the increase in the number of our project staff and the general increases in staff salaries and other benefits.

FINANCIAL INFORMATION

Design and calculation fees

Design and calculation fees represent the fees paid and payable by us to external service providers for preparation of drawings and submissions and calculation. All of these external service providers are Independent Third Parties. During the three years ended 31 March 2019, the design and calculation fees amounted to HK\$4.2 million, HK\$5.2 million, and HK\$8.3 million, respectively, representing 5.6%, 4.5%, and 5.9% of the cost of sales during the years. During the six months ended 30 September 2019, the design and calculation fees amounted to HK\$4.0 million, representing 4.4% of the cost of sales, as compared to HK\$3.7 million, or 6.1%, during the six months ended 30 September 2018.

As of 31 March 2017, 2018, and 2019, we had three, four, and five design staff, respectively, dedicated to system designs for the design, supply, and installation projects undertaken by us. As of 30 September 2019, we had five design staff. The external service providers supported us in preparing drawings, submissions and calculations, which upon our further review will be submitted to the Buildings Department at different project stages, including shop drawing, as-built drawing, fabrication drawing, and structural calculation. We do not enter into any long-term service agreement with these service providers, and the fees charged by them are negotiated on a case-by-case basis taking into consideration the nature of work and the technical complexity of each project and the deliverables required from these service providers.

Sensitivity analyses

The tables below set forth sensitivity analyses on the fluctuations in (a) building material costs and (b) subcontracting fees which illustrate the hypothetical impact on our profit before taxation during the Track Record Period. Fluctuations in our building material costs and subcontracting fees are prepared with reference to our historical fluctuations during the Track Record Period and the information extracted from the Ipsos Report. Due to a number of assumptions applied, the sensitivity analyses are for illustration purpose only and the actual results may differ from the illustration below:

Hypothetical fluctuations in building material costs

	<u>(1.2%)</u>	<u>(5.8%)</u>	<u>1.2%</u>	<u>5.8%</u>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Increase/(decrease) in profit before taxation				
During the year ended 31 March 2017. . . .	235	1,134	(235)	(1,134)
During the year ended 31 March 2018. . . .	468	2,254	(468)	(2,254)
During the year ended 31 March 2019. . . .	540	2,603	(540)	(2,603)
During the six months ended 30 September 2019	272	1,310	(272)	(1,310)

FINANCIAL INFORMATION

Hypothetical fluctuations in subcontracting fees

	<u>(2.1%)</u>	<u>(3.2%)</u>	<u>2.1%</u>	<u>3.2%</u>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Increase/(decrease) in profit before taxation				
During the year ended 31 March 2017. . . .	414	625	(414)	(625)
During the year ended 31 March 2018. . . .	822	1,243	(822)	(1,243)
During the year ended 31 March 2019. . . .	949	1,435	(949)	(1,435)
During the six months ended 30 September 2019	478	722	(478)	(722)

Hypothetical impact of increasing building material costs upon implementation of the contingency plans as a result of the COVID-19 outbreak

The table below sets forth an sensitivity analysis on the increased costs of our major building materials due to implementation of contingency plans in as a result of the COVID-19 outbreak. The analysis illustrates the hypothetical impact on our overall building material costs, gross profit margin, and net profit margin during the year ended 31 March 2019. The increased costs of our major building materials are estimated with reference to our quotations obtained from our approved suppliers that do not operate in the PRC. See the section headed “Summary and Highlights — Impact of the outbreak of novel coronavirus disease (COVID-19)” in this prospectus for further information of the contingency plans.

	Fabricated and galvanised steel sheets and components	Aluminum panels and extrusion components	Glass	Metal parts and components	Total
<i>Approximate percentage increase in cost of raw materials</i>	<i>15.6%</i>	<i>4.5%</i>	<i>15.0%</i>	<i>—</i>	
Increase in overall building material costs (<i>HK\$'000</i>)	2,881	1,028	816	—	4,725
(Decrease) in gross profit and profit before taxation (<i>HK\$'000</i>)	(2,881)	(1,028)	(816)	—	(4,725)
(Decrease) in net profit (<i>HK\$'000</i>)	(2,406)	(858)	(681)	—	(3,945)
(Decrease) in gross profit margin (<i>pts</i>) . . .					(2.3)
(Decrease) in net profit margin (<i>pts</i>)					(1.9)

FINANCIAL INFORMATION

Gross profit and gross profit margin

The table below sets forth an analysis of the amount of gross profit and the gross profit margin by types of services during the Track Record Period (with the comparative figures during the six months ended 30 September 2018):

	Year ended 31 March						Six months ended 30 September			
	2017		2018		2019		2018		2019	
	<i>Gross profit margin</i>		<i>Gross profit margin</i>		<i>Gross profit margin</i>		<i>Gross profit margin</i>		<i>Gross profit margin</i>	
	<i>HK\$'000</i>	<i>(%)</i>	<i>HK\$'000</i>	<i>(%)</i>	<i>HK\$'000</i>	<i>(%)</i>	<i>HK\$'000</i>	<i>(%)</i>	<i>HK\$'000</i>	<i>(%)</i>
	<i>(Unaudited)</i>									
Façade works	22,401	28.9	24,851	30.2	42,689	30.6	11,495	25.8	27,790	28.6
Building finishing metal works . . .	<u>8,499</u>	29.9	<u>25,927</u>	30.7	<u>19,095</u>	30.1	<u>11,679</u>	29.6	<u>8,371</u>	28.7
Total	<u><u>30,900</u></u>	29.2	<u><u>50,778</u></u>	30.5	<u><u>61,784</u></u>	30.5	<u><u>23,174</u></u>	27.6	<u><u>36,161</u></u>	28.7

The gross profit represents the difference between our revenue and our cost of sales. During the three years ended 31 March 2019, the gross profit margin was 29.2%, 30.5%, and 30.5%, respectively. During the six months ended 30 September 2019, the gross profit margin was 28.7%, as compared to 27.6% during the six months ended 30 September 2018. Pursuant to our accounting policy on revenue recognition, we incurred most of the cost of sales at the installation stage of each project and hence, most of the revenue will only be recognised at the same stage. During the Track Record Period, the amount of gross profit increased as a result of increasing amount of revenue recognised. During the same period, we achieved a relatively stable gross profit margin in the range between 28.7% and 30.5%. Since the amount and the percentage of revenue recognised vary during different stages of the projects, the amount of gross profit as well as the gross profit margin during a particular year or period are generally subject to:

- (a) different stages and progress of the design, supply, and installation projects undertaken by us during the relevant year/period; and
- (b) the nature and the size of the design, supply, and installation projects during the relevant year/period.

FINANCIAL INFORMATION

The table below sets forth an analysis of the amount of gross profit and the gross profit margin by sectors during the Track Record Period (with the comparative figures during the six months ended 30 September 2018):

	Year ended 31 March						Six months ended 30 September			
	2017		2018		2019		2018		2019	
	<i>Gross</i>	<i>profit</i>	<i>Gross</i>	<i>profit</i>	<i>Gross</i>	<i>profit</i>	<i>Gross</i>	<i>profit</i>	<i>Gross</i>	<i>profit</i>
	<i>margin</i>	<i>margin</i>	<i>margin</i>	<i>margin</i>	<i>margin</i>	<i>margin</i>	<i>margin</i>	<i>margin</i>	<i>margin</i>	<i>margin</i>
	<i>HK\$'000</i>	<i>(%)</i>	<i>HK\$'000</i>	<i>(%)</i>	<i>HK\$'000</i>	<i>(%)</i>	<i>HK\$'000</i>	<i>(%)</i>	<i>HK\$'000</i>	<i>(%)</i>
	<i>(unaudited)</i>									
Residential properties	2,681	34.5	13,239	33.5	16,161	27.0	4,219	30.3	20,192	27.3
Commercial properties	8,159	23.5	10,841	26.4	19,087	33.2	5,738	23.9	6,867	33.3
Public facilities	20,060	31.7	26,698	31.0	26,536	31.0	13,217	28.7	9,102	28.7
Total	<u>30,900</u>	29.2	<u>50,778</u>	30.5	<u>61,784</u>	30.5	<u>23,174</u>	27.6	<u>36,161</u>	28.7

Other income, gains and losses, net

The table below sets forth an analysis of other income, gains and losses, net, during the Track Record Period (with the comparative figures during the six months ended 30 September 2018):

	Year ended 31 March			Six months ended 30 September	
	2017	2018	2019	2018	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(Unaudited)</i>				
Consultancy service income	656	—	—	—	—
Gain (loss) on disposals of property and equipment	33	—	(230)	(230)	—
Impairment loss on golf club membership	(291)	—	—	—	—
Gain arising from early termination of a lease contract	—	—	19	19	—
Loss on disposal of golf club membership	—	—	(77)	—	—
Net exchange losses	—	(17)	(31)	(31)	—
Sundry income	—	—	71	—	36
Total	<u>398</u>	<u>(17)</u>	<u>(248)</u>	<u>(242)</u>	<u>36</u>

FINANCIAL INFORMATION

During the three years ended 31 March 2019, our other income, gains and losses, net, was primarily generated from additional services provided to (a) one of our glass suppliers for fabrication drawings and structural calculation and (b) a subcontractor of our customer for arranging reinstallation of façade works. These are not project-type works and do not form part of our core business. The exchange loss incurred during the two years ended 31 March 2019 was primarily due to the difference between the recorded amount of trade payable denominated in foreign currencies translated into Hong Kong dollars at the time of transaction and the final settlement amount. During the six months ended 30 September, we did not have material other income, gains and losses, net, as compared to other losses of HK\$242,000 during the six months ended 30 September 2018, mainly arising from the loss on disposal of property and equipment.

Impairment losses recognised (reversed), net

The table below sets forth an analysis of impairment losses recognised (reversed), net for the Track Record Period (with the comparative figures during the six months ended 30 September 2018):

	Year ended 31 March			Six months ended 30 September	
	2017	2018	2019	2018	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
				<i>(Unaudited)</i>	
Net impairment losses recognised (reversed) on:					
— trade receivables	—	—	37	195	23
— contract assets	<u>2,718</u>	<u>1,103</u>	<u>(753)</u>	<u>125</u>	<u>(64)</u>
Total	<u><u>2,718</u></u>	<u><u>1,103</u></u>	<u><u>(716)</u></u>	<u><u>320</u></u>	<u><u>(41)</u></u>

The amounts represent impairment losses, net of reversal, made on trade receivables and contract assets. Further information on the trade receivables and contract assets as of 31 March 2017, 2018, and 2019, and 30 September 2019 is set forth in the paragraphs under “Principal components of our current assets and current liabilities — Trade and other receivables” and “— Contract assets and contract liabilities” below. Further information on our policy on ECL provision is set forth in note 3 to the Accountants’ Report in Appendix I to this prospectus.

FINANCIAL INFORMATION

Operating and administrative expenses

Operating and administrative expenses include staff costs, depreciation and amortisation, marketing and promotion expenses, travelling and other expenses, office and utility expenses, office and utility expenses, legal and professional fees, insurance expense and other expenses. During the three years ended 31 March 2019, the operating and administrative expenses amounted to HK\$8.7 million, HK\$10.6 million, and HK\$10.9 million, respectively. During the six months ended 30 September 2019, the operating and administrative expenses amounted to HK\$7.0 million, as compared to HK\$4.7 million during the six months ended 30 September 2018. The table below sets forth an analysis of operating and administrative expenses during the Track Record Period (with the comparative figures during the six months ended 30 September 2018):

	Year ended 31 March			Six months ended 30 September	
	2017	2018	2019	2018	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
				<i>(Unaudited)</i>	
Staff costs	3,878	4,891	5,088	2,024	3,458
Depreciation and amortisation	1,345	1,627	1,803	922	896
Marketing and promotional expenses	1,090	1,057	883	323	364
Travelling and other expenses	657	603	640	285	460
Office and utility expenses	452	562	754	374	455
Legal and professional fees	429	820	627	263	659
Insurance expense	276	394	257	127	243
Other expenses ⁽¹⁾	<u>561</u>	<u>633</u>	<u>832</u>	<u>355</u>	<u>488</u>
Total	<u><u>8,688</u></u>	<u><u>10,587</u></u>	<u><u>10,884</u></u>	<u><u>4,673</u></u>	<u><u>7,023</u></u>

Note:

- (1) Other expenses mainly include staff messing and welfare, office repairs and maintenance, bank charges, and golf club membership fee.

FINANCIAL INFORMATION

Finance costs

The table below sets forth an analysis of finance costs during the Track Record Period (with the comparative figures during the six months ended 30 September 2018):

	Year ended 31 March			Six months ended 30 September	
	2017	2018	2019	2018	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
				<i>(Unaudited)</i>	
Interests on bank borrowings	216	—	224	—	596
Interests on lease liabilities	<u>73</u>	<u>110</u>	<u>104</u>	<u>58</u>	<u>66</u>
Total	<u><u>289</u></u>	<u><u>110</u></u>	<u><u>328</u></u>	<u><u>58</u></u>	<u><u>662</u></u>

Finance costs comprised interests on bank borrowings and interests on lease liabilities. The former refers to the interest cost incurred for borrowings raised from our banks while the latter refers to interest portion included in the lease payments under the leases of renting office premises and office equipment for operating uses, the classification of which as required by HKFRS 16.

The amount of our finance costs increased from HK\$58,000 during the six months ended 30 September 2018 to HK\$662,000 during the six months ended 30 September 2019, representing an increase of 1,041.4%. The increase was primarily due to the interests incurred from bank borrowings made during the period. The bank borrowings were used for the payment of the Upfront Costs for the increased number of designs, supply, and installation projects undertaken by us and settlement of income tax expenses.

Listing expenses

During the year ended 31 March 2019 and the six months ended 30 September 2019, we incurred Listing expenses charged to the consolidated statements of profit or loss and other comprehensive income amounted to HK\$6.0 million and HK\$5.9 million, respectively. There was no expenses incurred for the Listing during the two years ended 31 March 2018.

Profit before taxation

During the three years ended 31 March 2019, profit before taxation amounted to HK\$19.6 million, HK\$39.0 million, and HK\$45.0 million, respectively. During the six months ended 30 September 2019, profit before taxation amounted to HK\$22.6 million, as compared to HK\$17.3 million during the six months ended 30 September 2018. The continuous increases in the profit before taxation were primarily attributable to the increases in the amount of gross profit during the Track Record Period. During each of the three years ended 31 March 2019, the percentage increase in the profit before taxation was more than the percentage increase in the gross profit during the same period, which was mainly attributable to smaller proportional increases in operating and administrative expenses and the reversal of impairment losses on trade receivables and contract assets. During the six months ended 30 September 2019, the percentage increase in profit before taxation was less than the percentage increase in gross profit, primarily due to the significant increase in listing expenses for the six months ended 30 September 2019.

FINANCIAL INFORMATION

Income tax expense

We are subject to income tax on an individual legal entity basis on profits arising in or derived from the tax jurisdictions in which companies of our Group domicile or operate.

Cayman Islands profit tax

Our Company was incorporated in the Cayman Islands as an exempted company with limited liability and has not been subject to any taxation in the Cayman Islands.

BVI income tax

Plateau Star was incorporated in the BVI and has not been subject to any taxation in the BVI.

Hong Kong profits tax

ICGL (Hong Kong) was incorporated in Hong Kong and Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profit during the two years ended 31 March 2018.

On 21 March 2018, the Hong Kong Government introduced a two-tiered profits tax rates regime, which came into effect on 28 March 2018. Under such regime, the first HK\$2.0 million of profit of a qualifying group entity in Hong Kong will be taxed at 8.25% and profit above HK\$2.0 million will be taxed at 16.5%.

Our income tax expense consists of Hong Kong profits tax paid and payable by ICGL (Hong Kong). The income tax expense amounted to HK\$3.2 million, HK\$6.4 million, and HK\$8.5 million during the three years ended 31 March 2019, respectively. The income tax expense amounted to HK\$4.5 million during the six months ended 30 September 2019, as compared to HK\$3.0 million during the six months ended 30 September 2018. The increase in the income tax expense during the Track Record Period was primarily due to the increase in the profit before taxation. The effective tax rates during the three years ended 31 March 2019 were 16.3%, 16.4%, and 18.9%, respectively. The effective tax rate during the six months ended 30 September 2019 was 20.1%, as compared to 17.1% during the six months ended 30 September 2018. The higher effective tax rates during the year ended 31 March 2019 and the six months ended 30 September 2019 were primarily due to the payment of the Listing expenses which were not deductible for Hong Kong profits tax purpose.

As of the Latest Practicable Date, we did not receive any notice from any tax regulator nor were we involved in any tax investigation regarding our tax compliance in any jurisdiction. Except as disclosed above or as otherwise disclosed herein, during the Track Record Period, we did not have any assessable income in the BVI or any jurisdiction other than Hong Kong.

Profit and total comprehensive income for the year/period

As a result of the above, our profit and total comprehensive income during the three years ended 31 March 2019 amounted to HK\$16.4 million, HK\$32.6 million, and HK\$36.5 million, respectively. Our profit and total comprehensive income during the six months ended 30 September 2019 amounted to

FINANCIAL INFORMATION

HK\$18.1 million, as compared to HK\$14.3 million during the six months ended 30 September 2018. Reasons for the increases in our profit are set forth in the paragraphs under “Our operating results” below.

OUR OPERATING RESULTS

Comparison of the operating results between the six months ended 30 September 2019 with the six months ended 30 September 2018

Revenue

Our revenue increased from HK\$84.0 million during the six months ended 30 September 2018 to HK\$126.2 million during the six months ended 30 September 2019, representing an increase of 50.3%. The revenue increase during the six months ended 30 September 2019 was mainly supported by the increase in revenue from our façade works projects, which outweighed the effect of the decrease in revenue derived from the building metal finishing works projects.

Façade works projects

Revenue generated from façade works projects increased from HK\$44.5 million during the six months ended 30 September 2018 to HK\$97.1 million during the six months ended 30 September 2019, representing an increase of 118.1%. The increase in revenue was mainly attributable to two sizeable façade works projects, namely *So Kwun Wat Road (A)* (Project 29) and *Au Tau* (Project 35), as a significant portion of the installation works of both projects were performed during the period. The increase in revenue was partially offset by the effect of the decrease in revenue derived from *Fuk Tong Road* (Project 28) and *King’s Road* (Project 31), as the installation stage of these projects were performed during the year ended 31 March 2019 and did not have significant revenue contribution during the six months ended 30 September 2019.

Building metal finishing works projects

Revenue generated from building metal finishing works projects decreased from HK\$39.5 million during the six months ended 30 September 2018 to HK\$29.1 million during the six months ended 30 September 2019, representing a decrease of 26.2%. The decrease in revenue was mainly attributable to (a) the substantial completion of *Sung Wong Toi Station and To Kwa Wan Station (A)* (Project 26) and *Sung Wong Toi Station and To Kwa Wan Station (B)* (Project 27); and (b) the completion of the six projects covering different construction works for *Hong Kong West Kowloon Station* (Projects 13–17 and Project 20) during the second half of the year ended 31 March 2019. The revenue recorded from (a) *Sung Wong Toi Station and To Kwa Wan Station (A)* (Project 26) and *Sung Wong Toi Station and To Kwa Wan Station (B)* (Project 27); and (b) the six projects covering different construction works in *Hong Kong West Kowloon Station* (Projects 13–17 and Project 20) during the six months ended 30 September 2018 were HK\$27.0 million and HK\$10.8 million, respectively; as compared to HK\$2.7 million and nil during the six months ended 30 September 2019. The decrease in revenue was partially offset by the increase in revenue generated from projects in the West Kowloon Cultural District. In particular, we recognised revenue of HK\$25.4 million for the projects in the West Kowloon Cultural District, namely *Museum+* (Projects 32–33) during the six months ended 30 September 2019, as compared to the amount of HK\$807,000 recognised during the six months ended 30 September 2018.

FINANCIAL INFORMATION

Cost of sales

Cost of sales increased from HK\$60.8 million during the six months ended 30 September 2018 to HK\$90.1 million during the six months ended 30 September 2019, representing an increase of 48.1%. Such increase was mainly attributable to the increase in building material costs and subcontracting fees incurred for several projects, in particular, *So Kwun Wat Road (A)* (Project 29) and *Au Tau* (Project 35), as both projects commenced site installation works and were progressively completed during the six months ended 30 September 2019.

Gross profit and gross profit margin

Our gross profit increased from HK\$23.2 million during the six months ended 30 September 2018 to HK\$36.2 million during the six months ended 30 September 2019, representing an increase of 56.0%. Our overall gross profit margin of 28.7% during the six months ended 30 September 2019 was comparable to that during the six months ended 30 September 2018 of 27.6%. The increase in the amount of the gross profit and a stable gross profit margin was mainly attributable to the combined effect as set forth below:

Façade works projects

Our gross profit in relation to façade works increased from HK\$11.5 million during the six months ended 30 September 2018 to HK\$27.8 million during the six months ended 30 September 2019; while gross profit margin increased from 25.8% to 28.6% during the same period. The increase in gross profit was in line with the increase in revenue. The increase in our gross profit margin was mainly attributable to the increase in gross profit margin of *So Kwun Wat Road (A)* (Project 29), primarily due to reduced cost incurred for project completion stage.

Building metal finishing works projects

Our gross profit in relation to building metal finishing works projects decreased from HK\$11.7 million during the six months ended 30 September 2018 to HK\$8.4 million during the six months ended 30 September 2019; while gross profit margin was relatively stable, which was 29.6% during the six months ended 30 September 2018 and 28.7% during the six months ended 30 September 2019. The decrease in gross profit was in line with the decrease in revenue.

Other income, gains and losses, net

During the six months ended 30 September 2019, we incurred other gains of HK\$36,000 as compared to other losses of HK\$242,000 for the six months ended 30 September 2018, which was primarily arising from the loss on disposals of property and equipment.

Impairment losses recognised (reversed), net

During the six months ended 30 September 2019, we recorded net reversal of impairment losses of our trade receivables and contract assets of HK\$41,000, as compared to HK\$320,000 recognised during the six months ended 30 September 2018. Such decrease was primarily due to the expected credit losses on our trade receivables and contract assets.

FINANCIAL INFORMATION

Operating and administrative expenses

The amount of our operating and administrative expenses increased from HK\$4.7 million during the six months ended 30 September 2018 to HK\$7.0 million during the six months ended 30 September 2019, representing an increase of 50.3%. Such increase was primarily due to the increase in staff costs primarily attributable to the increase in headcount to cope with our business expansion and the additional legal and professional fees for audit services.

Finance costs

The amount of our finance costs increased from HK\$58,000 during the six months ended 30 September 2018 to HK\$662,000 during the six months ended 30 September 2019, representing an increase of 1,041.4%. The increase was primarily due to the interests incurred from bank borrowings made during the period. The bank borrowings were used for the payment of Upfront Costs for the increased number of designs, supply, and installation projects undertaken by us and settlement of income tax expenses.

Listing expenses

We incurred listing expenses of HK\$5.9 million during the six months ended 30 September 2019, as compared to HK\$594,000 during the six months ended 30 September 2018.

Profit before taxation

As a result of the foregoing, our profit before taxation increased from HK\$17.3 million during the six months ended 30 September 2018 to HK\$22.6 million during the six months ended 30 September 2019, representing an increase of 31.0%.

Income tax expenses

We incurred income tax expenses of HK\$4.5 million during the six months ended 30 September 2019, as compared to HK\$3.0 million during the six months ended in 30 September 2018. The increase in income tax expenses was primarily due to the continuous growth in our business scale and the increase in the amount of profit before taxation. Our effective tax rates increased from 17.1% during the six months ended 30 September 2018 to 20.1% during the six months ended 30 September 2019, primarily due to the listing expenses which were not deductible for tax purpose.

Comparison of the operating results between the year ended 31 March 2019 with the year ended 31 March 2018

Revenue

Our revenue increased from HK\$166.8 million during the year ended 31 March 2018 to HK\$202.8 million during the year ended 31 March 2019, representing an increase of 21.6%. The percentage increase in the amount of revenue generated from facade works projects was 69.4%, whereas there was a decrease in the amount of revenue generated from building metal finishing works projects of 24.9%. The number of projects with revenue recognised in both business segments slightly increased. However, the revenue increase during the year ended 31 March 2019 was mainly supported by two sizeable façade

FINANCIAL INFORMATION

works projects, namely *So Kwun Wat Road (A)* (Project 29) and *King's Road* (Project 31), which outweighed the effect of the decrease in revenue derived from the building metal finishing works projects as a result of the completion of six projects covering different construction works for *Hong Kong West Kowloon Station* (Projects 13–17 and Project 20) during the year ended 31 March 2018. *Museum+* (Projects 32–33) (which are building metal finishing works projects) was in the design stage during the year ended 31 March 2019 and did not have significant revenue contribution during the year.

Façade works projects

Revenue generated from façade works increased from HK\$82.3 million during the year ended 31 March 2018 to HK\$139.4 million during the year ended 31 March 2019, representing an increase of 69.4%. Such increase was mainly attributable to two sizable façade works projects during the year ended 31 March 2019, namely *King's Road* (Project 31) and *So Kwun Wat Road (A)* (Project 29). Despite the original commencement date of *King's Road* (Project 31) was scheduled to be during the year ended 31 March 2017, the initial design works for this project was postponed to the year ended 31 March 2018, and the installation stage of such project was primarily performed during the year ended 31 March 2019. In addition to *King's Road* (Project 31), a significant portion of installation work for *So Kwun Wat Road (A)* (Project 29) was performed during the year ended 31 March 2019. The revenue contributed by these two sizable projects accounted for HK\$93.3 million during the year ended 31 March 2019, comparing with an aggregate revenue of HK\$6.2 million during the year ended 31 March 2018. Such increase was partially offset by the decrease in revenue recognised from two sizeable projects, namely *Perkins Road* (Project 12) and *Marriott Hotel (A)* (Project 05). The installation work for these two principal projects were primarily performed during the year ended 31 March 2018 and thus, contributing a lesser remaining amount of revenue during the year ended 31 March 2019.

Building metal finishing works projects

Revenue generated from building metal finishing works decreased from HK\$84.5 million during the year ended 31 March 2018 to HK\$63.4 million during the year ended 31 March 2019, representing a decrease of 25.0%. We achieved relatively high revenue during the year ended 31 March 2018 as our works in relation to all projects for the Hong Kong West Kowloon Station were expedited throughout the year pursuant to our customer's request for early completion to facilitate the scheduled opening of the station in the first half of the year ended 31 March 2019. We had in aggregate six projects covering different construction works in the *Hong Kong West Kowloon Station* (Projects 13–17 and Project 20), which had been in final completion stage during the year ended 31 March 2019, contributing HK\$15.6 million during the same period as compared to HK\$49.9 million during the year ended 31 March 2018. Such decrease was partially offset by the increase in revenue generated from projects in the West Kowloon Cultural District. In particular, we recognised revenue of HK\$14.3 million for the projects in the West Kowloon Cultural District, namely *Museum+* (Projects 32–33) during the year ended 31 March 2019, as compared to the amount of HK\$4.0 million recognised during the year ended 31 March 2018.

Cost of sales

Cost of sales increased from HK\$116.0 million during the year ended 31 March 2018 to HK\$141.0 million during the year ended 31 March 2019, representing an increase of 21.6%. Such increase was mainly attributable to the increase in building material costs and subcontracting fees incurred for several projects, in particular, *King's Road* (Project 31), *So Kwun Wat Road (A)* (Project 29), *Sung Wong Toi Station and To Kwa Wan Station* (Projects 26–27), which had commenced site installation works and

FINANCIAL INFORMATION

were progressively completed during the year ended 31 March 2019. Furthermore, we incurred more other direct costs, such as staff costs and design and calculation fees, when we performed more works on the projects.

Gross profit and gross profit margin

Our gross profit increased from HK\$50.8 million during the year ended 31 March 2018 to HK\$61.8 million during the year ended 31 March 2019, representing an increase of 21.7%. Our overall gross profit margin of 30.5% during the year ended 31 March 2019 was the same as comparing to that during the year ended 31 March 2018. The increase in the amount of the gross profit and a stable gross profit margin was mainly attributable to the combined effect as set forth below:

Façade works projects

Our gross profit in relation to façade works increased from HK\$24.9 million during the year ended 31 March 2018 to HK\$42.7 million during the year ended 31 March 2019 while gross profit margin slightly increased from 30.2% during the year ended 31 March 2018 to 30.6% during the year ended 31 March 2019. The increase in gross profit was in line with the increase in revenue. The slight increase in our gross profit margin was mainly attributable to the increase in gross profit margin of *Marriott Hotel (A)* (Project 05) and *THEi New Campus (A)* (Project 25), primarily due to reduced cost incurred for project completion stage, and partially offset by the lower gross profit margin of *So Kwun Wat Road* (Projects 29–30), mainly as a result of higher building material costs and subcontracting fees involved.

Building metal finishing works projects

Our gross profit in relation to building metal finishing works decreased from HK\$25.9 million during the year ended 31 March 2018 to HK\$19.1 million during the year ended 31 March 2019 while gross profit margin was relatively stable of 30.7% during the year ended 31 March 2018 and 30.1% during the year ended 31 March 2019. The decrease in gross profit was in line with the decrease in revenue. Nonetheless, we maintained a stable overall gross profit margin for our building metal finishing work projects for the two years ended 31 March 2019.

Other income, gains, and losses, net

During the year ended 31 March 2019, we incurred other losses of HK\$248,000, primarily due to the loss on disposals of property and equipment arising from the disposal of leasehold improvement for early termination of a tenancy lease for Units 502–503 of our office in Shatin. During the year ended 31 March 2018, we only incurred other losses of HK\$17,000, primarily due to the difference between the recorded amount of trade payable denominated in foreign currencies translated into Hong Kong dollars at the time of transaction and the final settlement amount.

Impairment losses recognised (reversed), net

During the year ended 31 March 2019, we recorded net reversal of HK\$716,000 in relation to the impairment losses of our trade receivables and contract assets, as compared to that of HK\$1.1 million of impairment losses recognised during the year ended 31 March 2018. The reversed amount was primarily due to the partial settlement of an amount due from a customer of HK\$2.7 million, the provision of which was made during the year ended 31 March 2017.

FINANCIAL INFORMATION

Operating and administrative expenses

Our operating and administrative expenses remained relatively stable at HK\$10.9 million and HK\$10.6 million during the years ended 31 March 2019 and 2018, respectively.

Finance costs

During the year ended 31 March 2019, the amount of our finance costs increased to HK\$328,000 from HK\$110,000 during the year ended 31 March 2018, representing an increase of 198.2%. The increase was primarily due to the interests incurred for bank borrowings made during the year. Such bank borrowings were used for the payment of Upfront Costs for the increased number of design, supply, and installation projects undertaken by us. We did not incur any interests on bank borrowings during the year ended 31 March 2018.

Listing expenses

During the year ended 31 March 2019, the expenses for the Listing charged to the consolidated statements of profit or loss and other comprehensive income amounted to HK\$6.0 million. This amount represented the professional fees paid and payable to the parties involved in the Share Offer that could not be charged to equity. We did not incur any expenses for the Listing during the two years ended 31 March 2018.

Profit before taxation

As a result of the foregoing, our profit before taxation during the year ended 31 March 2019 increased to HK\$45.0 million from HK\$39.0 million during the year ended 31 March 2018, representing an increase of 15.4%.

Income tax expenses

We incurred income tax expenses of HK\$8.5 million during the year ended 31 March 2019, as compared to HK\$6.4 million during the year ended 31 March 2018. The increase in income tax expenses was primarily due to the continuous growth of our business scale and the increase in the amount of profit before taxation. Our effective tax rates increased from 16.4% during the year ended 31 March 2018 to 18.9% during the year ended 31 March 2019, primarily due to the listing expenses which were not deductible for tax purpose.

Comparison of the operating results between the year ended 31 March 2018 with the year ended 31 March 2017

Revenue

Our revenue increased from HK\$105.8 million during the year ended 31 March 2017 to HK\$166.8 million during the year ended 31 March 2018, representing an increase of 57.6%. The percentage increase in the amount of revenue generated from facade works projects was 6.3% and the amount of revenue generated from building metal finishing works projects was 197.2%. Such increase was mainly driven by our building metal finishing works projects with several sizeable projects, namely *Hong Kong West Kowloon* (Projects 13–17, and Project 20) and *Sung Wong Toi Station* and *To Kwa Wan Station (B)*

FINANCIAL INFORMATION

(Project 26), commencing preliminary design works during the year ended 31 March 2017 which were in the installation stage or close to complete during the year ended 31 March 2018. In addition, there were several new façade works projects which increased our revenue during the year ended 31 March 2018.

Façade works projects

Revenue generated from façade works projects increased from HK\$77.4 million during the year ended 31 March 2017 to HK\$82.3 million during the year ended 31 March 2018, representing an increase of 6.3%. Such increase was mainly attributable to two principal projects, namely *Perkins Road* (Project 12) and *Marriott Hotel (A)* (Project 05), for which we had commenced preliminary system design or procurement of raw materials during the year ended 31 March 2017 and were in installation stage during the year ended 31 March 2018. We derived revenue of an aggregate of HK\$68.2 million from these two projects during the year ended 31 March 2018, comparing with an aggregate amount of HK\$15.5 million during the year ended 31 March 2017. Further, we had nine façade works projects which had started to recognise revenue with an aggregate amount of HK\$1.9 million during the year ended 31 March 2018. The increase in our revenue from such principal projects and new projects was partially offset by the effect of decrease in revenue for *Kennedy Town Swimming Pool* (Project 04), *Sai Yee Street* (Project 24), and *THEi New Campus (A)* (Project 25) during the year ended 31 March 2018 for which a significant portion of site installation works for these projects were completed during the year ended 31 March 2017.

Building metal finishing works projects

Revenue generated from building metal finishing works projects increased from HK\$28.4 million during the year ended 31 March 2017 to HK\$84.5 million during the year ended 31 March 2018, representing an increase of 197.5%. During the year ended 31 March 2018, we focused our resources on early completion of the installation works of the projects including *Hong Kong West Kowloon Station* (Projects 13–17 and Project 20), *Sung Wong Toi Station and To Kwa Wan Station (A)* (Project 26) and *Sung Wong Toi Station and To Kwa Wan Station (B)* (Project 27) per the requests of our customers then. As such, we derived an aggregate amount of revenue of HK\$75.3 million from these projects during the year ended 31 March 2018, comparing with the amount of HK\$19.6 million during the year ended 31 March 2017.

Cost of sales

Cost of sales increased from HK\$74.9 million during the year ended 31 March 2017 to HK\$116.0 million during the year ended 31 March 2018, representing an increase of 54.8%. Such increase was mainly attributable to the increase in building material costs and subcontracting fees incurred for several projects, in particular, *Perkins Road* (Project 12), *Marriott Hotel (A)* (Project 05), *Sung Wong Toi and To Kwa Wan Station (A)* (Project 26), *Hong Kong West Kowloon Station (B)* (Project 14) and *Hong Kong West Kowloon Station (C)* (Project 15), which were in installation stage during the year ended 31 March 2018. Furthermore, we incurred more other direct costs including staff costs and design and calculation fees when we performed more works on the projects.

FINANCIAL INFORMATION

Gross profit and gross profit margin

Our gross profit increased from HK\$30.9 million during the year ended 31 March 2017 to HK\$50.8 million during the year ended 31 March 2018, representing an increase of 64.4%. During the two years ended 31 March 2018, our gross profit margin slightly increased from 29.2% to 30.5%. The increases in both gross profit and gross profit margin were mainly attributable to the combined effect of the following matters in our business segments:

Façade works projects

Our gross profit in relation to façade works increased from HK\$22.4 million during the year ended 31 March 2017 to HK\$24.9 million during the year ended 31 March 2018 while our gross profit margin slightly increased from 28.9% during the year ended 31 March 2017 to 30.2% during the year ended 31 March 2018. The increase in gross profit was generally consistent with the increase in revenue. The relatively lower gross profit margin during the year ended 31 March 2017 was primarily due to the upward adjustment on budgeted costs of *Sai Yee Street* (Project 24), primarily attributable to an expected increase in purchase cost of building materials. Further, we recorded a low gross profit margin in *Marriott Hotel (A)* (Project 05) as we have submitted a competitive tender price for this project in order to maintain good business relationship with the customer.

Building metal finishing works projects

Our gross profit in relation to building metal finishing works increased from HK\$8.5 million during the year ended 31 March 2017 to HK\$25.9 million during the year ended 31 March 2018 while gross profit margin was relatively stable at 29.9% during the year ended 31 March 2017 and 30.7% during the year ended 31 March 2018. The increase in gross profit was generally consistent with the increase in revenue. The relatively high gross profit margin during the year ended 31 March 2018 was mainly attributable to projects for *Hong Kong West Kowloon Station* (Projects 13–17 and Project 20), for which we had saved certain minor finishing work for early completion as requested by our customer. However, such increase in gross profit margin was offset by the low gross profit margin of *Sung Wong Toi Station and To Kwa Wan Station (A)* (Project 26) since we incurred additional material costs, staff costs and subcontracting fees to facilitate installation works in order to meet the tight timeline set by the main contractor then.

Other income, gains, and losses, net

We recorded other losses of HK\$17,000 during the year ended 31 March 2018, as compared to the other income and gains of HK\$398,000 during the year ended 31 March 2017. During the year ended 31 March 2017, we recorded consultancy service income of HK\$656,000 for the additional services provided to (i) one of our glass suppliers for fabrication drawings and structural calculation; and (ii) a subcontractor of our customer for arranging reinstallation of façade works.

FINANCIAL INFORMATION

Impairment losses recognised (reversed), net

During the year ended 31 March 2018, we recorded impairment loss recognised of HK\$1.1 million, as compared to the impairment loss recognised of HK\$2.7 million during the year ended 31 March 2017. The impairment loss was made after repeated requests by us to collect the retention receivables from our customers in accordance with our accounting and credit policy. The amount of impairment loss of HK\$2.7 million was subsequently reversed by HK\$1.4 million during the year ended 31 March 2019 because of settlement made by the customer.

Operating and administrative expenses

Our operating and administrative expenses amounted to HK\$10.6 million during the year ended 31 March 2018, as compared to HK\$8.7 million during the year ended 31 March 2017, representing an increase of 21.8%, whereas our revenue increased by 57.6%. The increase was primarily due to the increase in staff costs of HK\$1.0 million mainly in relation to increase in average headcount to cope with our business expansion, and increase in legal and professional fees of HK\$0.4 million mainly attributable to increase in audit service fee.

Finance costs

During the year ended 31 March 2018, the amount of our finance costs decreased to HK\$110,000 from HK\$289,000 during the year ended 31 March 2017, representing a decrease of 61.9%. During the year ended 31 March 2017, we used bank borrowings for payment of Upfront Costs for the increased number of design, supply, and installation projects undertaken by us, and as such, we incurred more interest expense during the year. We repaid all bank borrowings during the year ended 31 March 2017. The finance costs of HK\$110,000 incurred during the year ended 31 March 2018 was due to the interest incurred for our lease liabilities. We did not borrow from the bank during the year ended 31 March 2018.

Profit before taxation

As a result of the foregoing, our profit before taxation during the year ended 31 March 2018 increased significantly to HK\$39.0 million from HK\$19.6 million during the year ended 31 March 2017, representing an increase of 99.0%.

Income tax expenses

We incurred income tax expenses of HK\$6.4 million during the year ended 31 March 2018, as compared to HK\$3.2 million during the year ended 31 March 2017. The increase in income tax expenses was primarily due to the continuous growth of the scale of our business and the increase in the amount of profit before taxation.

FINANCIAL INFORMATION

LIQUIDITY AND CAPITAL RESOURCES

Our principal sources of liquidity comprise cash generated from our operations and bank borrowings. Our principal uses of cash primarily include the payment of our cost of sales. As of 31 March 2017, 2018, 2019, and 30 September 2019, we had bank balances and cash of HK\$3.8 million, HK\$26.4 million, HK\$13.5 million, and HK\$14.6 million, respectively. The changes in our bank balances and cash during the Track Record Period were primarily due to cash receipts and payments in our ordinary course of business, cash withdrawals for the payment of dividends and additions and repayments of bank borrowings.

	Year ended 31 March			Six months ended 30 September	
	2017	2018	2019	2018	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
				<i>(Unaudited)</i>	
Profit before taxation	19,603	38,961	44,996	17,287	22,640
Adjustments for:					
Interest income	—	—	(1)	—	(8)
Interest expenses	289	110	328	58	662
Depreciation on property and equipment . . .	1,345	1,627	1,803	922	896
(Gain) loss on disposals of property and equipment	(33)	—	230	230	—
Loss on disposal of golf club membership . .	—	—	77	—	—
Gain arising from early termination of a lease contract	—	—	(19)	(19)	—
Impairment loss of golf club membership . .	291	—	—	—	—
Impairment losses recognised (reversed), net	<u>2,718</u>	<u>1,103</u>	<u>(716)</u>	<u>320</u>	<u>(41)</u>
Operating cash flows before movements in working capital	<u>24,213</u>	<u>41,801</u>	<u>46,698</u>	<u>18,798</u>	<u>24,149</u>
Increase in other assets	—	—	—	—	(28)
Decrease (increase) in trade and other receivables	2,447	452	(15,221)	(27,439)	(900)
(Increase) decrease in contract assets	(7,176)	10,046	(56,486)	(9,625)	(18,036)
Increase in trade and other payables	6,778	1,075	8,977	2,321	5,071
Increase (decrease) in contract liabilities	<u>7,580</u>	<u>(4,101)</u>	<u>(7,196)</u>	<u>(4,325)</u>	<u>(967)</u>
Changes in working capital	9,629	7,472	(69,926)	(39,068)	(14,860)
Cash generated from (used in) operations	33,842	49,273	(23,228)	(20,270)	9,289
Hong Kong profits tax paid	<u>(1,138)</u>	<u>(3,789)</u>	<u>(9,319)</u>	<u>—</u>	<u>(1,628)</u>
Net cash from (used in) operating activities	<u>32,704</u>	<u>45,484</u>	<u>(32,547)</u>	<u>(20,270)</u>	<u>7,661</u>

FINANCIAL INFORMATION

	Year ended 31 March			Six months ended 30 September	
	2017	2018	2019	2018	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
				<i>(Unaudited)</i>	
Advances to a director	(10,971)	(21,042)	(5,122)	(4,123)	—
Purchases of property and equipment	(1,462)	(369)	(1,245)	(1,204)	(162)
Proceeds from disposals of property and equipment.	—	—	668	668	—
Proceeds from disposal of golf club membership	—	—	69	—	—
Advances to immediate holding company	(2)	(4)	—	—	—
Advance to ultimate holding company	—	—	(19)	(11)	(4)
Payment of a life insurance contract	(113)	(199)	(364)	(182)	(131)
Payment of rental deposits.	(107)	(160)	—	—	(21)
Interest received	—	—	1	—	8
Net cash used in investing activities	<u>(12,655)</u>	<u>(21,774)</u>	<u>(6,012)</u>	<u>(4,852)</u>	<u>(310)</u>
Dividend paid.	(1,491)	—	(4,019)	—	(5,000)
New bank borrowings raised	15,470	—	54,285	4,000	66,297
Repayments of bank borrowings	(25,582)	—	(21,806)	—	(65,798)
Repayments of lease liabilities	(689)	(977)	(1,204)	(582)	(614)
Repayments to a director.	(4,131)	—	—	—	—
Issue costs paid	—	—	(1,355)	(83)	(483)
Interest paid.	(289)	(110)	(287)	(58)	(616)
Net cash (used in) financing activities	<u>(16,712)</u>	<u>(1,087)</u>	<u>25,614</u>	<u>3,277</u>	<u>(6,214)</u>
Net increase (decrease) in cash and cash equivalents.	3,337	22,623	(12,945)	(21,845)	1,137
Cash and cash equivalents at beginning of the year/period.	<u>442</u>	<u>3,779</u>	<u>26,402</u>	<u>26,402</u>	<u>13,457</u>
Cash and cash equivalents at end of the year/period, representing bank balances and cash	<u><u>3,779</u></u>	<u><u>26,402</u></u>	<u><u>13,457</u></u>	<u><u>4,557</u></u>	<u><u>14,594</u></u>

Net cash from (used in) operating activities

We derive cash inflow from operating activities primarily from the receipt of payments from the contract works. Cash outflow from our operating activities primarily includes payment for building material costs, subcontracting fees, staff costs in Hong Kong, design and calculation fees and other miscellaneous costs, and all other operating expenses such as administrative staff costs and other miscellaneous expenses.

FINANCIAL INFORMATION

Six months ended 30 September 2019

During the six months ended 30 September 2019, we recorded a profit before taxation of HK\$22.6 million and net cash generated from operating activities of HK\$7.7 million. The difference was mainly attributable to (a) a net cash outflow for movement in working capital of HK\$14.9 million; (b) depreciation on property and equipment of HK\$0.9 million; and (c) Hong Kong profits tax paid of HK\$1.6 million.

For the net cash outflow for movements in working capital of HK\$14.9 million during the six months ended 30 September 2019, it was primarily due to (a) an increase in the amount of contract assets of HK\$18.0 million which was mainly related to the significant installation works performed by us which have yet to be certified by our customers or retention money withheld by our customers for various projects and (b) an increase in trade and other payables of HK\$5.1 million mainly in relation to increase in accrued Listing expenses and issue costs.

Year ended 31 March 2019

During the year ended 31 March 2019, we recorded a profit before taxation of HK\$45.0 million and net cash used in operating activities of HK\$32.5 million. The difference was mainly attributable to (a) a net cash outflow for movement in working capital of HK\$69.9 million; (b) depreciation on property and equipment of HK\$1.8 million; and (c) Hong Kong profits tax paid of HK\$9.3 million.

For the net cash outflow for movements in working capital of HK\$69.9 million during the year ended 31 March 2019, it was primarily due to (a) an increase in the amount of contract assets of HK\$56.5 million which was primarily due to a number of significant façade works projects which were in progress during the period, such as *King's Road* (Project 31) and *So Kwun Wat Road (A)* (Project 29), for which we have performed our works, but these works have yet to be certified/confirmed by our customer, and the payment of Upfront Costs during the year; (b) a decrease in the amount of contract liabilities of HK\$7.2 million which was mainly related to subsequent recognition of revenue for those projects with contract liabilities at year ended 31 March 2018; (c) an increase in the amount of trade and other receivables of HK\$15.2 million mainly in relation to increase in trade receivables for increase in certified amount of work done; and (d) an increase in the amount of trade and other payables of HK\$9.0 million mainly in relation to increase in trade payables, primarily attributable to subcontractors for increase in work done certified by us.

Year ended 31 March 2018

During the year ended 31 March 2018, we recorded a profit before taxation of HK\$39.0 million and net cash from operating activities of HK\$45.5 million. The difference was mainly attributable to (a) impairment losses of trade receivables and contract assets of HK\$1.1 million; (b) depreciation on property and equipment of HK\$1.6 million; (c) a net cash inflow for movement in working capital of HK\$7.5 million; and (d) Hong Kong profits tax paid of HK\$3.8 million.

For the net cash inflow for movement in working capital of HK\$7.5 million during the year ended 31 March 2018, it was primarily due to (a) a decrease in contract assets/contract liabilities (net) of HK\$5.9 million which was mainly related to subsequent certification or settlement from customers in respect of contract assets recognised as at 31 March 2017; (b) an increase in trade and other payables of HK\$1.1 million; and (c) a decrease in trade and other receivables of HK\$0.5 million.

FINANCIAL INFORMATION

Year ended 31 March 2017

During the year ended 31 March 2017, we recorded a profit before taxation of HK\$19.6 million and net cash from operating activities of HK\$32.7 million. The difference was mainly attributable to (a) impairment losses of trade receivables, contract assets and golf club membership of HK\$3.0 million; (b) depreciation on property and equipment of HK\$1.3 million; (c) a net cash inflow for movement in working capital of HK\$9.6 million; and (d) Hong Kong profits tax paid of HK\$1.1 million.

For the net cash inflow for movement in working capital of HK\$9.6 million during the year ended 31 March 2017, it was primarily due to (a) an increase in trade and other payables of HK\$6.8 million, primarily attributable to increase in retention payables due to an increase in the number of ongoing projects; (b) a decrease in trade and other receivables of HK\$2.4 million mainly in relation to a decrease in the amount of work certified; and (c) an increase in contract assets/contract liabilities (net) of HK\$0.4 million.

Net cash used in investing activities

During the Track Record Period, our cash flows for investing activities primarily consisted of (a) advances to a director; (b) purchases and proceeds from disposals of property and equipment; and (c) payment of a life insurance contract.

Six months ended 30 September 2019

During the six months ended 30 September 2019, we did not have material cash used in investing activities.

Year ended 31 March 2019

During the year ended 31 March 2019, we recorded a net cash used in investing activities of HK\$6.0 million, which was mainly attributable to (a) advances to Mr. CHU of HK\$5.1 million for his personal use; (b) purchases of property and equipment of HK\$1.2 million; (c) proceeds from disposals of property and equipment of HK\$668,000; (d) proceeds from disposal of golf club membership of HK\$69,000; (e) payment of a life insurance contract of HK\$364,000; and (f) advance to Platinum Lotus of HK\$19,000 for settlement of administrative expenses related to corporate secretarial matters.

Year ended 31 March 2018

During the year ended 31 March 2018, we recorded a net cash used in investing activities of HK\$21.7 million, which was mainly attributable to (a) advances to Mr. CHU of HK\$21.0 million for his personal use; (b) purchases of property and equipment of HK\$0.4 million; (c) payment of a life insurance contract of HK\$199,000; (d) payment of rental deposits of HK\$160,000; and (e) advance to Summit Sino of HK\$4,000 for settlement of administrative expenses in relation to corporate secretarial matters.

FINANCIAL INFORMATION

Year ended 31 March 2017

During the year ended 31 March 2017, we recorded a net cash used in investing activities of HK\$12.7 million, which was mainly attributable to (a) advances to Mr. CHU of HK\$11.0 million for his personal use; (b) purchases of property and equipment of HK\$1.5 million; (c) payment of a life insurance contract of HK\$113,000; (d) payment of rental deposits of HK\$107,000; and (e) advances to Summit Sino of HK\$2,000 mainly for settlement of administrative expenses in relation to corporate secretarial matters.

Net cash from (used in) financing activities

During the Track Record Period, our cash flows for financing activities primarily consisted of (a) repayments of bank borrowings and new bank borrowings raised; (b) repayments of lease liabilities arising from leases of properties for office premises and office equipment for operational use; (c) dividend payments; (d) repayments to a director; (e) interest paid; and (f) issue costs paid.

Six months ended 30 September 2019

During the six months ended 30 September 2019, we recorded a net cash used in financing activities of HK\$6.2 million, which was mainly attributable to (a) dividend paid of HK\$5.0 million and (b) interest paid of HK\$0.6 million.

Year ended 31 March 2019

During the year ended 31 March 2019, we recorded a net cash from financing activities of HK\$25.6 million, which was mainly attributable to (a) inflow from new bank borrowings raised net of repayments of bank borrowings of HK\$32.5 million; (b) payment of lease liabilities of HK\$1.2 million; (c) dividend payments of HK\$4.0 million; (d) payments of issue costs of HK\$1.4 million; and (e) interest paid of HK\$0.3 million.

Year ended 31 March 2018

During the year ended 31 March 2018, we recorded a net cash used in financing activities of HK\$1.1 million, which was mainly attributable to (a) repayments of lease liabilities of HK\$1.0 million; and (b) interest paid of HK\$0.1 million.

Year ended 31 March 2017

During the year ended 31 March 2017, we recorded a net cash used in financing activities of HK\$16.7 million, which was mainly attributable to (a) outflow from repayments of bank borrowings net of new bank borrowings raised of HK\$10.1 million; (b) repayments of lease liabilities of HK\$0.7 million; (c) dividend payments of HK\$1.5 million; (d) repayments to a director of HK\$4.1 million; and (e) interest paid of HK\$0.3 million.

FINANCIAL INFORMATION

WORKING CAPITAL

Our Directors are of the opinion that, taking into consideration (a) the internal financial resources; (b) our own banking facilities; and (c) the amount of net proceeds from the Share Offer (assuming that the Over-allotment Option is not exercised), we will have sufficient working capital for our present requirements for the next 12 months immediately following the date of this prospectus.

PRINCIPAL COMPONENTS OF OUR CURRENT ASSETS AND CURRENT LIABILITIES

The table below sets forth further information on our current assets and current liabilities as of the dates indicated:

	As of 31 March			As of 30 September	As of 31 January
	2017	2018	2019	2019	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
					<i>(Unaudited)</i>
Current assets					
Trade and other receivables	6,918	6,549	23,324	25,606	17,395
Contract assets	17,556	6,407	63,318	81,418	72,218
Amount due from a Director	582	—	—	—	—
Amount due from ultimate holding company	—	—	19	23	—
Amount due from immediate holding company	12	—	—	—	—
Bank balances and cash	<u>3,779</u>	<u>26,402</u>	<u>13,457</u>	<u>14,594</u>	<u>21,030</u>
	<u>28,847</u>	<u>39,358</u>	<u>100,118</u>	<u>121,641</u>	<u>110,643</u>
Current liabilities					
Trade and other payables.	10,836	11,911	21,319	27,562	16,970
Dividend payable.	—	360	17,219	12,219	—
Contract liabilities	12,459	8,358	1,162	195	—
Lease liabilities.	959	1,429	913	1,303	1,498
Taxation payable.	261	2,878	2,136	5,050	2,795
Bank borrowings	<u>—</u>	<u>—</u>	<u>32,479</u>	<u>32,978</u>	<u>33,612</u>
	<u>24,515</u>	<u>24,936</u>	<u>75,228</u>	<u>79,307</u>	<u>54,875</u>
Net current assets	<u>4,332</u>	<u>14,422</u>	<u>24,890</u>	<u>42,334</u>	<u>55,768</u>

Our net current assets represent the difference between our total current assets and total current liabilities.

Based on our unaudited consolidated financial information as of 31 January 2020, our net current assets increased to HK\$55.8 million, representing an increase of HK\$13.4 million or 31.7% from the amount of HK\$42.3 million as of 30 September 2019. Such increase was primarily due to (a) the decrease in trade and other payables of HK\$10.6 million, primarily attributable to settlement of trade

FINANCIAL INFORMATION

payable and of accrued expenses; (b) the full settlement of dividend payable of HK\$12.2 million, which were partially offset by the decrease in contract assets of HK\$9.2 million arising from certification of contract works of sizeable projects such as *Au Tau* (Project 35), *So Kwun Wat Road (A)* (Project 29) and *Museum+ (A)* (Project 32).

Trade and other receivables

The table below sets forth an analysis of trade and other receivables as of the dates indicated:

	As of 31 March			As of 30 September
	2017	2018	2019	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade receivables	5,703	4,865	18,161	19,688
Less: Allowances for impairment	—	—	(130)	(153)
	5,703	4,865	18,031	19,535
Deposits and prepayments	1,211	1,674	2,514	2,630
Deferred issue costs	—	—	1,480	3,089
Prepaid listing expenses	—	—	951	93
Other receivables	291	374	508	644
	7,205	6,913	23,484	25,991
Less: Rental deposits classified as non-current portion	(287)	(364)	(160)	(385)
Total	6,918	6,549	23,324	25,606

Trade receivables

Trade receivables mainly represent amounts receivable for work certified after deduction of retention money by our customers.

As of 31 March 2017, 2018, and 2019, and 30 September 2019 the balance of our trade receivables amounted to HK\$5.7 million, HK\$4.9 million, HK\$18.0 million and HK\$19.5 million, respectively. The decrease in the balance of our trade receivables as of 31 March 2018 was primarily due to the reduced amount of works certified by our customers as of the relevant date. The increase in the balance of our trade receivables as of 31 March 2019 was primarily due to the increase in the certified amount of work done by us in respect of *Fuk Tong Road* (Project 28) and *King's Road* (Project 31). The balance of our trade receivables remained relatively stable as of 30 September 2019.

As of 31 March and 30 September 2019, certain of our trade receivable of HK\$11.2 million and HK\$2.6 million, respectively, were transferred to a bank on a full recourse basis under a factoring arrangement for a bank borrowing of HK\$8.3 million and HK\$1.9 million, respectively. As our Group has not transferred the significant risk and rewards relating to the trade receivables, our Group continue

FINANCIAL INFORMATION

to recognise the full carrying amount of the trade receivables and has recognised the cash received from factoring of trade receivables with full recourse as bank borrowings. For further information, please refer to the paragraphs under “Indebtedness” below.

We usually allow a credit period of seven to 74 days to our customers. Before accepting any new customers, we will internally assess the potential customer’s credit quality and defines credit limits by customers. Recoverability of the existing customers is reviewed by us regularly.

The following is an ageing analysis of trade receivables, net of loss allowances, presented based on the approval dates of work certified by architects, surveyors or others representatives appointed by our customers as of the dates indicated, which are also the dates when our right to consideration became unconditional.

	As of 31 March			As of
	2017	2018	2019	30 September
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
0 to 30 days	546	3,655	5,848	12,042
31 to 60 days	4,148	1,210	11,821	4,926
61 to 90 days	416	—	—	2,567
Over 90 days.	593	—	362	—
Total	5,703	4,865	18,031	19,535

Before the application of HKFRS 9

Before the application of HKFRS 9 on 1 April 2018, we closely monitor the credit quality of trade receivables and consider the trade receivables that are neither past due nor impaired to be of a good credit quality based on their historical repayments. We have a policy for allowance of bad and doubtful debts which is based on the evaluation of collectability and ageing analysis of trade receivables and our judgement including the creditworthiness and the past collection history of each customer.

The table below sets forth an ageing analysis of the trade receivables which are past due but not impaired as of the dates indicated:

	As of 31 March	
	2017	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>
Overdue by:		
1 to 30 days	3,789	380
31 to 60 days	—	—
61 to 90 days	416	—
Over 90 days.	593	—
Total	4,798	380

FINANCIAL INFORMATION

Trade receivables that were past due but not impaired relate to a number of customers which substantial subsequent settlements were made and these customers have no default of payment in the past. Based on past experience, our 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 as fully recoverable. As a result, there were no impairment losses recognised on any trade receivables for the two years ended 31 March 2018.

Upon the application of HKFRS 9

Upon the application of HKFRS 9, loss allowances for trade receivables and contract assets have been measured at an amount equal to lifetime expected credit loss (“ECL”) under the simplified approach.

In determining the ECL for trade receivables and contract assets, we have taken into account the historical default experience and the future prospect of the industries and/or considering various external sources of actual and forecast economic information, as appropriate, as well as any cash flows that are expected from the realisation of the collateral, in estimating the probability of default of each of the trade receivables and contract assets occurring within their respective loss assessment time horizon, as well as the loss upon default in each case.

A trade receivable and contract assets is written off when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the trade receivables are over two years past due, whichever occurs earlier. None of the trade receivables and contract assets that have been written off is subject to enforcement activities.

There has been no change in the estimation techniques or significant assumptions made during the year ended 31 March 2019 and the six months ended 30 September 2019 in assessing the loss allowances for the trade receivables and contract assets. The individual assessment is regularly reviewed us to ensure relevant information about the specific debtor is updated.

The table below sets forth the average turnover days of our trade receivables for the Track Record Period:

	Year ended 31 March			Six months ended 30 September
	2017	2018	2019	2019
	<i>Number of days⁽¹⁾</i>	<i>Number of days⁽¹⁾</i>	<i>Number of days⁽¹⁾</i>	<i>Number of days⁽¹⁾</i>
Trade receivables	24.1	11.6	20.6	27.2

Note:

- (1) Average trade receivables turnover days is calculated based on the arithmetic mean of the beginning and ending balance of trade receivables divided by revenue for the year/period and multiplied by the number of days of the year (365 days) or period (183 days).

FINANCIAL INFORMATION

Our average trade receivables turnover days were within the credit period we granted to our customers. The shorter average trade receivables turnover days during the year ended 31 March 2018 was mainly attributable to the lower balance of trade receivables as of 31 March 2018 as less revenue were recognised near the end of the financial year.

As of the Latest Practicable Date, the amount of trade receivables as of 30 September 2019 of HK\$19.5 million has been fully settled.

Deposits and prepayments

As of 31 March 2017, 2018, and 2019, and 30 September 2019, our deposits and prepayments amounted to HK\$1.2 million, HK\$1.7 million, HK\$2.5 million, and HK\$2.6 million, respectively. The increase in deposits and prepayments as of 31 March 2018 was mainly attributable to the increase in prepayment for employee compensation insurance for one of our projects amounted to HK\$0.4 million. Our deposits and prepayments further increased to HK\$2.5 million as of 31 March 2019, mainly attributable to the further increase in prepayment for employee compensation insurance of HK\$0.6 million. Our deposits and prepayments remained relatively stable as of 30 September 2019.

Other receivables

As of 31 March 2017, 2018, and 2019, and 30 September 2019, our other receivables amounted to HK\$0.3 million, HK\$0.4 million, HK\$0.5 million, and HK\$0.6 million, respectively, mainly represented the amounts yet to be received by us from insurance company in respect of the compensation paid to injured employees of our subcontractors in occupational accidents.

Contract assets and contract liabilities

The table below sets forth an analysis of contract assets and contract liabilities as of the dates indicated:

	As of 31 March			As of 30 September
	2017	2018	2019	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Analysed on a net basis for each respective contract:				
Contract assets	17,556	6,407	63,318	81,418
Contract liabilities	(12,459)	(8,358)	(1,162)	(195)
Total	5,097	(1,951)	62,156	81,223

FINANCIAL INFORMATION

	As of 31 March			As of
	2017	2018	2019	30 September
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Analysed on a gross basis of:				
Contract assets (net of loss allowances)	22,394	16,624	63,657	82,194
Contract liabilities	(17,297)	(18,575)	(1,501)	(971)
Total	5,097	(1,951)	62,156	81,223

Contract assets

Contract assets arise when we have the right to receive our fees for completion of design, supply, and installation of façade works and building metal finishing works contracts and not yet billed under the relevant contracts, and our right is conditioned on factors other than passage of time. Any amount previously recognised as a contract asset will be reclassified to trade receivables when such right becomes unconditional other than the passage of time.

In addition, contract assets arise when customers withhold certain certified amounts payable to us as retention money to secure the due performance of the contracts. The retention receivables represent the money withheld by our customers to secure due performance of our contracts. Our customers normally withhold 10% of the certified amount payable to us as retention money (accumulated up to a maximum of five per cent. of contract sum), 50% of which is normally recoverable upon the issuance of the certificate of practical completion by the architects for completion of the relevant project. The remaining 50% is recoverable after completion of defect liability period of the relevant project or in accordance with the terms specified in the relevant contracts, ranging from one to two years from the date of completion of the relevant project. Any amount of retention receivables previously recognised as a contract asset is re-classified to trade receivables at the point at which it becomes unconditional and is invoiced to the customer. The retention money does not have any significant financing component for financing benefit. The amounts are unsecured and interest-free.

The balance of contract assets decreased from HK\$17.6 million as of 31 March 2017 to HK\$6.4 million as of 31 March 2018, representing a decrease of 63.6%. Such decrease was mainly attributable to the contract assets recognised for certain projects as of 31 March 2017 which were subsequently certified or settled by our customers during the year ended 31 March 2018, including primarily *Hong Kong West Kowloon Station (C)* (Project 15), *Salisbury Road* (Project 19), and *THEi New Campus (A)* (Project 25). The balance increased significantly by HK\$56.9 million, or 889.1% to HK\$63.3 million as of 31 March 2019. Such increase was mainly attributable to significant work done performed by us yet to be certified by our customers or withheld by our customers as retention money for various projects, which primarily included *So Kwun Wat Road* (Project 29), *King's Road* (Project 31), and *Museum+* (Projects 32–33). The balance further increased by HK\$18.1 million, or 28.6%, to HK\$81.4 million as of 30 September 2019. Such increase was mainly attributable to significant works performed by us yet to be certified by our customers, which primarily included *Au Tau* (Project 35) and *Museum+* (Projects 32–33).

FINANCIAL INFORMATION

The table below sets forth the average turnover days of our trade receivables and contract assets during the Track Record Period:

	Year ended 31 March			Six months ended 30 September
	2017	2018	2019	2019
	<i>Number of days⁽¹⁾</i>	<i>Number of days⁽¹⁾</i>	<i>Number of days⁽¹⁾</i>	<i>Number of days⁽¹⁾</i>
Trade receivables and contract assets	77.0	37.8	83.4	132.2

Note:

- (1) The average trade receivables and contract assets turnover days is calculated based on the arithmetic mean of the beginning and ending balances of the sum of trade receivables and contract assets divided by revenue for the year/period and multiplied by the days of the year (365 days) or period (183 days)

The shorter turnover days of trade receivables and contract assets during the year ended 31 March 2018 was primarily due to the lower balance of trade receivables and contract assets as of 31 March 2018. The longer turnover days of trade receivables and contract assets during the six months ended 30 September 2019 was primarily due to the higher balance of contract assets for work done performed by us yet to be certified by our customers, which primarily included *Au Tau* (Project 35) and *Museum+* (Projects 32–33).

FINANCIAL INFORMATION

The table below sets forth an analysis of our contract assets on a net basis by project as of 30 September 2019 and the subsequent billed/settled of it:

	Retention receivables	Work performed but not yet certified and billed	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
As of 30 September 2019			
Project names			
<i>So Kwun Wat Road (A) (Project 29)</i>	—	19,918	19,918
<i>King's Road (Project 31)</i>	3,850	765	4,615
<i>Museum+ (Projects 32–33)</i>	2,094	16,315	18,409
<i>Sung Wong Toi Station & To Kwa Wan Station (Projects 26–27)</i>	3,257	1,153	4,410
<i>Perkins Road (Project 12)</i>	1,314	1,304	2,618
<i>Au Tau (Project 35)</i>	756	20,876	21,632
<i>Sai Yee Street (Project 24)</i>	1,064	974	2,038
<i>Others</i>	<u>6,960</u>	<u>4,150</u>	<u>11,110</u>
Total contract assets	19,295	65,455	84,750
Loss allowance	<u>(2,814)</u>	<u>(518)</u>	<u>(3,332)</u>
Total contract assets as of 30 September 2019			
net of loss allowance	16,481	64,937	81,418
Subsequently billed and settled	—	(56,509)	(56,509)
Subsequently billed and not yet settled	(492)	(1,303)	(1,795)
Subsequently settled	<u>(1,752)</u>	<u>—</u>	<u>(1,752)</u>
As of 31 January 2020	<u>14,237</u>	<u>7,125</u>	<u>21,362</u>
Percentage of net contract assets which have been			
subsequently billed/settled	13.6%	89.0%	73.8%

For the contract assets amounted to HK\$81.4 million as of 30 September 2019, an amount of HK\$60.1 million or 73.8% was subsequently billed/settled by our customers as of 31 January 2020.

As of 31 January 2020, there was 89.0% of the works performed but not yet certified and billed as of 30 September 2019 subsequently billed/settled by our customers. Our Directors expect the remaining balance of contract assets for work done performed by us would be billed and settled with one year. Regarding the balance of retention receivables as of 30 September 2019, HK\$2.2 million or 13.6% was

FINANCIAL INFORMATION

billed/settled as of 31 January 2020. For the remaining retention receivables of HK\$14.2 million as of 30 September 2019, HK\$7.7 million would be settled on demand or within one year and HK\$6.5 million would be settled after one year.

Upon the application of HKFRS 9, loss allowance for contract assets has been measured at an amount equal to lifetime expected credit losses. Further information on the impairment assessment of contract assets is set forth in note 19 to the Accountants' Report.

Contract liabilities

Contract liabilities primarily relate to our obligation to transfer project works services to customers for which we have received consideration from the customers in advance. The contract liabilities as of 31 March 2017 and 31 March 2018 have been recognised as revenue during the year ended 31 March 2018 and 31 March 2019, respectively. The contract liabilities as of 31 March 2019 will be recognised as revenue for the year ending 31 March 2020. The balance of our contract liabilities (on net basis) decreased by HK\$4.1 million or 32.8% from HK\$12.5 million as of 31 March 2017 to HK\$8.4 million as of 31 March 2018, mainly in relation to the subsequent recognition of revenue for *Sung Wong Toi Station* and *To Kwa Wan Station (A)* (Project 26), *Hong Kong West Kowloon Station (F)* (Project 20) and *Marriott Hotel (A)* (Project 05). The balance further decreased by HK\$7.2 million or 85.7% to HK\$1.2 million as of 31 March 2019, mainly in relation to subsequent recognition of revenue for *Perkins Road* (Project 12) and *King's Road* (Project 31). The balance further decreased by HK\$967,000 or 83.2% as of 30 September 2019, primarily due to subsequent recognition of revenue generated from *Hong Kong International Airport* (Project 36).

As of 31 January 2020, the entire amount of contract liabilities as of 30 September 2019 has been subsequently recognised as revenue.

Trade and other payables

The table below sets forth an analysis of trade and other payables as of the dates indicated:

	As of 31 March			As of
	2017	2018	2019	30 September 2019
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade payables	7,573	6,881	14,101	14,052
Retention payables	1,414	2,866	4,007	4,644
Accrued expenses	1,849	2,164	2,559	3,658
Accrued listing expenses and issue costs	—	—	652	5,208
Total	10,836	11,911	21,319	27,562

Trade payables

Trade payables mainly represent amounts payable for purchase of building material and subcontracting services.

FINANCIAL INFORMATION

The trade payables decreased slightly by HK\$0.7 million or 9.2% from HK\$7.6 million as of 31 March 2017 to HK\$6.9 million as of 31 March 2018 mainly because we are yet to receive invoices from some of our suppliers for certain works certified during the year ended 31 March 2018.

The trade payables increased by HK\$7.2 million or 104.3% from HK\$6.9 million as of 31 March 2018 to HK\$14.1 million as of 31 March 2019 mainly attributable to the increase in amounts due to our subcontractors for their works certified by us in relation of the installation work of the *Hong Kong West Kowloon Station* (Projects 13–17 and Project 20).

The trade payables remained relatively stable at HK\$14.1 million as of 30 September 2019.

The table below sets forth is an aged analysis of trade payables based on the invoice date as of the dates indicated:

	As of 31 March			As of 30 September
	2017	2018	2019	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
0 to 30 days	6,204	4,966	13,531	12,740
31 to 60 days	852	1,705	562	1,312
61 to 90 days	345	150	8	—
Over 90 days	172	60	—	—
Total	<u>7,573</u>	<u>6,881</u>	<u>14,101</u>	<u>14,052</u>

The credit period of trade payables is usually ranging from 0 to 30 days.

The table below sets forth the average turnover days of our trade payables during the Track Record Period (with the comparative figures during the six months ended 30 September 2018):

	Year ended 31 March			Six months ended 30 September
	2017	2018	2019	2019
	<i>Number of days⁽¹⁾</i>	<i>Number of days⁽¹⁾</i>	<i>Number of days⁽¹⁾</i>	<i>Number of days⁽¹⁾</i>
Trade payables	<u>28.7</u>	<u>25.1</u>	<u>30.2</u>	<u>31.5</u>

Note:

- (1) Average trade payables turnover days is calculated based on the arithmetic mean of the beginning and ending balance of the trade payables divided by cost of sales (excluding the staff costs) for the year/period and multiplied by the number of days of the year (365 days) or the relevant period (183 days).

FINANCIAL INFORMATION

Regarding the average turnover days of trade payables, there was no material fluctuation for the Track Record Period. The figures were commensurate with the credit period ranging from 0 to 30 days as offered by our suppliers and subcontractors.

As of 31 January 2020, HK\$14.1 million or 100% of the trade payables as of 30 September 2019 has been settled by us.

Retention payables

Our retention payables represent amount payable to our subcontractors of contract works payable by our Group after the completion of maintenance period of the relevant contracts or in accordance with the terms specified in the relevant contracts for a period ranging from one to two years after completion of the relevant works. Our retention payables increased by HK\$1.5 million or 107.1% from HK\$1.4 million as of 31 March 2017 to HK\$2.9 million as of 31 March 2018, further increased by HK\$1.1 million or 37.9% to HK\$4.0 million as of 31 March 2019 and further increased by HK\$637,000 or 15.9% to HK\$4.6 million as of 30 September 2019. The increment trend of our retention payable during the Track Record Period was generally in line with the increase in number of ongoing projects during the Track Record Period.

Accrued expenses

Accrued expenses increased by HK\$0.3 million or 15.8% from HK\$1.9 million as of 31 March 2017 to HK\$2.2 million as of 31 March 2018, mainly attributable to the (i) increase in provision for annual leave and long service payment of HK\$0.4 million; (ii) increase in provision for audit service fees for HK\$0.2 million, and partially offset by (iii) the decrease in accrued purchase of HK\$0.4 million. Accrued expenses increased by HK\$0.4 million or 18.2% from HK\$2.2 million as of 31 March 2018 to HK\$2.6 million as of 31 March 2019, mainly attributable to the increase in accrued purchase of HK\$0.9 million. Accrued expenses further increased by HK\$1.1 million or 42.9% as of 30 September 2019, primarily due to (i) increase in the accrued bonus of HK\$0.5 million and (ii) increase in the accrued purchase of HK\$0.3 million.

Dividend payable

As of 30 September 2019, the amount of the dividend payable was HK\$12.2 million, which has been settled as of the Latest Practicable Date.

FINANCIAL INFORMATION

Lease liabilities

The table below sets forth an analysis of lease liabilities as of the dates indicated:

	As of 31 March			As of 30 September
	2017	2018	2019	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current	1,812	1,773	810	1,768
Current	959	1,429	913	1,303
Total	2,771	3,202	1,723	3,071

	As of 31 March			As of 30 September
	2017	2018	2019	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Minimum lease payment due:				
— within one year	1,064	1,539	971	1,407
— more than one year but not exceeding two years	1,064	1,057	662	1,110
— more than two years but not exceeding five years	855	798	176	720
	2,983	3,394	1,809	3,237
Less: Future finance charge	(212)	(192)	(86)	(166)
Present value of lease liabilities	2,771	3,202	1,723	3,071

	As of 31 March			As of 30 September
	2017	2018	2019	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Present value of lease liabilities:				
— within one year	959	1,429	913	1,303
— more than one year but not exceeding two years	1,002	1,003	638	1,060
— more than two years but not exceeding five years	810	770	172	708
Total	2,771	3,202	1,723	3,071

FINANCIAL INFORMATION

We lease properties for our offices and office equipment for our operation and these lease liabilities are measured at the present value of the lease payments that are not yet paid.

We do not face a significant liquidity risk with regard to our lease liabilities. Lease liabilities are monitored within our treasury function.

Lease and rentals are negotiated and fixed for a term of three years and five years for office premises and office equipment, respectively.

The total cash outflows for leases amounted to HK\$0.8 million, HK\$1.1 million, HK\$1.3 million, and HK\$0.7 million during the three years ended 31 March 2019, and the six months ended 30 September 2019, respectively.

Out of our total lease liabilities, HK\$2.1 million, HK\$2.6 million, HK\$1.2 million, and HK\$2.6 million as of 31 March 2017, 31 March 2018, 31 March 2019, and 30 September 2019 were secured by rental deposit.

Taxation payable

The table below sets forth the movement of our taxation payable during the Track Record Period:

	Year ended 31 March			Six months ended 30 September
	2017	2018	2019	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Taxation (recoverable) payable as of the beginning of the year/period	(483)	261	2,878	2,136
Income tax expense charged to profit or loss	3,200	6,406	8,506	4,549
Deferred tax (charge) credit to profit or loss	(1,318)	—	71	(7)
Hong Kong profits tax paid	(1,138)	(3,789)	(9,319)	(1,628)
Taxation payable as of the end of the year/period	<u>261</u>	<u>2,878</u>	<u>2,136</u>	<u>5,050</u>

During the three years ended 31 March 2019, and the six months ended 30 September 2019, the income tax expense charged to profit or loss amounted to HK\$3.2 million, HK\$6.4 million, HK\$8.5 million, and HK\$4.5 million, respectively. During the year ended 31 March 2017, the deferred tax charge was arising from the utilisation of tax losses. During the year ended 31 March 2019 and the six months ended 30 September 2019, the deferred tax credit was arising from the effect of the increase in ECL provision on trade receivables and contract assets.

FINANCIAL INFORMATION

PRINCIPAL COMPONENTS OF OUR NON-CURRENT ASSETS

The table below sets forth further information on our non-current assets as of the dates indicated:

	As of 31 March			As of
				30 September
	2017	2018	2019	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Property and equipment	4,191	4,341	2,894	4,122
Other assets	414	613	831	990
Rental deposits	287	364	160	385
Deferred tax assets	—	—	141	134
Total	4,892	5,318	4,026	5,631

Property and equipment

The table below sets forth the carrying amounts of our property and equipment as of the dates indicated:

	As of 31 March			As of
				30 September
	2017	2018	2019	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Right-of-use assets				
— Office equipment	683	572	484	423
— Office premises	2,037	2,535	1,313	2,670
Leasehold improvements	570	533	658	502
Office equipment and furniture	229	197	439	527
Motor vehicles	672	504	—	—
Total	4,191	4,341	2,894	4,122

Our property, plant, and equipment are stated at cost less subsequent accumulated depreciation and accumulated impairment losses, if any. Our property and equipment remains relatively stable at HK\$4.2 million and HK\$4.3 million as of 31 March 2017 and 2018, respectively. Our property and equipment decreased to HK\$2.9 million as of 31 March 2019, and such decrease was primarily due to the early termination of our leased properties and disposal of motor vehicle. Our property and equipment increased to HK\$4.1 million as of 30 September 2019, primarily due to the increase in right-of-use assets for our office premises upon renewal of the relevant lease agreements.

FINANCIAL INFORMATION

Our office equipment which is classified as right-of-use assets mainly includes printers leased from Independent Third Party. Such office equipment in which we are the lessee contain variable lease payment terms that are based on excess usage of printing pages. The variable lease payments depend on the usage of printing pages for each month of the leased office equipment. Variable lease payment terms are used to link rental payments to actual usage of printing pages and to reduce fixed cost. The breakdown of lease payments for total lease payments is as below:

	Year ended 31 March			Six months ended 30 September	
	2017	2018	2019	2018	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
				<i>(Unaudited)</i>	
Fixed payments					
— for certain office equipment with variable payment terms	112	165	181	86	102
— for other lease assets.	650	922	1,127	554	578
	762	1,087	1,308	640	680
Variable payments for certain office equipment	—	18	28	6	19
Total	762	1,105	1,336	646	699

Other assets

As of 31 March 2017, 2018, and 2019, and 30 September 2019, other assets include the golf club membership amounting to HK\$146,000, HK\$146,000, nil, and nil, respectively, and deposit and prepayment for a life insurance policy amounting to HK\$268,000, HK\$467,000, HK\$831,000, and HK\$990,000, respectively.

The life insurance policy is a keyman insurance of which the insured person is Mr. CHU while the beneficiary and policy owner is ICGL (Hong Kong).

The golf club membership as of 31 March 2017 and 2018 was assessed as having indefinite useful life because there was no time limit that we could utilise the services provided by the golf club. The golf club membership was disposed to an Independent Third Party during the year ended 31 March 2019.

FINANCIAL INFORMATION

Deferred tax assets

The following are the major deferred tax assets recognised and movements thereon during Track Record Period:

	<u>Tax losses</u>	<u>Loss allowances for trade receivables</u>	<u>Loss allowances for contract assets</u>	<u>Total</u>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
As of 1 April 2016	1,318	—	—	1,318
Charge to profit or loss	<u>(1,318)</u>	<u>—</u>	<u>—</u>	<u>(1,318)</u>
As of 31 March 2017 and 31 March 2018	—	—	—	—
Effect arising from initial application of HKFRS 9	<u>—</u>	<u>16</u>	<u>54</u>	<u>70</u>
As of 1 April 2018 ⁽¹⁾	—	16	54	70
Credit to profit or loss	<u>—</u>	<u>5</u>	<u>66</u>	<u>71</u>
As of 31 March 2019	—	21	120	141
Credit (charge) to profit or loss	<u>—</u>	<u>4</u>	<u>(11)</u>	<u>(7)</u>
As of 30 September 2019	<u>—</u>	<u>25</u>	<u>109</u>	<u>134</u>

Note:

(1) We have initially applied HKFRS 9 on 1 April 2018 and comparative information is not restated.

As of 31 March 2017, 2018, and 2019, and 30 September 2019, we have no unused tax losses available for offset future profits.

PRINCIPAL COMPONENT OF OUR NON-CURRENT LIABILITY

As of 31 March 2017, 2018, and 2019, and 30 September 2019, we had non-current portion of lease liabilities of HK\$1.8 million, HK\$1.8 million, HK\$0.8 million, and HK\$1.8 million, respectively. Such lease liabilities represent the present value of the lease payments that are not yet paid and would not be required to be settled for more than one year. Further information on our lease liabilities is set forth in the paragraphs under “Principal components of our current assets and current liabilities — Lease liabilities” above.

FINANCIAL INFORMATION

CAPITAL EXPENDITURE

Our principal capital expenditures relate primarily to investments in property and equipment excluding right-of-use assets. The table below sets forth our historical capital expenditures for the Track Record Period (with the comparative figures during the six months ended 30 September 2018):

	Year ended 31 March			Six months ended 30 September	
	2017	2018	2019	2018	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Historical capital expenditures	1,462	369	1,245	1,240	162

CONTRACTUAL AND CAPITAL COMMITMENTS

Our Directors confirm that we did not have any capital commitments as of the end of the reporting period during the Track Record Period.

RELATED PARTY TRANSACTIONS

Related party transactions

During the Track Record Period, we had certain related party transactions, including:

Subcontracting fees paid to Constant Raise

During the year ended 31 March 2017, we paid subcontracting fees of HK\$155,000 to Constant Raise for the provision of construction site cleaning, manual and touching up work services for our projects. Our Directors confirm that the payment of the subcontracting fees was made on an arm's length basis and upon normal commercial terms, as supported by the fact that the fees charged by Constant Raise were comparable and within the range of fees charged by other external service providers, which are Independent Third Parties, engaged by us for similar services. Subsequent to the year ended 31 March 2017, there were no transactions between Constant Raise and us, and Constant Raise was deregistered on 21 September 2018.

Further information on Constant Raise is set forth in the section headed "Relationship with our Controlling Shareholders — Interests of our Controlling Shareholder in other businesses — Constant Raise" in this prospectus.

Disposal of a motor vehicle to Mr. CHU

During the year ended 31 March 2017 and 2019, we disposed of two motor vehicles to Mr. CHU for HK\$120,000 and HK\$668,000, respectively. The consideration of the motor vehicles was determined based on the then conditions of the vehicle and the then market prices obtained from public source.

FINANCIAL INFORMATION

Having considered that the transaction amounts of these related party transactions are relatively insignificant as compared to our revenue, our Directors consider that these related party transactions did not distort our operating results during the Track Record Period or make our historical results unreflective of our future performance.

Balances with related parties

The table below sets forth our balance due from related parties as of the dates indicated:

	As of 31 March			As of
	2017	2018	2019	30 September
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>2019</i>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Amount due from a director	582	—	—	—
Amount due from ultimate holding company	—	—	19	23
Amount due from immediate holding company	12	—	—	—

We expect that the amount due from ultimate holding company will be settled before the Listing.

Guarantees and pledge of assets provided to our Group

During the Track Record Period, Mr. CHU provided unlimited personal guarantees to the banks in respect of the banking facilities granted to us. Ms. DAI Wing Yi Marjor (the spouse of Mr. CHU) provided personal guarantees of HK\$10.0 million, HK\$10.0 million, HK\$10.0 million, and HK\$10.0 million to the banks in respect of the banking facilities granted to us as of 31 March 2017, 2018, and 2019, and 30 September 2019, respectively.

Mr. CHU and Ms. DAI Wing Yi Marjor also pledged the properties owned by them to secure the banking facilities granted to us as of 31 March 2017, 2018, and 2019, and 30 September 2019. Mr. CHU also pledged fixed deposits of HK\$5.0 million and HK\$8.0 million in his own name as of 31 March and 30 September 2019, respectively, as security for the banking facility granted to us. The personal guarantees and pledge of assets will be released upon the Listing.

FINANCIAL INFORMATION

INDEBTEDNESS

The table below sets forth our indebtedness as of the dates indicated:

	As of 31 March			As of 30 September	As of 31 January
	2017	2018	2019	2019	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
					<i>(Unaudited)</i>
Bank borrowings: ⁽¹⁾					
Secured and guaranteed ⁽²⁾	—	—	32,479	32,978	33,612
Lease liabilities:					
Secured and unguaranteed ⁽³⁾	2,076	2,603	1,205	2,614	2,691
Unsecured and unguaranteed	695	599	518	457	417
Total	<u>2,771</u>	<u>3,202</u>	<u>34,202</u>	<u>36,049</u>	<u>36,720</u>

Notes:

- (1) As of 31 March 2019, our bank borrowings included factoring loans of HK\$8.3 million and other bank borrowings of HK\$24.2 million. As of 30 September 2019, our bank borrowings included factoring loans of HK\$1.9 million and other bank borrowings of HK\$31.1 million. As of 31 January 2020, our bank borrowings included factoring loans of HK\$4.9 million and other bank borrowings of HK\$28.7 million. Other bank borrowings include tax loan, invoice financing loans and revolving loans. The range of effective interest rates on our borrowings is between 3.9% and 4.7%.
- (2) As at 31 January 2020, the secured and guaranteed bank borrowings are secured by trade receivables of our Group, pledge of properties and deposits provided by Mr. CHU and/or Ms. DAI Wing Yi Marjor (the spouse of Mr. CHU) and guaranteed by HKMC Insurance Limited under SME Financing Scheme and personal guarantees by Mr. CHU and/or Ms. DAI Wing Yi Marjor.
- (3) As at 31 January 2020, the secured and unguaranteed lease liabilities are secured by rental deposits of our Group.

Bank borrowings

During the Track Record Period, our bank borrowings are secured by personal guarantee, pledge of properties and deposits provided by Mr. CHU and/or Ms. Dai Wing Yi Marjor (the spouse of Mr. CHU). See the paragraph headed “Related Party Transactions — Guarantee and pledge of assets provided to our Group” above for further information.

As of 31 January 2020, we had total banking facilities of HK\$68.0 million, of which the unutilised banking facilities amounted to HK\$29.9 million. As of the Latest Practicable Date, we had total banking facilities of HK\$68.0 million, of which the unutilised banking facilities amounted to HK\$29.2 million. The utilised banking facilities were secured by:

- (a) unlimited personal guarantee provided by Mr. CHU;
- (b) personal guarantee of HK\$10.0 million provided by Ms. DAI Wing Yi Marjor (the spouse of Mr. CHU);

FINANCIAL INFORMATION

- (c) certain properties pledged by Mr. CHU and Ms. DAI Wing Yi Marjor (the spouse of Mr. CHU);
- (d) fixed deposits with aggregate amount of HK\$8.0 million pledged by Mr. CHU;
- (e) guarantee of HK\$9.6 million provided by HKMC Insurance Limited under the SME Financing Guarantee Scheme; and
- (f) a fixed deposit of HK\$4.4 million pledged by ICGL (Hong Kong) to provide guarantee in respect of the surety bond in favour of a customer of a construction contract.

As confirmed by our Directors, the abovementioned personal guarantee, pledge of properties and deposit provided by Mr. CHU and/or Ms. DAI Wing Yi Marjor (the spouse of Mr. CHU) will be released upon Listing and replaced by corporate guarantee by our Group companies.

As of 30 September 2019 and 31 January 2020, the secured and guaranteed bank borrowings of HK\$8.9 million and HK\$8.5 million, respectively, of our Group are guaranteed by the HKMC Insurance Limited under SME Financing Guarantee Scheme.

During the Track Record Period, the banking facility agreements that we entered into with the banks were subject to general and customary covenants commonly found in lending arrangements with the banks. Our Directors confirm that we have not defaulted in the repayment of the principal bank borrowings and relevant interest expenses during the Track Record Period, and none of the covenants relating to the banking facility had been breached.

Lease liabilities

We lease various assets as our offices and office equipment and these lease liabilities are measured at the present value of the lease payments that have not yet been paid. The lease terms range from three to five years. These leases have no terms of renewal clauses. No arrangements have been entered into for contingent rental payments on these leased assets.

PERFORMANCE GUARANTEE

Performance guarantee is issued in favour of our Group's customer as security for the due performance and observance of our Group's obligations under the construction contract entered into between our Group and this customer. If our Group fails to provide satisfactory performance to our customer to whom the performance guarantee has been given, such customer may demand the bank to pay to them the sum or sum stipulated in such demand. Our Group will become liable to compensate such bank accordingly. The performance guarantee will be released upon completion of the contract works. The performance guarantee was granted under a letter of guarantee of our Group.

FINANCIAL INFORMATION

Details of the guarantee as at the respective reporting dates are shown as follows:

	As of 31 March			As of 30 September	As of 31 January
	2017	2018	2019	2019	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Performance Guarantee issued in favour of a customer	—	—	—	—	4,448

The collateral provided by our Group for issuing the performance guarantee is disclosed in the sub-section headed “Indebtedness — Bank borrowings” in this section.

CONTINGENT LIABILITIES

Except as disclosed in the prospectus, we did not have any outstanding loan capital issued or agreed to be issued, bank overdrafts, loans, debt securities, borrowings or other similar indebtedness, debentures, mortgages, charges, other recognised lease liabilities, liabilities under acceptances or acceptance credits, guarantees or other material contingent liabilities as of the Latest Practicable Date.

OFF-BALANCE SHEET ARRANGEMENTS

As of the Latest Practicable Date, we did not have any material off-balance sheet arrangements or contingencies except as disclosed in the paragraphs under “Contractual and capital commitments” and “Indebtedness” above.

KEY FINANCIAL RATIOS

	<i>Notes</i>	Year ended 31 March			Six months ended 30 September	
		2017	2018	2019	2018	2019
		Revenue growth (%)	(1)	N/A	57.6	21.6
Gross profit margin (%)	(2)	29.2	30.5	30.5	27.6	28.6
Net profit growth (%)	(3)	N/A	98.5	12.1	N/A	26.2
Net profit margin (%)	(4)	15.5	19.5	18.0	17.1	14.3
Return on equity (%)	(5)	221.3	181.2	129.8	N/A	N/A
Return on assets (%)	(6)	48.6	72.9	35.0	N/A	N/A
Interest coverage (times)	(7)	68.8	355.2	138.2	299.1	35.2

FINANCIAL INFORMATION

		As of 31 March			As of
		2017	2018	2019	30 September 2019
Gearing ratio (%)	(8)	N/A	N/A	115.6	71.4
Net debt to equity ratio (%)	(9)	N/A	N/A	67.7	39.8
Current ratio (<i>times</i>)	(10)	1.2	1.6	1.3	1.5

Notes:

- (1) Revenue growth is calculated based on the difference in our revenue for each reporting year/period from our revenue for the previous reporting year/period divided by our revenue of previous year/period and multiplied by 100%. See the paragraphs headed “Our operating results” above in this section for further information on our revenue growth.
- (2) Gross profit margin is calculated based on the gross profit for each reporting year/period divided by total revenue for each reporting year/period and multiplied by 100%. See the paragraphs headed “Our operating results” above in this section for further information on our gross profit margin.
- (3) Net profit growth is calculated based on the difference in our net profit for each reporting year/period from the net profit for the previous reporting year/period divided by the profit of previous year/period and multiplied by 100%. See the paragraphs headed “Our operating results” above in this section for further information on our net profit growth.
- (4) Net profit margin is calculated based on the net profit for each reporting year/period divided by the total revenue for each reporting year/period and multiplied by 100%. See the paragraphs headed “Our operating results” above in this section for further information on our net profit margin.
- (5) Return on equity is calculated based on our net profit for each reporting year divided by equity attributable to our Shareholders as of the end of each reporting year and multiplied by 100%. During the six months ended 30 September 2018 and 2019, the calculation of return on equity is not applicable since the calculation is on a full-year basis.
- (6) Return on assets is calculated based on our net profit for each reporting year divided by total assets as of the end of each reporting year and multiplied by 100%. During the six months ended 30 September 2018 and 2019, the calculation of return on assets is not applicable since the calculation is on a full-year basis.
- (7) Interest coverage is calculated by dividing profit before finance costs and taxation by finance costs for each reporting year/period.
- (8) Gearing ratio is calculated based on our total bank borrowings divided by total equity as of the end of each reporting year/period and multiplied by 100%.
- (9) Net debt to equity ratio is calculated based on bank borrowings minus bank balances and cash, divided by total equity as of the end of each reporting year/period and multiplied by 100%.
- (10) Current ratio is calculated based on total current assets divided by total current liabilities as of the end of each reporting year/period.

FINANCIAL INFORMATION

Return on equity

Our return on equity decreased from 221.3% during the year ended 31 March 2017 to 181.2% during the year ended 31 March 2018, primarily due to the increase in total equity of 142.4%, which outweighed the increase in net profit of 98.5%. The increase in total equity was primarily due to the turnaround of negative reserves of HK\$2.6 million as of 31 March 2017 resulted from the adoption of HKFRS 15 with retrospective effect from 1 April 2014, to positive reserves of HK\$8.0 million as of 31 March 2018. Our return on equity further decreased to 129.8% during the year ended 31 March 2019, primarily due to the increase in total equity of 56.4%, which outweighed the increase in net profit of 12.1%.

Return on assets

Our return on assets increased from 48.6% during the year ended 31 March 2017 to 72.9% during the year ended 31 March 2018, mainly attributable to the increase in net profit of 98.5%, which outweighed the increase in total assets of 32.4%. Our return on assets decreased to 35.0% during the year ended 31 March 2019, primarily due to the significant increase in total assets of 133.1%, which outweighed the increase in net profit of 12.1%.

Interest coverage

Our interest coverage increased from 68.8 times during the year ended 31 March 2017 to 355.2 times during the year ended 31 March 2018, mainly because our interest expenses remained minimal during the year ended 31 March 2017 and 2018, while our profit before finance costs and taxation increased significantly by 96.4%. Our interest coverage decreased to 138.2 times during the year ended 31 March 2019, primarily due to the significant increase in finance costs by 198.2%, which outweighed the increase in profit before finance costs and taxation of 16.0%. Our interest coverage decreased from 299.1 times during the six months ended 30 September 2018 to 35.2 times during the six months ended 30 September 2019, primarily due to the significant increase in finance cost of 1,041.4%, which outweighed the increase in profit before finance costs and taxation of 34.3%.

Gearing ratio

Since we do not have bank borrowings as of 31 March 2017 and 2018, the gearing ratio is not applicable for the respective period. Our high gearing ratio of 115.6% as of 31 March 2019 was primarily due to the increase in bank borrowings to finance for the payment of the Upfront Costs for projects undertaken by us. Our gearing ratio decreased to 71.4% as of 30 September 2019 primarily due to the increase in total equity attributable to the increase in our contract assets.

Net debt to equity ratio

The reason for the fluctuations in net debt to equity ratio as of the end of each year/period comprising the Track Record Period is similar to the reason for the changes in our gearing ratio as set forth above.

FINANCIAL INFORMATION

Current ratio

As of 31 March 2017, 2018 and 2019 and 30 September 2019, the current ratio was 1.2, 1.6, 1.3 and 1.5, respectively. The particularly higher current ratio as of 31 March 2018 was primarily due to the increase in current assets as of 31 March 2018, mainly attributable to the increase in bank balances and cash generated from operations.

MARKET RISKS

Our major financial instruments include trade and other receivables, refundable rental deposits, amount due from a director, amount due from ultimate holding company, amount due from immediate holding company, bank balances and cash, trade and other payables, dividend payable, and bank borrowings. Our activities expose the risks associated with these financial instruments include market risk (including currency risk and interest rate risk), credit risk and liquidity risk.

We manage and monitor these exposures to ensure appropriate measures are implemented on a timely and effective manner. Further information on the risk to which we are exposed are set forth in note 31 to the Accountants' Report.

LISTING EXPENSES

Our expenses on the Listing mainly include underwriting commissions and professional fees paid or payable to professional parties for their services rendered in relation to the Listing and the Share Offer. The estimated amount of expenses for the Listing (based on the mid-point of the indicative range of the Offer Price and assuming that the Over-allotment Option is not exercised), including underwriting commissions, is HK\$47.3 million, which represents 35.0% of the gross proceeds from the Share Offer. During the Track Record Period, we recognised HK\$12.0 million as the Listing expenses in consolidated statements of profits or loss and other comprehensive income. We expect that the remaining expenses for the Listing would be HK\$35.3 million, of which HK\$8.4 million is expected to be recognised in the consolidated statements of profit or loss and other comprehensive income and HK\$26.9 million is expected to be recognised as a deduction from equity upon Listing.

DIVIDENDS AND DIVIDEND POLICY

During the three years ended 31 March 2019, we declared dividends of HK\$12.0 million, HK\$22.0 million, and HK\$26.0 million, representing dividend payout ratio of 73.2%, 67.6%, and 71.3%, respectively. As of 30 September 2019, the amount of dividend payable was HK\$12.2 million and was settled in full as of the Latest Practicable Date. Our Company currently does not have a fixed dividend policy. Any future declaration of dividend may or may not reflect our historical declaration of dividend. Our Company may declare dividends in the future after taking into account the operating results, earnings, capital requirements, general financial condition, and other factors as our Directors may deem relevant at such time. Following the Listing, the declaration of dividend is subject to the discretion of our Directors and the approval of the Shareholders (except for interim dividends) as may be necessary. Any declaration and payment as well as the amount of dividends will be subject to the constitutional documents of our Company and the Cayman Companies Law. Our Company currently does not have a fixed dividend policy.

FINANCIAL INFORMATION

DISTRIBUTABLE RESERVE

Our Company was incorporated in the Cayman Islands and has not carried out any business since the date of its incorporation. Accordingly, our Company has no reserve available for distribution to the Shareholders as of 30 September 2019.

UNAUDITED PRO FORMA ADJUSTED NET TANGIBLE ASSETS

See the section headed “Unaudited pro forma financial information” set forth in Appendix II to this prospectus for our unaudited pro forma adjusted consolidated net tangible assets.

PROPERTY INTERESTS AND PROPERTY VALUATION

Our Directors confirm that, as of the Latest Practicable Date, there were no circumstances that would give rise to the disclosure requirements under Rules 5.01 to 5.10 of the Listing Rules. As of the Latest Practicable Date, our property interests do not form part of our property activities and no single property interest that forms part of our non-property activities has a carrying amount of 15% or more of our total assets.

DISCLOSURE REQUIRED UNDER THE LISTING RULES

Our Directors have confirmed that, as of the Latest Practicable Date, there were no circumstances which would have given rise to any disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules had the Shares been listed on the Stock Exchange on that date.

REASONS FOR THE LISTING AND PROPOSED USE OF THE NET PROCEEDS FROM THE SHARE OFFER

REASONS FOR THE LISTING AND PROPOSED USE OF THE NET PROCEEDS FROM THE SHARE OFFER

We believe that the Listing is beneficial to our business development in the following aspects:

Equity financing is appropriate and beneficial to us

We intend to raise capital through equity financing by completing the Share Offer for the purpose of implementing our business strategies, further information on which is set forth in the section headed “Business — Business strategies” in this prospectus. The net proceeds from the Share Offer will provide us with additional financial resources without incurring any additional bank borrowing interest or otherwise subject to restrictions or covenants. In particular, we intend to allocate HK\$60.4 million out of the net proceeds from the Share Offer to support for the payment of Upfront Costs to be incurred after the Listing Date and as collateral for the issuance of the Performance Bonds for the Awarded UOP Projects.

Although we had cash and bank balances of HK\$21.0 million and unutilised banking facilities of HK\$29.9 million as of 31 January 2020, we had bank borrowings of HK\$33.6 million as of 31 January 2020, most of which have been used to finance the payment of Upfront Costs for our ongoing projects. Our Directors believe that a high level of bank borrowings would not be in the best interest to the business development of our Group.

Given the increasing demand for façade works and building metal finishing works, our Directors recognise the imminent need for further equity funding in order to increase the number of design, supply, and installation projects that can be undertaken by us. Our Directors had considered that we may not be able to continue to rely on bank borrowings as we do not own any property for security and an increasing amount of bank borrowing interest to be borne by us could also affect our profitability. Hence, our Directors believe that the Listing is beneficial to us and our Shareholders as a whole.

Enhance our corporate profile and competitiveness

Our Directors believe that our customers and business associates (including property developers, main contractors, and their subcontractors) prefer to do business with the listed companies and as a matter of fact, most of our competitors have been listed on the Stock Exchange. We believe that the Listing will serve to enhance our corporate profile, credibility, and reputation.

Our Directors also believe that the Listing will enhance our credibility and competitiveness in securing sizeable façade works and building metal finishing works projects.

Enhance our staff morale

Staff morale and stability amongst our senior management team are important to our continuous business development. The Listing would help us to retain members of our senior management team and recruit new staff by way of the adoption of different incentive schemes.

**REASONS FOR THE LISTING AND PROPOSED USE OF
THE NET PROCEEDS FROM THE SHARE OFFER**

AMOUNT OF THE NET PROCEEDS FROM THE SHARE OFFER

The table below sets forth the estimated amount of the net proceeds from the Share Offer, after deducting underwriting commission and estimated expenses in connection with the Share Offer:

	Estimated amount of the net proceeds from the Share Offer on the basis of		
	Offer Price of HK\$0.25 (being the low-end of the indicative range of the Offer Price)	Offer Price of HK\$0.27 (being the mid-end of the indicative range of the Offer Price)	Offer Price of HK\$0.29 (being the high-end of the indicative range of the Offer Price)
Assuming that the Over-allotment Option is not exercised	HK\$79.3 million	HK\$87.7 million	HK\$96.1 million
Assuming that the Over-allotment Option is exercised in full	HK\$95.0 million	HK\$104.7 million	HK\$114.3 million

INFORMATION ON THE USE OF THE NET PROCEEDS FROM THE SHARE OFFER

Assuming that the Offer Price is HK\$0.27 (being the mid-point of the indicative range of the Offer Price) and that the Over-allotment Option is not exercised, we estimate that the net proceeds from the Share Offer (after deducting underwriting commission and estimated expenses in connection with the Share Offer) will be HK\$87.7 million.

We intend to apply the net proceeds from the Share Offer as follows:

- (a) HK\$50.6 million, representing 57.8% of the amount of the net proceeds from the Share Offer, will be used for the funding of the Upfront Costs to be incurred after the Listing Date for the Awarded UOP Projects;
- (b) HK\$9.8 million, representing 11.2% of the amount of the net proceeds from the Share Offer, will be used as collateral for the Performance Bonds that would be required to be issued for the Awarded UOP Projects;
- (c) HK\$13.2 million, representing 15.0% of the amount of the net proceeds from the Share Offer, will be used for strengthening our teams of professional staff in Hong Kong;
- (d) HK\$12.8 million, representing 14.6% of the amount of the net proceeds from the Share Offer, will be used for establishing our in-house system design team in the PRC; and
- (e) HK\$1.3 million, representing 1.4% of the amount of the net proceeds from the Share Offer, will be used for the purchase of the rights to use the BIM solution and enterprise resources software.

REASONS FOR THE LISTING AND PROPOSED USE OF THE NET PROCEEDS FROM THE SHARE OFFER

The net proceeds from the Share Offer will be used in the same proportion as above if the Offer Price is determined at the high-end or low-end of the indicative range of the Offer Price or the Over-allotment Option is exercised in full or in part. If the net proceeds from the Share Offer are not sufficient for the purposes because the Offer Price is less than HK\$0.27 (being the mid-point of the indicative range of the Offer Price), we will finance the shortfall out of our internal financial resources.

To the extent that the amount of the net proceeds from the Share Offer is not immediately required for the above purposes or if we are unable to implement any part of our future plans as intended, our Directors will place such amount of net proceeds as short-term interest-bearing deposits and/or money market instruments. We will make announcement if there is any change in the above proposed use of net proceeds from the Share Offer.

Funds for the payment of Upfront Costs and as collateral for the issuance of the Performance Bonds for the Awarded UOP Projects

Consistent with the industry practice, we need to incur Upfront Costs for projects undertaken by us. Depending on the size of the projects and the payment terms agreed with our customers, and based on our industry experience, the amount of Upfront Costs could represent up to 30% of the total awarded contract sum and variation orders of the relevant project and would normally be recouped around the middle of the site installation stage.

In addition to Upfront Costs, we may be required under the tender document or contract to arrange with the banks for the issuance of Performance Bonds as surety for our due performance in full compliance with the terms of the projects. In most cases, the amount of the Performance Bond is equal to 10% of the original contract sum of the relevant project, as adjusted upward by the optional part under the relevant project. The issuance of the Performance Bonds is normally required for (a) sizeable design, supply, and installation projects; (b) projects that we act as the Nominated Subcontractor; or (c) projects awarded by the new customers. Cash deposit in the same amount of the Performance Bonds is required to be deposited with the issuing bank as the surety for the Performance Bonds until the expiry date of the relevant Performance Bonds.

During the Track Record Period, we were selective in submitting tenders for new projects, primarily due to our limited financial resources. During the year ended 31 March 2019 and the six months ended 30 September 2019, we arranged for new bank borrowings for the purpose of supporting for the payment of the Upfront Costs for the ongoing design, supply, and installation projects undertaken by us. As of 31 January 2020, the balance of our bank borrowings amounted to HK\$33.6 million.

REASONS FOR THE LISTING AND PROPOSED USE OF THE NET PROCEEDS FROM THE SHARE OFFER

Tenders submitted as of the Latest Practicable Date

Subsequent to the Track Record Period and up to the Latest Practicable Date, we continued with our business expansion in Hong Kong and have submitted tenders for a number of façade works and building metal finishing works projects. As of the Latest Practicable Date, we are awaiting results of nine tenders with an aggregate tender sum of HK\$209.1 million, including (a) a potential façade works project in relation to a residential property in Tai Kok Tsui with an estimated contract sum of HK\$65.3 million and (b) a potential façade works project in relation to a residential property in Prince Edward with an estimated contract sum of HK\$31.7 million. We act as the Nominated Subcontractor in both of the tenders submitted. Our Directors believe that our Group is likely to secure these two façade works projects given that (a) we have attended the relevant tender interviews and have been shortlisted and requested for submission of the revised tenders pursuant to the updated information provided by the property developers and (b) according to our record, we achieved a higher tender success rate for projects with our role acted as the Nominated Subcontractor than as the Domestic Subcontractor. Our Directors expect that the tender results of the above nine tenders would be announced during the first half of 2020.

Financial resources available to us

Our Directors expect that the amount of our available financing would be HK\$2.7 million which is based on our available bank and cash balance as of 31 January 2020 after taking into account (a) our unutilised banking facilities; (b) the repayment of bank borrowings; (c) the estimated amount of minimum working capital required for our funding and operational needs for two-months based on our average monthly gross cash outflows (not including one-off expenses which were not incurred in the ordinary course of business) during the Track Record Period; and (d) settlement of Listing expenses expected to be incurred before the Listing. The table below sets forth the calculation of such source of financing:

	<i>HK\$ (million)</i>
Available bank and cash balance as of 31 January 2020	16.6
Add: Net unutilised banking facilities as of 31 January 2020 ⁽³⁾	14.3
Add: Estimated net cash inflow from operating activities for two months	
— estimated cash inflow from projects ⁽¹⁾	24.9
— estimated minimum working capital for projects ⁽¹⁾	(20.1)
— estimated minimum working capital for our Group not allocated to projects . . .	(1.8)
Sub-total	33.9
Less: Repayment of bank borrowings ⁽²⁾	(24.6)
Less: Settlement of Listing expenses expected to be incurred before Listing	(6.6)
Total	<u><u>2.7</u></u>

Notes:

- (1) The estimated net cash inflow from operating activities are calculated for a two-month period. The estimated minimum working capital is determined on the basis of our average monthly gross cash outflows (not including one-off expenses which were not incurred in the ordinary course of business) during the Track Record Period multiplied by two. Our Directors expect that maintaining such amount of working capital would enable us to settle our liabilities for up to two months without disruption in the event that we are unable to collect any trade and retention receivable due to any unforeseeable reasons.

REASONS FOR THE LISTING AND PROPOSED USE OF THE NET PROCEEDS FROM THE SHARE OFFER

According to the Ipsos Report, it is a common practice for contractors to maintain such level of general working capital to ensure smooth operation. Our Directors are of the view that maintaining adequate working capital is important as any failure or delay to settle payments to our suppliers or subcontractors could result in delay of the work progress and damage our reputation. Cash inflow from projects is subject to various factors which are not predictable or under our control, and such factors include, but without limitation to, project schedule, work progress and customers' payment status. Our Directors confirm that we had not encountered any material difficulty in collecting trade and retention receivables during the Track Record Period.

- (2) The bank borrowings included invoice financing loans, factoring loans and tax loans, but loans of revolving nature were excluded.
- (3) As of 31 January 2020, the unutilised banking facilities amounted to HK\$29.9 million, including a facility of HK\$20.0 million for the issuance of letter of guarantee. The utilisation of such banking facility requires an equivalent amount of cash deposits from us to the bank. As of 31 January 2020, we utilised HK\$4.4 million of such banking facility, with a charged cash deposits of HK\$4.4 million. Thus, the net unutilised banking facilities amounted to HK\$14.3 million.

Based on the above table, our available financing would not be sufficient to support the implementation of the Awarded UOP Projects without the net proceeds from the Share Offer. We would not be able to recycle our existing working capital for our business expansion plans. Our Directors intend to use (a) HK\$50.6 million out of the net proceeds from the Share Offer for the payment of the Upfront Costs to be incurred after the Listing Date for the Awarded UOP Projects and (b) HK\$9.8 million out of the net proceeds from the Share Offer as collateral for the issuance of the Performance Bonds for the Awarded UOP Projects.

Awarded UOP Projects

As of the Latest Practicable Date, we have ten Awarded UOP Projects, of which nine are façade works projects and one is building metal finishing works project, with an aggregate original contract sum of HK\$300.7 million. All of the Awarded UOP Projects are secured by us through tendering. The customers in three Awarded UOP Projects are our existing customers and the customers in the remaining seven projects are new customers. Among these remaining seven projects, (except for *Pok Fu Lam* (Project 47), *Western District* (Project 51), and *Wong Chuk Hang* (Project 53)), we have business relationship with either (a) one of the joint venture partners of our new customers or (b) the property owner of the Awarded UOP Projects. In relation to *Pok Fu Lam* (Project 47), our Directors confirm that the architect of the landlord was referred to us through Mr. CHU's personal connection, and we had provided some preliminary advice on the design intent of this project. In relation to *Western District* (Project 51), our Directors confirm that the contractor of the project was referred to us through a former employee of Customer A. In relation to *Wong Chuk Hang* (Project 53), our Directors confirm that the contractor of the project was referred to us through our existing staff contact.

REASONS FOR THE LISTING AND PROPOSED USE OF THE NET PROCEEDS FROM THE SHARE OFFER

The table below sets forth information on the Awarded UOP Projects and their respective amount of Upfront Costs and the Performance Bonds which are expected to be financed by the net proceeds from the Share Offer:

Project code	Customer	Years of business relationship with us as of the Latest Practicable Date	Type of projects	Nature of the buildings or facilities	Our role	Project award date	Project site installation date	Expected project completion date	Original contract sum	Estimated total amount of Upfront Costs	Estimated amount of Upfront Costs to be financed by the net proceeds from the Share Offer	Estimated amount of the Performance Bonds to be financed by the net proceeds from Share Offer
Hong Kong International Airport (Project 36) ⁽¹⁾ ,	Customer Group G	1.6	Façade works	Airport terminal	Domestic Subcontractor	December 2017	February 2020	September 2020	45,251,204	7.9	3.0	—
Yuen Long (Project 38) ⁽²⁾ ,	Customer H	1.5	Façade works	Residential property	Domestic Subcontractor	September 2018	July 2020	April 2021	25,325,717	2.5	2.2	—
Wan Chai Exhibition Centre MTR Station (A) (Project 44),	Customer I	Less than one year ⁽⁸⁾	Façade works	MTR station	Domestic Subcontractor	July 2019	May 2020	July 2021	22,169,337	5.3	4.3	—
Wan Chai Exhibition Centre MTR Station (B) (Project 45),	Customer I	Less than one year ⁽⁸⁾	Building metal finishing works	MTR station	Domestic Subcontractor	July 2019	August 2020	June 2021	7,671,935	2.3	2.3	—
Cochrane Street (Project 46),	Customer J	Less than one year ⁽⁹⁾	Façade works	Commercial property	Nominated Subcontractor	September 2019	September 2020	July 2021	29,690,576 ⁽³⁾	6.4	5.9	2.8 ⁽⁴⁾
Pok Fu Lam ⁽¹²⁾ (Project 47),	Customer K	Less than one year ⁽¹⁰⁾	Façade works	Residential property	Nominated Subcontractor	September 2019	May 2020	November 2020 ⁽¹³⁾	59,388,000	16.1	13.4	5.9 ⁽⁵⁾
Kowloon Bay ⁽¹⁴⁾ (Project 48),	Tysan Building Construction Company Limited	Less than one year ⁽¹¹⁾	Façade works	Commercial property	Nominated Subcontractor	September 2019	March 2020	July 2020	15,585,092	3.9	3.0	— ⁽⁶⁾
Sheung Shau (B) (Project 49),	Customer H	1.5	Façade works	Commercial property	Domestic Subcontractor	November 2019	April 2020	December 2020	22,443,899	3.1	2.7	—
Western District (Project 51),	Customer W	Less than one year ⁽¹⁰⁾	Façade works	Residential property	Domestic Subcontractor	January 2020	August 2020	June 2021	34,388,707	8.3	6.0	—
Wong Chuk Hang (Project 53),	Customer Y	Less than one year ⁽¹⁰⁾	Façade works	Residential property	Domestic Subcontractor	February 2020	October 2020	March 2021	38,751,449	7.8	7.8	1.1 ⁽⁷⁾
Total									<u>300,665,916</u>	<u>63.6</u>	<u>50.6</u>	<u>9.8</u>

REASONS FOR THE LISTING AND PROPOSED USE OF THE NET PROCEEDS FROM THE SHARE OFFER

Notes:

- (1) The project was awarded to us in December 2017 and we were originally required to commence the site installation works in October 2018. Due to the delay in foundation construction works, the relevant site installation works could only commence in late February 2020. Hence, we expect that a majority of the Upfront Costs would be incurred after the Listing during the stage of performance of site installation works.
- (2) The project was awarded to us in September 2018 and we were originally required to commence the site installation works in October 2019. Due to certain site planning issues, the relevant site installation works could only commence in June 2020. Hence, we expect that a majority of the Upfront Costs would be incurred after the Listing during the stage of performance of site installation works.
- (3) Such amount included optional contract sum of HK\$2.6 million, depending on the development progress of the project.
- (4) As set forth in the document signed between the customer and us, Performance Bonds are required for the project and such amount is equivalent to 10% of the original contract sum as adjusted by the optional amount of the contract sum, if any. Full amount of the Performance Bonds would be financed by the net proceeds from the Share Offer.
- (5) As set forth in the document signed between the customer and us, Performance Bonds are required for the project and such amount is equivalent to 10% of the original contract sum. Full amount of the Performance Bonds would be financed by the net proceeds from the Share Offer.
- (6) As set forth in our tender document, Performance Bonds are required for this project and such amount is equivalent to five per cent. of the original contract sum as adjusted by the optional amount of the contract sum, if any. Full amount of the Performance Bonds for this project would be financed by our internal resources and/or bank borrowings.
- (7) As set forth in the document signed between the customer and us, Performance Bonds are required for the project and such amount is equivalent to three per cent of the original contract sum. Full amount of the Performance Bonds would be financed by the net proceeds from the Share Offer.
- (8) Customer I is a joint venture formed by two construction companies which were our customers in our previous projects.
- (9) Customer J is our new customer, but the project owner belongs to the same group as the project owner of *Perkins Road* (Project 12).
- (10) Customer K, Customer W and Customer Y are our new customers.
- (11) Tysan Building Construction Company Limited is our new customer, but the project owner belongs to the same group as the project owner of *Perkins Road* (Project 12).
- (12) Based on the revised completion date of November 2020, our Directors expect that we would continue to perform design, drawings and calculation works for this project, and there would be HK\$2.7 million of Upfront Costs to be incurred by us by the end of March 2020. Such amount would be financed by our internal financial resources and/or bank borrowings. Our Directors expect that we would continue to incur additional Upfront Cost of HK\$13.4 million during the period from April 2020 to August 2020, a significant portion of which would be incurred upon commencement of the site installation. Our Directors plan to use the net proceeds from the Share Offer to finance such payment obligation.
- (13) Based on the master programme previously provided to us by the main contractor of this project, the expected completion date for this project was May 2020. Our Directors have recently been informed by the main contractor that the expected completion date of this project would be delayed for six months to November 2020 as a result of delay in completion of the building structure of the of this project.
- (14) Based on the working programme prepared by us pursuant to the contract period set forth in the letter of intent, i.e. this project would start from September 2019 and complete in July 2020, our Directors expect that we would continue to perform design, drawings and calculation works for this project, and there would be HK\$0.9 million of Upfront Costs to be incurred by us by the end of March 2020. Such amount would be financed by our internal financial resources and/or bank borrowings. The site installation works were scheduled to commence in March 2020 and would be completed in July 2020. Our Directors expect that we would continue to incur additional Upfront Costs up to HK\$3.0 million from April 2020 to June 2020, a significant portion of which would be incurred upon commencement of the site installation. Our Directors plan to use the net proceeds from the Share Offer to finance such payment obligation.

REASONS FOR THE LISTING AND PROPOSED USE OF THE NET PROCEEDS FROM THE SHARE OFFER

We will use HK\$60.4 million out of the net proceeds from the Share Offer for the Awarded UOP Projects, of which HK\$50.6 million would be used for the payment of the Upfront Costs to be incurred after the Listing Date and HK\$9.8 million would be used for the issuance of the Performance Bonds. Our Directors expect that a majority of the Upfront Costs and the full amount of the Performance Bonds for the Awarded UOP Projects would be incurred after the Listing during the stage of performance of site installation works. Although we were only required to obtain Performance Bond in one project during the Track Record Period primarily because of our established relationship with the customers, our Directors believe that the Listing will strengthen our financial position to undertake projects for new customers and negotiate for better contract terms.

Strengthening our teams of professional staff in Hong Kong

We plan to strengthen our teams of professional staff in Hong Kong by hiring additional project engineer, quantity surveyor, site supervisor and safety officer to monitor and supervise the implementation of our expected increasing number of projects. We also intend to hire additional system design professionals with façade works experience who will be responsible for (a) supervising our PRC system design team and performing structural calculation; (b) facilitating and having more frequent communications with our customers on the design intent of the projects; and (c) monitoring the design work progress of our PRC system design team for ensuring the work quality and the smooth execution of projects. To implement the above strategy, we intend to allocate HK\$13.2 million out of the net proceeds from the Share Offer for the staff cost to be incurred for the two financial years ending 31 March 2022 after the Listing Date.

Detailed plans on our team expansion in Hong Kong

With our business growth, we expect to have recruitment of additional staff in Hong Kong as follows:

<u>Staff functions</u>	<u>Number of additional staff</u>	<u>Expected qualifications</u>	<u>Years of industry experience</u>	<u>Expected amount to be used</u> <i>HK\$'000</i>
Project management team	One Project Engineer	Bachelor's degree/Higher diploma or above in engineering or equivalent.	Minimum three years of experiences in similar position, experience in glazing, aluminium or metal works and specialise in curtain wall, glass wall, and exterior façade systems.	960
	One Quantity Surveyor	Bachelor's degree in quantity surveying or equivalent.	Minimum three years of experience in similar position, experience in glazing, aluminium or metal works. Experience in contract administration, cost control, measurement, variation valuation, claim preparation, payments and final account settlement.	1,440
	One Site Supervisor	Secondary school or vocational education graduates or above in relevant discipline or equivalent qualifications.	Minimum three years of site experiences for the position of site supervisor in the industry of glazing, aluminium or metal works and specialise in curtain wall, glass wall, and exterior façade system.	836

REASONS FOR THE LISTING AND PROPOSED USE OF THE NET PROCEEDS FROM THE SHARE OFFER

Staff functions	Number of additional staff	Expected qualifications	Years of industry experience	Expected amount to be used <i>HK\$'000</i>
	One Safety Officer	Higher diploma or diploma on occupational safety and health or related disciplines and holder of Hong Kong Registered Safety Officer under the Factories and Industrial Undertakings (Safety Officers and Safety Supervisors)	Minimum three years of relevant work experience in similar capacity and in the construction industry and specialised in curtain wall, glass wall, exterior façade systems and metal works.	1,350
Sub-total				<u>4,586</u>
System design team	Two Design Engineers	Higher diploma or diploma in building studies or engineering or related disciplines, preferably in curtain walls and aluminium works.	Minimum five years of work relevant experience in similar capacity in the industry of glazing, aluminium or metal works and specialise in curtain wall, glass wall, and exterior façade systems.	2,460
	Two Structural Engineers	Higher diploma or diploma in structural engineering or related disciplines with at least five years relevant experience, preferably in curtain walls and aluminium works.	Minimum five years of work experience in similar capacity in the industry of glazing, aluminium or metal works and specialise in curtain wall, glass wall and exterior façade system.	3,280
Sub-total				<u>5,740</u>
BIM team	Two BIM Designers	Diploma/Certificate in civil engineering from technical institute(s) or graduate of BIM professional certificates/training courses from technical institute/software companies will be an advantage.	At least five years of work experience in using computer tools for drafting and/or BIM modelling, with experience in glazing, aluminium or metal works and specialise in curtain wall, glass wall, and exterior façade systems.	2,820
Sub-total				<u>2,820</u>
Total				<u><u>13,146</u></u>

Establishing our in-house system design team in the PRC

As of the Latest Practicable Date, we had six designers in our in-house system design team in Hong Kong, which is insufficient to handle all drawings and related calculation works, i.e. shop drawing, fabrication drawing, as-built drawing and structural calculation design, supply, and installation projects undertaken by us. We currently outsource the structural calculation works and most of the drawing works to Independent Third Party building design consulting firms. The amount paid by us for such services during the three years ended 31 March 2019 amounted to HK\$4.2 million, HK\$5.2 million and HK\$8.3 million, respectively, as part of our cost of sales in respect of design and calculation fees. During the six months ended 30 September 2019, the amount of service fee paid by us was HK\$3.8 million, as compared to HK\$3.7 million during the six months ended 30 September 2018. With the increase in the number of façade works and building metal finishing works projects undertaken by us, our Directors plan to establish an in-house system design team in the PRC. According to the Ipsos Report, it is common for major players in the façade works industry to set up their own system design team in the PRC. Apart from cost savings, we could also closely monitor and have greater involvement

REASONS FOR THE LISTING AND PROPOSED USE OF THE NET PROCEEDS FROM THE SHARE OFFER

in the design work process, which we believe can reduce the administrative mistakes and misunderstanding in respect of the design intents and the fabrication drawings. The proposed in-house system design team in the PRC will include three design managers, 20 designers, and two supporting staff. With the establishment of an in-house system design team in the PRC, the less complicated system design and drafting works, such as shop drawing, fabrication drawing and as-built drawing, currently being outsourced to third parties in Hong Kong, could be performed by our in-house system design team in the PRC, which also allows better coordination with the fabrication factories of our suppliers in the PRC.

Our Directors expect that our in-house system design team in the PRC can be established within three months following completion of the Share Offer. We intend to allocate HK\$12.8 million of the net proceeds from the Share Offer for establishing the in-house design team in the PRC, including the initial set-up cost (lease of office, office renovation, and purchase of office equipment and software) and the initial staff cost for the two financial years ending 31 March 2022 after the Listing Date.

Our Directors believe that we could enhance our work efficiency and have cost saving if we have our in-house system design team in the PRC preparing for different drawing works for our design, supply, and installation projects. The construction timetable for our projects is normally tight, and we are required to respond to any requests for specification and drawing changes within a short period of time. We consider that the current outsourcing arrangement is not that efficient if our business continues to expand, as the quality of the external service providers may not be entirely within our control.

Detailed plans on our in-house system design team in the PRC

For the above purpose, we plan to implement the plan as follows:

- (1) We will establish a wholly-foreign owned company in the PRC, with ICGL (Hong Kong) as the sole shareholder. A leased office unit (of 310 sq. m.) is planned to be established in Dongguan, Guangdong Province, the PRC for the system design team in the PRC. The location of our PRC system design centre is expected to be located near to the fabrication plants of our suppliers.
- (2) The team will initially consist of one design manager and five designers when the wholly-foreign owned company in the PRC is established, and the number of staff is expected to increase to 25 in three to six months from the date of establishment of the in-house system design team in the PRC. We expect that the design managers will have at least eight years of relevant work experience and the designers to have not less than four years of relevant work experience.
- (3) The in-house system design team in the PRC will initially handle the less complicated drawings and primarily provide support for system designers of our Hong Kong team. Our Directors expect that we could have cost savings in our design and calculation fees when our in-house system design team in the PRC is in full operation. After taken into account the anticipated amount of workload in future years and the estimated annual operating cost of our in-house PRC system design team, we expect to have an expense saving of 9.9% per annum with the full operation of our in-house PRC system design team⁽¹⁾.

REASONS FOR THE LISTING AND PROPOSED USE OF THE NET PROCEEDS FROM THE SHARE OFFER

Purchase of the rights to use BIM solution and enterprise resources software

We currently outsource the conversion of the relevant work process to Independent Third Party service providers to check whether the drawings are consistent with the design intent provided by our customers in case our customers require us to adopt consistent BIM formats for our drawings and other related specifications. During the three years ended 31 March 2019, we incurred design and calculation fees amounted to HK\$4.2 million, HK\$5.2 million, and HK\$8.3 million, respectively. During the six months ended 30 September 2019, we incurred design and calculation fees in the amount of HK\$4.0 million, as compared to HK\$3.7 million during the six months ended 30 September 2018. The provision of service in relation to BIM formats for drawings and other related specification was an integral part of design services provided by the external service providers and as such, there was no individual and separate quotation in respect of the preparation of drawings in BIM protocol.

Note:

- (1) The estimated annual cost of operating the in-house system design team in the PRC is HK\$5.3 million, which takes into account (a) operating costs of HK\$6.3 million; (b) PRC enterprise income tax of HK\$176,000, which is based on the assumption that the PRC subsidiary (to be established to employ the design team) has a net profit margin of 10% through the subcontracting arrangement with our Group; and (c) the Hong Kong profits tax of HK\$1.2 million, which is based on the assumption that the subcontracting fees payable to the PRC subsidiary are deductible for Hong Kong profits tax purpose. On the other hand, the estimated outsourcing costs of engaging external services providers is HK\$5.9 million per year, which takes into account (a) outsourcing fees of HK\$7.1 million and (b) the Hong Kong profits tax of HK\$1.2 million, which is based on the assumption that the subcontracting fees are deductible for Hong Kong profits tax purpose. Hence, the cost saving is estimated to be 9.9%.

We believe that the use of BIM solution is an industry trend for the façade works and building metal finishing works industry and will be required by the main contractors for tender submission and modifications/updates of the design drawings in the future. The latest policy direction released by the Hong Kong Government also reveals the government's intention and plan to have collaboration with the Construction Industry Council to strengthen the training on BIM and promote the use of BIM in the construction industry.

We believe that the use of specialised BIM solution in the planning and operation of our projects would increase our tender success rate and enable us to handle complicated projects in a timely and efficient manner. To facilitate the use of BIM solution in our forthcoming projects, we plan to arrange for training courses or workshops conducted by the external service providers for our staff.

We plan to purchase nine sets of the rights for the use of the BIM solution to support our design works in Hong Kong. As of the Latest Practicable Date, our specialised software for the preparation of technical drawings is not fully integrated with the technical drawing platform and the database of the main contractors that can be shared with other trades of construction business. We also plan to implement a new information technology system by integrating our purchasing information system and financial information system to assist our daily operations. We also intend to install enterprise resources planning system to facilitate our data analysis, financial reporting, and purchase planning. We believe that the use of the enterprise resource planning system can improve our operational efficiency.

REASONS FOR THE LISTING AND PROPOSED USE OF THE NET PROCEEDS FROM THE SHARE OFFER

We intend to allocate HK\$0.5 million and HK\$0.8 million out of the net proceeds from the Share Offer for the purchase of the specialised BIM solution and enterprise resources planning system, respectively.

IMPLEMENTATION PLANS

The table below sets forth the implementation plans for each of the six-month periods until 31 March 2022 for carrying out our business strategies. The following implementation plans are formulated pursuant to the bases and assumptions set forth in the paragraphs under “Principal assumptions” below and are subject to uncertainties, variables, and unexpected factors. We cannot assure you that the implementation plans will be materialised in accordance with the timetable below or that our business objectives will be accomplished at all.

	From the Latest	Six months ending				Total	%
	Practicable Date	30 September	31 March	30 September	31 March		
	to 31 March 2020	2020	2021	2021	2022		
	<i>HK\$'million</i>	<i>HK\$'million</i>	<i>HK\$'million</i>	<i>HK\$'million</i>	<i>HK\$'million</i>		
Funding the Upfront Costs to be incurred after the Listing Date for the Awarded UOP Projects	—	36.0	14.6	—	—	50.6	57.8
Funding the Performance Bonds to be issued for the Awarded UOP Projects	—	9.8	—	—	—	9.8	11.2
Strengthening our teams of professional staff in Hong Kong	—	2.4	3.6	3.6	3.6	13.2	15.0
Establishing in-house system design team in the PRC	—	2.7	3.0	3.1	4.0	12.8	14.6
Purchase of the rights to use BIM solution and enterprise resources software	—	1.3	—	—	—	1.3	1.4
Total	—	52.2	21.2	6.7	7.6	87.7	100.0

REASONS FOR THE LISTING AND PROPOSED USE OF THE NET PROCEEDS FROM THE SHARE OFFER

PRINCIPAL ASSUMPTIONS

We have adopted the following principal and key assumptions in our 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 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 is incorporated or will be incorporated;
- 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;
- we will not be materially and adversely affected by the risk factors as set forth in the section headed “Risk Factors” in this prospectus; 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.

SHARE CAPITAL

AUTHORISED AND ISSUED SHARE CAPITAL

The authorised and issued share capital of our Company in issue and to be issued as fully paid or credited as fully paid prior to and immediately after completion of the Capitalisation Issue and the Share Offer:

Authorised share capital	<i>HK\$</i>
10,000,000,000 Shares	<u>100,000,000</u>

Issued share capital

The issued share capital of our Company immediately after completion of the Capitalisation Issue and the Share Offer (assuming the Over-allotment Option is not exercised) will be as follows:

Issued and to be issued, fully-paid or credited as fully-paid:

	<i>HK\$</i>
200 Shares in issue as of the date of this prospectus	2
1,499,999,800 Shares in issue under the Capitalisation Issue	14,999,998
500,000,000 Shares to be issued pursuant to the Share Offer (excluding any Shares which may be issued under the Over-allotment Option) . .	5,000,000
<u>2,000,000,000</u> Total	<u>20,000,000</u>

Assuming the Over-allotment Option is exercised in full, the issued share capital of our Company immediately upon completion of the Capitalisation Issue and the Share Offer will be as follows:

Issued and to be issued, fully-paid or credited as fully-paid:

	<i>HK\$</i>
200 Shares in issue as of the date of this prospectus	2
1,499,999,800 Shares in issue under the Capitalisation Issue	14,999,998
575,000,000 Shares to be issued pursuant to the Share Offer (including all Shares which may be issued under the Over-allotment Option)	5,750,000
<u>2,075,000,000</u> Total	<u>20,750,000</u>

ASSUMPTIONS

The above tables assume that the Share Offer has become unconditional and the issue of Shares pursuant thereto is made as described herein. It does not take into account any Shares which may be allotted and issued or repurchased by us under the general mandates granted to our Directors to issue or repurchase Shares as referred to in the paragraphs under “General Mandate” or “Repurchase Mandate” below, as the case may be.

SHARE CAPITAL

MINIMUM PUBLIC FLOAT

Pursuant to Rule 8.08(1) of the Listing Rules, at the time of the Listing and at all times thereafter, our Company must maintain the minimum prescribed percentage of 25% of the issued share capital of our Company in the hands of the public (as defined in the Listing Rules).

RANKING

The Offer Shares will be ordinary shares in the share capital of our Company and will carry the same right in all respects with all Shares in issue or to be issued as mentioned of this prospectus and, in particular, will rank in full for all dividends or other distributions declared, made or paid on our Shares in respect of a record date which falls after the date of this prospectus save for the entitlement under the Capitalisation Issue.

POST-IPO SHARE OPTION SCHEME

Our Company has conditionally adopted the Post-IPO Share Option Scheme, the principal terms of which are summarised in the paragraphs under “E. Post-IPO Share Option Scheme” in Appendix IV to this prospectus.

GENERAL MANDATE

Conditional on the conditions as stated in the section headed “Structure and Conditions of the Share Offer — Conditions of the Hong Kong Public Offering” in this prospectus being fulfilled, our Directors have been granted a general unconditional mandate to allot, issue and deal with Shares and to make or grant offers, agreements or options which might require such Shares to be allotted and issued or dealt with subject to the requirement that the aggregate number of the Shares so allotted and issued or agreed conditionally or unconditionally to be allotted and issued (otherwise than pursuant to a rights issue, or scrip dividend scheme or similar arrangements, or a specific authority granted by the Shareholders) shall not exceed:

- (a) 20% of the aggregate of the total number of our Shares in issue immediately following the 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 the Over-allotment Option and/or any option which may be granted under the Post-IPO Share Option Scheme); and
- (b) the aggregate number of Shares repurchased (if any) pursuant to the authority granted to our Directors as referred to in the paragraphs under “Repurchase Mandate” below.

The General Mandate does not cover Shares to be allotted, issued, or dealt with under a rights issue or upon the exercise of any option which may be granted under the Post-IPO Share Option Scheme. This General Mandate to issue Shares will remain in effect until the earliest of:

- (1) the conclusion of the next annual general meeting of our Company;
- (2) the expiration of the period within which the next annual general meeting of our Company is required to be held by the Articles or any applicable laws of the Cayman Islands; and

SHARE CAPITAL

- (3) the passing of an ordinary resolution of our Shareholders in a general meeting revoking, varying or renewing such mandate.

For further information on the General Mandate, please refer to the paragraphs under “A. Further information about our Company and our subsidiaries — Written resolutions of our sole Shareholder passed on 5 March 2020” in Appendix IV to this prospectus.

REPURCHASE MANDATE

Subject to the conditions set forth in the section headed “Structure and Conditions of the Share Offer — Conditions of the Hong Kong Public Offering” in this prospectus being fulfilled, our Directors have been granted the General Mandate to exercise all the powers of our Company to purchase on the Stock Exchange or on any other 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 aggregate of the total number of our Shares in issue immediately following 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 the Over-allotment Option and/or any option which may be granted under the Post-IPO Share Option Scheme).

The Repurchase Mandate will remain in effect until the earliest of:

- (1) the conclusion of the next annual general meeting of our Company;
- (2) the expiration of the period within which the next annual general meeting is required to be held by the Articles or any applicable laws of the Cayman Islands; and
- (3) the passing of an ordinary resolution of our Shareholders in a general meeting revoking, varying or renewing such mandate.

For further information on the Repurchase Mandate, see the paragraphs under “A. Further information about our Company and our subsidiaries — Written resolutions of our sole Shareholder passed on 5 March 2020” in Appendix IV to this prospectus.

UNDERWRITING

HONG KONG UNDERWRITERS

Sunfund Securities Limited
Innovax Securities Limited
Sang Woo (Kirin) Securities Limited
First Fidelity Capital (International) Limited
Realord Asia Pacific Securities Limited

INTERNATIONAL UNDERWRITERS

Sunfund Securities Limited
Innovax Securities Limited
Sang Woo (Kirin) Securities Limited
First Fidelity Capital (International) Limited
Realord Asia Pacific Securities Limited

UNDERWRITING ARRANGEMENTS AND EXPENSES

Hong Kong Public Offering

Hong Kong Underwriting Agreement

We are offering our Hong Kong Offer Shares for subscription by members of the public in Hong Kong at the Offer Price, on the terms and subject to the conditions in this prospectus and the Application Forms. Subject to the Listing Committee granting approval for the listing of, and the permission to deal in, our Shares in issue and to be issued as mentioned in this prospectus and to certain other conditions set forth in Hong Kong Underwriting Agreement, the Hong Kong Underwriters have agreed to procure subscribers for, or themselves to subscribe for, our Hong Kong Offer Shares which are not taken up under the Hong Kong Public Offering on the terms and subject to the conditions in this prospectus, the Application Forms and the Hong Kong Underwriting Agreement.

The Hong Kong Underwriting Agreement is conditional on and subject to the International Underwriting Agreement having been signed and becoming unconditional in accordance with its terms and not having been terminated in accordance with its terms or otherwise.

Grounds for termination

The Sole Bookrunner (for itself and the other Hong Kong Underwriters) shall be entitled by notice in writing to our Company to terminate the Hong Kong Underwriting Agreement with immediate effect if at or prior to 8:00 a.m. on the Listing Date any of the following events occurs:

- (a) there shall develop, occur, exist or come into effect:
 - (i) any change or development involving a prospective change or development, or any event or series of events likely to result in any change or development involving a prospective change, in local, national, regional or international financial, economic, political, military, industrial, fiscal, legal, regulatory, currency, credit or market conditions or exchange control or any monetary or trading settlement system (including, but without limitation to, any conditions

UNDERWRITING

affecting stock and bond markets, money and foreign exchange markets, interbank markets and credit markets or a change in the system under which the value of Hong Kong currency is linked to that of the currency of the US or the RMB is linked to any foreign currency(ies) in or affect any of the Relevant Jurisdiction (as defined in paragraph (ii) below);

- (ii) any change or development involving a prospective change in taxation or exchange control, currency exchange rates or foreign investment regulations (including, but without limitation to, a devaluation of the Hong Kong dollar or the RMB against any foreign currencies (including, but without limitation to, the US dollars)), or the implementation of any exchange control in Hong Kong, Macau, the PRC, Japan, Singapore, the United States, the United Kingdom, the European Union (taking as a whole or any member thereof), British Virgin Islands, Cayman Islands or any other jurisdiction relevant to any member of our Group (the “**Relevant Jurisdiction**”)
- (iii) any event, or series of events, in the nature of force majeure (including, but without limitation to, acts of government, declaration of a national or international emergency or war, calamity, crisis, epidemics, pandemic, outbreaks of diseases, economic sanction, strikes, lock-outs, fire, explosion, flooding, earthquake, civil commotion, riot, public disorder, acts of war, any local, national, regional or international outbreak or escalation of hostilities (whether or not war is declared), acts of God or acts of terrorism (whether or not responsibility has been claimed) and such related/mutated forms or accident or interruption or delay in transportation, economic sanction or other state of emergency or calamity or crisis);
- (iv) any new law or regulation or any change or development involving a prospective change in existing laws or regulations or any change or development involving a prospective change, or any event or series of events resulting in or representing a change in the interpretation or application thereof by any court competent authority in or affecting any of the Relevant Jurisdiction;
- (v) any general moratorium, on commercial banking activities or foreign exchange trading or securities settlement or clearance services in Hong Kong (imposed by the Financial Secretary or the Hong Kong Monetary Authority or other competent authority), New York (imposed at the federal or New York state level or other competent authority), London, the European Union (taking as a whole or any member thereof) in any of the Relevant Jurisdictions or any disruption in commercial banking or foreign exchange trading or securities settlement or clearance services, procedures or matters in those places or jurisdictions;
- (vi) any moratorium, suspension or restriction (including, without limitation, any imposition of or requirement for any minimum or maximum price limit or price range) in or on trading in securities generally on the Stock Exchange, the New York Stock Exchange, the London Stock Exchange, the NASDAQ National Markets, the American Stock Exchange, the Tokyo Stock Exchange, the Singapore Stock Exchange, the Shanghai Stock Exchange or the Shenzhen Stock Exchange or any disruption in monetary or trading or securities settlement or clearance services, procedures or matters;
- (vii) the imposition of economic sanctions, in whatever form, directly or indirectly, on or any of the Relevant Jurisdiction;

UNDERWRITING

- (viii) the commencement by any juridical, governmental, law enforcement agency, regulatory or political body or organisation of any investigation, claim, proceedings or other action against a Director or any of the Covenantors or any member of our Group or an announcement by any governmental, regulatory or political body or organisation that it intends to take any such action;
- (ix) any litigation, legal action, claim or legal proceeding of any third party being threatened or instigated against a Director or any member of our Group or any of the Covenantors (as defined in the Hong Kong Underwriting Agreement);
- (x) 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;
- (xi) the chairman or chief executive officer of our Company vacating his or her office;
- (xii) a contravention by any Director or any member of our Group or any of the Covenantors of the Listing Rules, the SFO, the Companies Ordinance, the Companies (WUMP) Ordinance or any other applicable laws and regulations;
- (xiii) any non-compliance with this Prospectus (or any other documents used in connection with the Hong Kong Public Offering) or any aspect of the Share Offer with the Listing Rules, the SFO, the Companies Ordinance, the Companies (WUMP) Ordinance or any other applicable laws or regulations;
- (xiv) the issue or requirement to issue by our Company of a supplement or amendment to this Prospectus or PHIP (as defined in the Listing Rules) (or any other documents used in connection with the Hong Kong Public Offering) pursuant to the SFO, the Companies Ordinance, the Companies (WUMP) Ordinance, and the Listing Rules or any applicable law and regulation or any requirement or request of the Stock Exchange or SFC;
- (xv) a prohibition by a competent authority on our Company for whatever reason from allotting and issuing the Shares (including any additional Shares that may be allotted and issued under the Over-allotment Option) under the Share Offer;
- (xvi) any change or prospective change in, or materialisation of, any of the risks set forth in this prospectus;
- (xvii) an order or petition for the winding-up or liquidation of any member of our Group or any of the Covenantors or any composition or arrangement made any member of our Group or any of the Covenantors with its creditors or a scheme of arrangement entered into by any member of our Group or any of the Covenantors or any resolution for the winding-up or liquidation of any member of our Group or any of the Covenantors or the appointment of a provisional liquidator, receiver or manager over all or part of the assets or undertaking of any member of our Group or any of the Covenantors or anything analogous thereto occurring in respect of any member of our Group or any of the Covenantors;

UNDERWRITING

- (xviii) a change or development involving a prospective change in or affecting taxation or exchange control, currency exchange rates or foreign investment regulations (including, without limitation, a devaluation of HK\$ or RMB against any foreign currencies) or the implementation of any exchange control, in any Relevant Jurisdiction; or
- (xix) any loss or damage sustained by any member of our Group (howsoever caused and whether or not the subject of any insurance or claim against any person),

which, any of the above events, individually or in the aggregate, in the sole and absolute opinion of the Sole Bookrunner, (i) has or will or may have an adverse effect on the assets, liabilities, general affairs, management, prospects, shareholders' equity, profits, losses, results of operations, business, financial or other position or condition or prospects of our Group, (ii) has or will have or may have an adverse impact on the success of the Share Offer or the level of applications under the Hong Kong Public Offering or the level of interest under the International Offering, (iii) makes or will make it or may take it inadvisable or inexpedient or impracticable for any part of Hong Kong Underwriting Agreement, or for any part of the Hong Kong Public Offering or the Share Offer to be performed or implemented or proceed as envisaged or to market the Share Offer or to deliver the Offer Shares on the terms in the manner contemplated by this Prospectus or (iv) has or would or may have the effect of making any part of the Hong Kong Underwriting Agreement (including underwriting the Hong Kong Public Offering and/or the Share Offer) incapable of performance in accordance with its terms or which prevents the processing of applications and/or payments pursuant to the Share Offer or pursuant to the underwriting thereof; or

- (b) there has come to the notice of the Sole Bookrunner:
 - (i) that any statement contained in this Prospectus, offering circular, the Application Forms and/or any announcement or advertisement or document issued by or on behalf of our Company in connection with the Hong Kong Public Offering (including any supplement or amendment thereto) was, when it was issued, or has become untrue or incorrect or misleading in any respect, or that any estimate, forecast, expression of opinion, intention or expectation expressed in this Prospectus and/or any announcements or documents issued by our Company in connection with the Hong Kong Public Offering (including any supplement or amendment thereto) is not fair and honest based on reasonable assumptions;
 - (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 from any of the Prospectus, the Application Forms and/or any notices, announcements, advertisement, communications or other documents issued or used by or on behalf of our Company in connection with the Hong Kong Public Offering (including any supplement or amendments thereto);
 - (iii) any material adverse change, or development involving a prospective material adverse change, in or affecting the assets, liabilities, business, general affairs, management, prospects, shareholders' equity, profits, losses, results of operations, position or condition, financial or otherwise, or performance of our Company and the other members of our Group and/or our Group as a whole; or

UNDERWRITING

- (iv) any breach of, or any matter, event, act or omission which renders or is likely to render untrue or incorrect or inaccurate or misleading in any respect, any of the warranties given by our Company or any of the Covenantors given by our Company or any of the Covenantors under the Hong Kong Underwriting Agreement and/or pursuant to the indemnities given by any of the indemnifying parties pursuant to the Hong Kong Underwriting Agreement;
- (v) any breach of any of the obligations imposed upon any party to the Hong Kong Underwriting Agreement or the International Underwriting Agreement (other than on any of the Hong Kong Underwriters or the International Underwriters);
- (vi) any claim or demand from, any third party being threatened or instigated against our Company or any member of our Group including any demand for repayment or payment of any indebtedness of our Company or any member of our Group, (whether or not such indebtedness has become payable before its stated maturity) or any demand made by any tax authority;
- (vii) approval by the Listing Committee of the listing of, and permission to deal in, the Shares in issue and to be issued (including any additional Shares that may be issued and sold pursuant to the exercise of the Over-allotment Option and any option which may be granted under the Post-IPO Share Option Scheme) under the Share Offer and the Capitalisation Issue, on or before the date of the listing is refused or not granted, or if granted, the approval is subsequently withdrawn, qualified (other than by customary conditions) or withheld;
- (viii) that our Company withdraws this Prospectus (and any other documents used in connection with the Share Offer) or suspends the Share Offer; or
- (ix) any expert (other than the Sole Sponsor) named in the section “Appendix IV — Statutory and General Information — F. Other information — 8. Qualifications of experts in this Prospectus or the Application Forms has withdrawn its consent to being named in any of this Prospectus and the Application Forms or to the issue of any of this prospectus and the Application Forms.

Undertakings

Undertakings to the Stock Exchange under the Listing Rules

(A) Undertaking by our Company

Under Rule 10.08 of the Listing Rules, our Company has undertaken to the Stock Exchange that our Company will not issue any further Shares or securities convertible into our equity securities (whether or not of a class already listed) or enter into any agreement to such issue within six months from the Listing Date (whether or not such issue of Shares or our securities will be completed within six months from the commencement of dealing), except under the Share Offer and the Capitalisation Issue (and issue of Shares pursuant to the exercise of the Over-allotment Option and any option which may be granted under the Post-IPO Share Option Scheme) or for the circumstances provided under Rule 10.08 of the Listing Rules.

UNDERWRITING

(B) Undertaking by our Controlling Shareholders

In accordance with Rule 10.07(1) of the Listing Rules, each of our Controlling Shareholders has undertaken to the Stock Exchange that except under the Stock Borrowing Agreement, (a) he or it will not, at any time during the period commencing from the Listing Date and ending on the date which is six months from the Listing Date, dispose of, nor enter into any agreement to dispose of or otherwise create any option, rights, interest or encumbrances in respect of, any of our Shares in respect of which he or it is shown by this prospectus to be the beneficial owners; and (b) each of our Controlling Shareholders will not, at any time during the period of six months from the date on which the period referred to in paragraph (a) above expires, dispose of, nor enter into any agreement to dispose of or otherwise create any option, rights, interest or encumbrances in respect of, any of our Shares referred to in paragraph (a) above if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interest or encumbrances, it will then cease to be our Controlling Shareholder.

Pursuant to Note (3) of Rule 10.07(2) of the Listing Rules, each of our Controlling Shareholders has further undertaken to the Stock Exchange that he or it will, within a period of 12 months from the Listing Date, immediately inform us and the Stock Exchange of:

- (a) any pledges or charges of any Shares or securities of our Company beneficially owned by him/it in favour of any authorised institution as permitted under the Listing Rules, and the number of such Shares or securities of our Company so pledged or charged; and
- (b) any indication received by he/it, either verbal or written, from any pledgee or chargee of any Shares or other securities of our Company pledged or charged that any of such Shares or other share capital will be sold transferred or disposed of.

Note (2) to Rule 10.07(2) of the Listing Rules provides that the rule does not prevent a controlling shareholder from using the shares owned by it as securities (including a charge or a pledge) in favour of an authorised institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)) for a bona fide commercial loan.

We will also inform the Stock Exchange as soon as we have been informed of the above matters (if any) by any of our Controlling Shareholders or their shareholders and disclose such matters by way of public announcement in accordance with the Listing Rules and, if applicable, the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the SFO after being so informed by any of our Controlling Shareholders or their respective shareholders.

UNDERWRITING

Undertakings under the Hong Kong Underwriting Agreement

(A) Undertaking by our Company

Except for the offer of our Offer Shares (including the Over-allotment Option) and the issue of Shares pursuant to the Capitalisation Issue and any option which maybe granted under the Post-IPO Share Option Scheme, during the period commencing on the date of the Hong Kong Underwriting Agreement and ending on, and including, the date that is six months after the Listing Date (the “**First Six-Month Period**”), our Company undertakes to each of the Sole Sponsor, the Sole Bookrunner, and the other Hong Kong Underwriters and each of the Warrantors (as defined in the Hong Kong Underwriting Agreement) not to, and to procure each member of our Group not to, without the prior written consent of the Sole Bookrunner (for itself and on behalf of the other Hong Kong Underwriters) and unless in compliance with the requirements of the Listing Rules:

- (a) allot, issue, sell, accept subscription for, offer to allot, issue or sell, contract or agree to allot, issue or sell, lend, grant or sell any option, warrant, contract or right to subscribe for or purchase, grant or purchase any option, warrant, contract or right to allot, issue or sell, make any short sell or otherwise transfer or dispose of or create an encumbrance over, or agree to transfer or dispose of or create an encumbrance over, either directly or indirectly, conditionally or unconditionally, any Shares or any other equity securities of our Company, or interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares); or
- (b) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of Shares or any other equity securities of our Company, or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares); or
- (c) enter into any transaction with the same economic effect as any transaction specified in (a) or (b) above; or
- (d) offer to or agree to or announce any intention to effect any transaction specified in Clause (a), (b) or (c) above,

in each case, whether any of the transactions specified in (a), (b) or (c) above is to be settled by delivery of Shares or such other equity securities of our Company or in cash or otherwise (whether or not the issue of Shares or such other equity securities will be completed within the aforesaid period). In the event that, during the period of six months commencing on the date on which the First Six-Month Period expires (the “**Second Six-Month Period**”), our Company enters into any of the transactions specified in (a), (b) or (c) above or offers to or agrees to or announces any intention to effect any such transaction, our Company shall take all reasonable steps to ensure that it will not create a disorderly or false market in the securities of our Company. Each of our Controlling Shareholders and our Substantial Shareholders undertakes to each of the Sole Sponsor, the Sole Bookrunner, and the other Hong Kong Underwriters to use their best endeavours to procure our Company to comply with the undertakings mentioned above.

UNDERWRITING

(B) Undertaking by our Controlling Shareholders

Each of the Controlling Shareholders undertakes to each of our Company, the Sole Sponsor, the Sole Bookrunner, and the other Hong Kong Underwriters that, save for any lending of our Shares by Platinum Lotus pursuant to the Stock Borrowing Agreement, without the prior written consent of the Sole Bookrunner (for itself and on behalf of the other Hong Kong Underwriters) and unless in compliance with the requirements of the Listing Rules, none of our Controlling Shareholders will, and will procure that none of their associates will:

- (a) at any time during the First Six-Month Period, (i) sell, offer to sell, contract or agree to sell, mortgage, charge, pledge, hypothecate, lend, grant or sell any option, warrant, contract or right to purchase, grant or purchase any option, warrant, contract or right to sell, make short sell or otherwise transfer or dispose of or create an Encumbrance over, or agree to transfer or dispose of or create an Encumbrance over, either directly or indirectly, conditionally or unconditionally, any Shares or any other equity securities of our Company or any interest therein (including, without limitation, any securities convertible into or exchangeable or exercisable for or other equity securities of our Company, as applicable) or (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of Shares or any other equity securities of our Company or any interest therein in (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares) or (iii) enter into any transaction with the same economic effect as any transaction specified in (i) or (ii) above or (iv) offer to or agree to or announce any intention to effect any transaction specified in (i), (ii) or (iii) above, in each case, whether any of the transactions specified in (i), (ii) or (iii) above is to be settled by delivery of Shares or such other equity securities of our Company, or in cash or otherwise (whether or not the issue of Shares or such other securities will be completed within the aforesaid period);
- (b) at any time during the Second Six-Month Period, enter into any of the transactions specified in (i), (ii) or (iii) above or offer to or agree to or announce any intention to effect any such transaction if, immediately following any sale, transfer or disposal or upon the exercise or enforcement of any option, right, interest or Encumbrance pursuant to such transaction, it will cease to be a “controlling shareholder” (as the term is defined in the Listing Rules) of our Company; and
- (c) until the expiry of the Second Six-Month period, in the event that it enters into any of the transactions specified in (i), (ii) or (iii) above or offer to or agrees to or announce any intention to effect any such transaction, it will take all reasonable steps to ensure that it will not create a disorderly or false market in the securities of our Company.

Indemnity

We and our Controlling Shareholders have agreed to indemnify the Sole Sponsor, the Sole Bookrunner, and the other Hong Kong Underwriters for certain losses which they may suffer, including losses arising from their performance of their obligations under the Hong Kong Underwriting Agreement and any breach by us of the Hong Kong Underwriting Agreement.

UNDERWRITING

International Underwriting

International Underwriting Agreement

In connection with the International Underwriting, we, among others, expect to enter into the International Underwriting Agreement with the International Underwriters. Under the International Underwriting Agreement, the International Underwriters, subject to certain conditions, will agree severally and not jointly to procure purchasers for, or themselves purchase, their respective proportions of our International Offer Shares.

Under the International Underwriting Agreement, we expect to grant to the International Underwriters the Over-allotment Option, exercisable by the Sole Bookrunner, at any time from the date of the International Underwriting Agreement up to (and including) the date which is the 30th day after the last day for the lodging of applications under the Hong Kong Public Offering, to require us to allot and issue up to 75,000,000 additional Shares, representing 15% of the initial number of our Offer Shares. These Shares will be issued at the Offer Price and will be solely for the purpose of covering over-allocations, if any, in the International Offering.

It is expected that the International Underwriting Agreement may be terminated on similar grounds as the Hong Kong Underwriting Agreement. Potential investors shall be reminded that if the International Underwriting Agreement is not entered into, the Share Offer will not proceed.

We will agree to indemnify the International Underwriters against certain liabilities, set forth in the International Underwriting Agreement.

Commissions and expenses

The Hong Kong Underwriters will receive an underwriting commission of 15.0% of the aggregate Offer Price payable for our Hong Kong Offer Shares. In addition, our Company shall pay to the Sole Bookrunner (for itself and on behalf of the other Hong Kong Underwriters) an incentive fee of 1.0% of the aggregate Offer Price payable for our Hong Kong Offer Shares. For unsubscribed Hong Kong Offer Shares reallocated to the International Offering, we will pay an underwriting commission at the rate applicable to the International Offering and such commission will be paid to the International Underwriters and not the Hong Kong Underwriters. The commissions payable to the Underwriters will be borne by our Company in full.

The aggregate amount of commissions, together with listing fees (inclusive of the estimated amount of incentive fee), SFC transaction levy, and the Stock Exchange trading fee in respect of our Offer Shares, legal and other professional fees and printing and other expenses relating to the Share Offer, is estimated to be HK\$47.3 million (assuming the Offer Price of HK\$0.27, which is the mid-point of the indicative range of the Offer Price and that the Over-allotment Option is not exercised) in total and is payable by us.

The commission and expenses are determined after arm's length negotiations between our Company and the Hong Kong Underwriters.

UNDERWRITING

Underwriters' interest in our Group

Save for their obligation under the Underwriting Agreements, none of the Underwriters has any shareholding interests in any member of our Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group.

Following completion of the Share Offer, the Hong Kong Underwriters and their affiliated companies may hold some Shares as a result of fulfilling their obligations under the Hong Kong Underwriting Agreement.

MINIMUM PUBLIC FLOAT

Our Directors and the Sole Bookrunner will ensure there will be minimum of 25% of the total issued Shares held in public hands in accordance with Rule 8.08 of the Listing Rules following completion of the Share Offer.

ACTIVITIES BY SYNDICATE MEMBERS

The Underwriters (the “**Syndicate Members**”) and their affiliates are diversified financial institutions. These entities engage in a wide range of commercial and investment banking, brokerage, funds management, trading, hedging, investing and other activities for their own accounts and for the account of others. In relation to our Shares, other activities could include acting as agent for buyers and sellers of our Shares, entering into transactions with other buyers and sellers in a principal capacity, proprietary trading in our Shares, and entering into over-the-counter or listing derivative transactions or listed and unlisted securities transactions (including issuing securities such as derivative warrants listed on a stock exchange) which have as their underlying, assets including our Shares. Those activities may require hedging activity by those entities involving, directly or indirectly, buying and selling our Shares. All such activities could occur in Hong Kong and elsewhere in the world may result in the Syndicate Members and their affiliates holding long and/or short positions in our Shares, in baskets of securities or indices including our Shares, in units of funds that may purchase our Shares, or in derivatives related to any of the foregoing.

In relation to issues by Syndicate Members or their of any listed securities having our Shares as their underlying, whether on the Stock Exchange or on any other stock exchange, the rules of the stock exchange may require the issuer of other securities (or one of its affiliates or agents) to act as a market maker or liquidity provider in the security, and these will also result in hedging activity in our Shares in most cases.

All these activities may occur both during and after the end of the stabilizing period described in the section headed “Structure and Conditions of the Share Offer — Stabilisation” in this prospectus. These activities may affect the market price or value of our Shares, the liquidity or trading volume in our Shares, and the volatility of the trading prices of our Shares and the extent to which this occurs from day to day cannot be estimated.

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

THE SHARE OFFER

This prospectus is published in connection with the Hong Kong Public Offering as part of the Share Offer. The Share Offer comprises:

- the Hong Kong Public Offering of 50,000,000 Shares, subject to reallocation as described below under “Hong Kong Public Offering” and
- the International Offering of 450,000,000 Shares, subject to reallocation and the Over-allotment Option as described below under “International Offering”.

Investors may apply for our Hong Kong Offer Shares or indicate an interest, if qualified to do so, for our International Offer Shares, but may not do both. The Hong Kong Public Offering is open to members of the public in Hong Kong as well as to institutional and professional investors in Hong Kong. The International Offering will involve selective marketing of our International Offer Shares to institutional and professional investors and other investors in such jurisdictions as permitted under the applicable laws and regulations. The International Underwriters are soliciting from prospective investors indications of interest in acquiring our International Offer Shares. Prospective investors will be required to specify the number of International Offer Shares they would be prepared to acquire either at different prices or at a particular price within the indicative range of the Offer Price.

Our Shares will be traded in board lots of 8,000 each.

The number of our Hong Kong Offer Shares may be subject to reallocation as set forth in the paragraph under “Pricing and Allocation” below. References in this prospectus to applications, Application Forms, application or subscription monies or the procedures for application relate only to the Hong Kong Public Offering.

PRICING AND ALLOCATION

Determination of the Offer Price

The Offer Price is expected to be fixed by agreement between the Sole Bookrunner (for itself and on behalf of the other Underwriters) and us on the Price Determination Date, when market demand for our Offer Shares will be determined. The Price Determination Date is expected to be on or around Thursday, 2 April 2020 and in any event, no later than Sunday, 5 April 2020.

The Offer Price will not be more than HK\$0.29 per Offer Share and is expected to be not less than HK\$0.25 per Offer Share, unless otherwise announced not later than the morning of the last day for lodging applications under the Hong Kong Public Offering, as explained below. Prospective investors should be aware that the Offer Price may be, but is not expected to be, lower than the indicative range of the Offer Price stated in this prospectus.

Based on the level of interest expressed by prospective institutional and professional investors and other investors during the book-building process, if the Sole Bookrunner (for itself and on behalf of the other Underwriters) consider that the indicative range of the Offer Price and/or the number of our Offer Shares inappropriate, the Sole Bookrunner (for itself and on behalf of the other Underwriters) may reduce the indicative range of the Offer Price and/or the number of our Offer Shares below that stated in

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

this prospectus at any time on or before the morning of the last day of lodging applications under the Hong Kong Public Offering. 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 last day for lodging applications under the Hong Kong Public Offering on Thursday, 2 April 2020, cause to publish on the websites of Stock Exchange at www.hkexnews.hk and our Company at www.lotushorizonholdings.com a notice of reduction of the indicative range of the Offer Price. Such notice will also include confirmation or revision, as appropriate, of the statistics of the Share Offer currently set forth in the section headed “Summary and Highlights” in this prospectus and any other financial information which may change as result of such reduction.

Implications on the submitted applications for our Hong Kong Offer Shares

Before submitting applications for our Hong Kong Offer Shares, applicants should have regard to the possibility that any notice of reduction in the indicative range of the Offer Price may not be made until the day which is the last day for lodging applications under the Hong Kong Public Offering. In addition, we may also reduce the number of our Offer Shares upon issue of such reduction notice by our Company, the revised range of the Offer Price will be final and conclusive and the Offer Price, if agreed upon, will be fixed within such revised range of the Offer Price. In the absence of any notice being published of a reduction in the indicative range of the Offer Price stated in this prospectus on or before the last day for lodging applications under the Hong Kong Public Offering, the Offer Price, if agreed upon, will under no circumstances be set forth below the indicative range of the Offer Price stated in this prospectus.

If the Offer Price, as finally determined, is less than the low-end of the indicative range of the Offer Price set forth in this prospectus or if there is any change in the number of our Offer Shares, applicants of our Hong Kong Offer Shares will be notified for the purpose of re-confirming their submitted applications under the Hong Kong Public Offering. If applicants have been so notified but have not confirmed their applications in accordance with the prescribed procedures set forth in the notification, the un-confirmed applications under the Hong Kong Public Offering will be deemed revoked by the applicants. All application monies will be returned to the relevant applicants, without interest.

Allocation of our Offer Shares

Our Offer Shares may, in certain circumstances, be reallocated between the Hong Kong Public Offering and International Offering at the discretion of the Sole Bookrunner. Allocation of our International Offer Shares will be determined by the Sole Bookrunner and will be based on a number of factors including the level and timing of demand, total size of the relevant investor’s invested assets or equity assets in the relevant sector and whether or not it is expected that the relevant investor is likely to buy further, and/or hold or sell Shares after the Listing. Such allocation may be made to professional, institutional or corporate investors and is intended to result in a distribution of our Shares on a basis which would lead to the establishment of a solid Shareholder base to the benefit of our Company and our Shareholders as a whole.

Allocation of our Hong Kong Offer Shares to applicants under the Hong Kong Public Offering will be based on the level of valid applications received under the Hong Kong Public Offering. The basis of allocation may vary, depending on the number of our Hong Kong Offer Shares validly applied for by applicants. The allocation of our Hong Kong Offer Shares could, where appropriate, consist of balloting,

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

which would mean that some applicants may receive a higher allocation than others who have applied for the same number of our Hong Kong Offer Shares, and those applicants who are not successful in the ballot may not receive any Hong Kong Offer Shares.

The final Offer Price, the level of applications in the Hong Kong Public Offering, the level of indications of interest in the International Offering, the basis of allocations of our Hong Kong Offer Shares, and the Hong Kong identity card/passport/Hong Kong business registration numbers of successful applicants under the Hong Kong Public Offering are expected to be made available in a variety of channels in the manner described in the section headed “How to Apply for our Hong Kong Offer Shares — 11. Publication of results” in this prospectus.

CONDITIONS OF THE HONG KONG PUBLIC OFFERING

Acceptance of all applications for our Hong Kong Offer Shares will be conditional on, inter alia:

- (a) the granting of approval by the Listing Committee for the listing of, and permission to deal in, our Shares in issue, our Offer Shares to be issued pursuant to the Share Offer (including any Shares which may be issued pursuant to the exercise of the Over-allotment Option and any option which may be granted under the Post-IPO Share Option Scheme) and Shares to be issued under the Capitalisation Issue, and such listing and permission not having been revoked prior to the commencement of dealings in our Offer Shares on the Stock Exchange;
- (b) the Offer Price having been determined on or around the Price Determination Date;
- (c) the execution and delivery of the International Underwriting Agreement on or around the Price Determination Date; and
- (d) the obligations of the Underwriters under the Underwriting Agreements having become unconditional and not having been terminated in accordance with the terms of the respective agreements, in each case on or before the dates and times specified in the respective Underwriting Agreements (unless and to the extent such conditions are validly waived on or before such dates and times) and in any event not later than Wednesday, 29 April 2020, being the 30th day after the date of this prospectus.

If the Offer Price is not agreed by Sunday, 5 April 2020 between the Sole Bookrunner (for itself and on behalf of the other Underwriters) and us for any reason, the Share Offer will not proceed and will lapse.

If the above conditions are not fulfilled or waived before the times and dates specified, the Share Offer will lapse and the Stock Exchange will be notified immediately. We will cause a notice of the lapse of the Hong Kong Public Offering to be published on the websites of the Stock Exchange at www.hkexnews.hk and our Company at www.lotushorizonholdings.com on the next day following such lapse. In such eventuality, all application monies will be returned, without interest, on the terms set forth in the section headed “How to Apply for our Hong Kong Offer Shares” in this prospectus. In the meantime, the application monies will be held in separate bank account(s) with the receiving bank(s) or other bank(s) in Hong Kong licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong) (as amended).

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

Share certificates for our Offer Shares are expected to be issued on Tuesday, 14 April 2020 but will only become valid certificates of title at 8:00 a.m. on the Listing Date, i.e. Wednesday, 15 April 2020, provided that (a) the Share Offer has become unconditional in all respects and (b) neither of the Underwriting Agreements has been terminated in accordance with its terms.

The consummation of each of the Hong Kong Public Offering and the International Offering is conditional upon, among other things, the other becoming unconditional and not having been terminated in accordance with its terms.

HONG KONG PUBLIC OFFERING

Number of Hong Kong Offer Shares

We are initially offering 50,000,000 Hong Kong Offer Shares at the Offer Price, representing 10% of the initial number of our Offer Shares, for subscription by members of the public in Hong Kong. Subject to the reallocation of our Offer Shares between the International Offering and the Hong Kong Public Offering, the number of Hong Kong Offer Shares will represent 2.50% of the enlarged number of our Shares in issue immediately after completion of the Share Offer and the Capitalisation Issue, assuming that no Shares will be issued pursuant to the exercise of the Over-allotment Option and any option which may be granted under the Post-IPO Share Option Scheme are not exercised.

Allocation

For allocation purposes only, the initial number of our Hong Kong Offer Shares (after taking into account any adjustment in the number of Offer Shares allocated between the Share Offer) will be divided equally into two pools: Pool A comprises 25,000,000 Hong Kong Offer Shares and Pool B comprises 25,000,000 Hong Kong Offer Shares, both of which are available on an equitable basis to successful applicants. All valid applications under the Hong Kong Public Offering with an aggregate subscription price of HK\$5 million or less (excluding brokerage, SFC transaction levy, and Stock Exchange trading fee) will fall into Pool A and all valid applications under the Hong Kong Public Offering with an aggregate subscription price of more than HK\$5 million (excluding brokerage, SFC transaction levy, and Stock Exchange trading fee) and up to the total value of Pool B will fall into Pool B. For the purpose of this paragraph only, the “subscription price” for our Hong Kong Offer Shares means the price payable on application therefor (without regard to the Offer Price as finally determined).

Investors should be aware that applications in Pool A and Pool B are likely to receive different allocation ratios. If Hong Kong Offer Shares in one pool (but not both pools) are under-subscribed, the surplus Hong Kong Offer Shares will be transferred to the other pool to satisfy demand in that other pool and be allocated accordingly. Applicants can only receive an allocation of Hong Kong Offer Shares from either Pool A or Pool B, but not from both pools and may only apply for Hong Kong Offer Shares in either Pool A or Pool B. In addition, multiple or suspected multiple applications within either pool or in both pools will be rejected. No application will be accepted from applicants for more than 25,000,000 Hong Kong Offer Shares which is equivalent to 50% of the initial number of our Hong Kong Offer Shares.

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

Reallocation and clawback

The allocation of our Offer Shares between the Hong Kong Public Offering and the International Offering is subject to reallocation at the discretion of the Sole Bookrunner, subject to the following:

- (a) where the International Offering is fully subscribed or oversubscribed:
 - i. if the Hong Kong Offer Shares are undersubscribed, the Sole Bookrunner has the authority to reallocate all or any unsubscribed Hong Kong Offer Shares to the International Offering, in such proportions as the Sole Bookrunner deems appropriate;
 - ii. if the number of Offer Shares validly applied for under the Hong Kong Public Offering represents less than 15 times the initial number of our Hong Kong Offer Shares, then up to 50,000,000 Offer Shares may be reallocated to the Hong Kong Public Offering from the International Offering, so that the total number of the Offer Shares available under the Hong Kong Public Offering will be increased to 100,000,000 Offer Shares, representing 20.0% of the initial number of our Offer Shares. For the avoidance of doubt, there is no obligation on the part of the Sole Bookrunner to make any reallocation from the International Offering to the Hong Kong Public Offering;
 - iii. if the number of Offer Shares validly applied for under the Hong Kong Public Offering represents (1) 15 times or more but less than 50 times, (2) 50 times or more but less than 100 times, and (3) 100 times or more of the initial number of our Hong Kong Offer Shares, our Offer Shares reallocated to the Hong Kong Public Offering from the International Offering in accordance with the clawback requirements set forth in paragraph 4.2 of Practice Note 18 of the Listing Rules will increase, so that the total number of our Hong Kong Offer Shares will be 150,000,000 Offer Shares (in the case of (1)), 200,000,000 Offer Shares (in the case of (2)), and 250,000,000 Offer Shares (in the case of (3)), representing 30.0%, 40.0%, and 50.0% of the number of our Offer Shares, respectively;
- (b) where the International Offer Shares are undersubscribed:
 - i. if the Hong Kong Offer Shares are also undersubscribed, the Share Offer will not proceed unless the Underwriters would subscribe for or procure subscribers for their respective applicable proportions of our Offer Shares which are not taken up under the Share Offer on the terms and conditions of this prospectus, the Application Forms, and the Underwriting Agreements; and
 - ii. if the Hong Kong Offer Shares are fully subscribed or oversubscribed (irrespective of the extent of over-subscription), then up to 50,000,000 Offer Shares may be reallocated to the Hong Kong Public Offering from the International Offering, so that the total number of our Hong Kong Offer Shares will, increase to 100,000,000 Offer Shares, representing 20.0% of the initial number of our Offer Shares.

In the event of any reallocation of Offer Shares from the International Offering to the Hong Kong Public Offering in the circumstances described in paragraph (a)(ii) or (b)(ii) above, the final Offer Price shall be fixed at the bottom end of the indicative Offer Price range, being HK\$0.25 per Offer Share, according to the Guidance Letter HKEX-GL91-18 issued by the Stock Exchange.

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

In all cases of reallocation of Offer Shares from the International Offering to the Hong Kong Public Offering, the number of Offer Shares allocated to the International Offering will be correspondingly reduced and the additional Offer Shares will be allocated to Pool A and Pool B in equal proportion under the Hong Kong Public Offering.

Applications

The Sole Bookrunner (for itself and on behalf of the other Underwriters) may require any investor who has been offered our Offer Shares under the International Offering, and who has made an application under the Hong Kong Public Offering, to provide sufficient information to the Sole Bookrunner so as to allow it to identify the relevant applications under the Hong Kong Public Offering and to ensure that it is excluded from any application for Hong Kong Offer Shares.

Each applicant under the Hong Kong Public Offering will also be required to give an undertaking and confirmation in the application submitted by him or her or it that he or she or it and any person for whose benefit he or she or it 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 of, any International Offer Shares, and such applicant's application is liable to be rejected if the undertaking and/or confirmation is breached or untrue (as the case may be) or he or she or it has been or will be placed or allocated International Offer Shares.

Applicants under the Hong Kong Public Offering are required to pay, on application, the maximum Offer Price of HK\$0.29 plus brokerage of 1%, SFC transaction levy of 0.0027%, and Stock Exchange trading fee of 0.005% based on the maximum Offer Price of HK\$0.29. If the Offer Price is lower than HK\$0.29, we will refund the respective difference (including brokerage, the SFC transaction levy and the Stock Exchange trading fee attributable to the surplus application monies) to the successful applicants, without interest. Further information is set forth in the section headed "How to Apply for our Hong Kong Offer Shares" in this prospectus.

INTERNATIONAL OFFERING

Number of International Offer Shares

The number of our Offer Shares to be initially offered for subscription under the International Offering will be 450,000,000 Offer Shares (subject to adjustment and the Over-allotment Option), representing 90% of the initial numbers of our Offer Shares and 22.5% of the enlarged number of our Shares in issue immediately after completion of the Share Offer and the Capitalisation Issue, assuming that the Over-allotment Option and any option which may be granted under the Post-IPO Share Option Scheme are not exercised. The International Offering is subject to the Hong Kong Public Offering becoming unconditional.

Allocation

The International Offering will include selective marketing of our Offer Shares to institutional and professional investors and other investors anticipated to have a sizable demand for such Offer Shares. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities.

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

Allocation of our International Offer Shares will be effected in accordance with the “book-building” process described in the paragraphs under “Pricing and allocation” above and based on a number of factors, including the level and timing of demand, total size of the relevant investor’s invested assets or equity assets in the relevant sector and whether or not it is expected that the relevant investor is likely to buy further Shares, and/or hold or sell its/his/her Shares, after the Listing. Such allocation is intended to result in a distribution of our Shares on a basis which would lead to the establishment of a solid professional and institutional Shareholder base for the benefit of our Company and our Shareholders as a whole.

Reallocation

The total number of our Offer Shares to be offered under the International Offering may change as a result of the clawback arrangement as described in the paragraphs under “The Hong Kong Public Offering — Reallocation” above or the exercise of the Over-allotment Option in whole or in part and/or any reallocation of unsubscribed Offer Shares originally included in the Hong Kong Public Offering.

APPLICATION FOR LISTING ON THE STOCK EXCHANGE

We have applied to the Listing Committee for the listing of, and permission to deal in, our Shares in issue and our Offer Shares (including the additional Offer Shares which may be made available pursuant to the exercise of the Over-allotment Option and any option which may be granted under the Post-IPO Share Option Scheme) and our Shares to be issued under the Capitalisation Issue.

No part of our Share is listed 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.

OVER-ALLOTMENT OPTION

We expect to grant the Over-allotment Option to the International Underwriters, exercisable by the Sole Bookrunner, at any time on or prior to the date which is the 30th day after the last day for the lodging of applications under the Hong Kong Public Offering. Under the Over-allotment Option, the Sole Bookrunner will have the right, but not an obligation, to require us to allot and issue up to an aggregate of 75,000,000 additional new Shares, representing 15% of the initial number of our Offer Shares, to cover over-allocations in the International Offering, if any. These Shares will be issued at the Offer Price. An announcement will be made if the Over-allotment Option is exercised.

STOCK BORROWING ARRANGEMENT

In order to facilitate the settlement of over allocations in the Share Offer, the Stabilizing Manager may choose to borrow, whether on its own or through its affiliates, up to 75,000,000 Shares, representing 15% of the initial number of our Offer Shares, from Platinum Lotus under the stock borrowing arrangement (being the maximum number of our Shares which may be issued upon exercise of the Over-allotment Option) or acquire Shares from other sources, including the exercise of the Over-allotment Option.

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

STABILISATION

Stabilisation is a practice used by underwriters in some markets to facilitate the distribution of securities. To stabilise, the underwriters may bid for, or purchase, the new securities in the secondary market during a specified period of time, to retard and, if possible, prevent any decline in the market price of the securities below the offer price. In Hong Kong, activity aimed at reducing the market price is prohibited and the price at which stabilisation is effected is not permitted to exceed the offer price.

In connection with the Share Offer, the Stabilizing Manager, its affiliates or any person acting for it may, to the extent permitted by applicable laws of Hong Kong or elsewhere, over-allocate or effect any other transactions with a view to stabilizing or maintaining the market price of our Shares at a level higher than that which might otherwise prevail in the open market for a limited period up to the 30th day after the last day for the lodging of applications under the Hong Kong Public Offering. Any market purchases of Shares will be effected in compliance with all applicable laws and regulatory requirements. However, there is no obligation on the Stabilizing Manager, its affiliates or any person acting for it, to conduct any such stabilizing activity, which if commenced, will be done at the absolute discretion of the Stabilizing Manager, its affiliates or any person acting for it, and may be discontinued at any time. Any such stabilizing activity is required to be brought to an end within 30 days of the last day for the lodging of applications under the Hong Kong Public Offering. The number of Shares that may be over-allocated will not exceed the number of Shares that may be sold under the Over-allotment Option, namely 75,000,000 Shares, which is 15% of the initial number of our Offer Shares.

Stabilizing actions permitted in Hong Kong under the Securities and Futures (Price Stabilizing) Rules, as amended, include: (a) over-allocation for the purpose of preventing or minimising any reduction in the market price of our Shares; (b) selling or agreeing to sell our Shares so as to establish a short position in them for the purpose of preventing or minimising any reduction in the market price of our Shares; (c) purchasing or subscribing for, or agreeing to purchase or subscribe for, our Shares under the Over-allotment Option in order to close out any position established under (a) or (b) above; (d) purchasing, or agreeing to purchase, any of our Shares for the sole purpose of preventing or minimising any reduction in the market price of our Shares; (e) selling or agreeing to sell any Shares in order to liquidate any position held as a result of those purchases; and (f) offering or attempting to do anything described in (b), (c), (d) or (e) above.

Specifically, prospective applications for an investors in our Shares should note that:

- the Stabilizing Manager, its affiliates or any person acting for it, may, in connection with the stabilizing action, maintain a long position in our Shares;
- there is no certainty regarding the extent to which and the time period for which the Stabilizing Manager, its affiliates or any person acting for it, will maintain such a position;
- liquidation of any such long position by the Stabilizing Manager, its affiliates or any person acting for it, may have an adverse impact on the market price of our Shares;

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

- no stabilizing action can be taken to support the price of our Shares for longer than the stabilizing period which will begin on the Listing Date, and is expected to expire on Saturday, 2 May 2020, being the 30th day after the last day for lodging applications under the Hong Kong Public Offering. After this date, when no further stabilizing action may be taken, demand for our Shares, and therefore the price of our Shares, could fall;
- the price of our Shares cannot be assured to stay at or above the Offer Price either during or after the stabilizing period by the taking of any stabilizing action; and
- stabilizing bids must be made or transactions effected in the course of the stabilizing action at any price at or below the Offer Price, which means that stabilizing bids may be made or transactions effected at a price below the price paid by applicants for, or investors in, our Shares.

Our Company will ensure or procure that a public announcement in compliance with the Securities and Futures (Price Stabilizing) Rules, as amended, will be made within seven days of the expiration of the stabilisation period.

DEALING ARRANGEMENTS

Assuming that the Hong Kong Public Offering becomes unconditional at or before 8:00 a.m. in Hong Kong on Wednesday, 15 April 2020 it is expected that dealings in Shares on the Stock Exchange will commence at 9:00 a.m. on Wednesday, 15 April 2020.

UNDERWRITING ARRANGEMENTS

The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters under the terms of the Hong Kong Underwriting Agreement, subject to the agreement on the Offer Price between the Sole Bookrunner (for itself and on behalf of the other Underwriters) and us on the Price Determination Date.

We expect that we will, on or about Thursday, 2 April 2020, shortly after determination of the Offer Price, enter into the International Underwriting Agreement.

The terms of the underwriting arrangements are summarised in the section headed “Underwriting” in this prospectus.

HOW TO APPLY FOR OUR HONG KONG OFFER SHARES

1. HOW TO APPLY

If you apply for our Hong Kong Offer Shares, then you may not apply for or indicate an interest for International Offer Shares.

To apply for our Hong Kong Offer Shares, you may:

- use a **WHITE** or **YELLOW** Application Form;
- apply online via the **HK eIPO White Form** service at www.hkeipo.hk or by the **IPO App**;
- 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 Sole Bookrunner, **HK eIPO White Form** Service Provider, 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 our Hong Kong 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 (as defined in Regulation S under the U.S. Securities Act of 1933) and are not a U.S. Person (as defined in Regulation S under the U.S. Securities Act of 1933); and
- are not a legal or natural person of the PRC.

If you apply online through the **HK eIPO White Form** service, in addition to the above, you must also: (i) have a valid Hong Kong identity card number and (ii) provide a valid e-mail address and a contact telephone number.

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 Sole Bookrunner may accept it at their discretion and on any conditions they think fit, including evidence of the attorney's authority.

The number of joint applicants may not exceed four and they may not apply by means of **HK eIPO White Form** service for our Hong Kong Offer Shares.

HOW TO APPLY FOR OUR HONG KONG OFFER SHARES

Unless permitted by the Listing Rules, you cannot apply for any Hong Kong 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 or a core connected person (as defined in the Listing Rules) of our Company or will become a connected person or a core 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; and
- have been allocated or have applied for or indicated an interest in any International Offer Shares or otherwise participate in the International Offering.

3. APPLYING FOR HONG KONG OFFER SHARES

Which application channel to use

For Hong Kong Offer Shares to be issued in your own name, use a **WHITE** Application Form or apply online through www.hkeipo.hk or by the **IPO App**.

For Hong Kong 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 Application Forms

You can collect a **WHITE** Application Form and a prospectus from:

- (i) 9:00 a.m. on Monday, 30 March 2020 until 12:00 noon on Thursday, 2 April 2020 from the following addresses of the Hong Kong Underwriters:

Sunfund Securities Limited	18th Floor, Hip Shing Hong Centre 55 Des Voeux Road Central Central Hong Kong
Innovax Securities Limited	Unit A–C, 20th Floor Neich Tower 128 Gloucester Road Wanchai Hong Kong

HOW TO APPLY FOR OUR HONG KONG OFFER SHARES

Sang Woo (Kirin) Securities Limited 12/F, Overseas Trust Bank Building
160 Gloucester Road
Wanchai
Hong Kong

First Fidelity Capital (International)
Limited Room 908–909, 9/F
Great Eagle Centre
23 Harbour Road
Wanchai
Hong Kong

Realord Asia Pacific Securities
Limited Suite 2402, 24/F Jardine House
1 Connaught Place
Central
Hong Kong

- (ii) 10:00 a.m. on Monday, 30 March 2020 until 12:00 noon on Thursday, 2 April 2020 from any of the following branches of DBS Bank (Hong Kong) Limited:

<u>District</u>	<u>Branch name</u>	<u>Address</u>
Hong Kong Island	United Centre Branch	Shops 1015–1018 on 1/F & Shops 2032–2034 on 2/F, United Centre, 95 Queensway, Admiralty
	North Point Branch	G/F, 391 King’s Road, North Point
Kowloon	Nathan Road — SME Banking Centre	2/F, Wofoo Commercial Building, 574–576 Nathan Road, Mongkok
New Territories	Yuen Long Branch	G/F, 1–5 Tai Tong Road, Yuen Long

You can collect a **YELLOW** Application Form and a prospectus from 9:00 a.m. on Monday, 30 March 2020 until 12:00 noon on Thursday, 2 April 2020 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 the Application Forms

Your completed **WHITE** or **YELLOW** Application Form, together with a cheque or a banker’s cashier order attached and marked payable to “Ting Hong Nominees Limited — Lotus Horizon Public Offer” for the payment, should be deposited in the special collection boxes provided at any of the branches of the receiving bank listed above, at the following times:

- 10:00 a.m. to 4:00 p.m., Monday, 30 March 2020
- 10:00 a.m. to 4:00 p.m., Tuesday, 31 March 2020
- 10:00 a.m. to 4:00 p.m., Wednesday, 1 April 2020
- 10:00 a.m. to 12:00 noon, Thursday, 2 April 2020

The Application Lists will open and close from 11:45 a.m. to 12:00 noon on Thursday, 2 April 2020, the last application day or such later time as set forth in “10. Effect of Bad Weather on the Opening of the Application Lists” in this section.

HOW TO APPLY FOR OUR HONG KONG OFFER SHARES

4. TERMS AND CONDITIONS OF AN APPLICATION

Follow the detailed instructions in the relevant Application Form carefully. Otherwise, your application may be rejected.

By completing and submitting an Application Form or applying through **HK eIPO White Form** service, among other things, you (and if you are joint applicants, each of you jointly and severally) for yourselves 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 Sole Sponsor and/or the Sole Bookrunner (or their respective 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 Hong Kong 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, Companies (WUMP) Ordinance, the Companies Ordinance, and the Articles of Association;
- (iii) confirm that you have read the terms and conditions and application procedures set forth 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 Sole Bookrunner, the Hong Kong 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 International Offering nor participated in the International Offering;
- (viii) agree to disclose to our Company, the Hong Kong Share Registrar, the Receiving Bank, the Sole Sponsor, the Sole Bookrunner, the Hong Kong 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;

HOW TO APPLY FOR OUR HONG KONG OFFER SHARES

- (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 Sole Bookrunner, and the Hong Kong 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 (a) you understand that our Hong Kong Offer Shares have not been and will not be registered under the U.S. Securities Act of 1933; and (b) you and any person for whose benefit you are applying for our Hong Kong Offer Shares are not a U.S. Person (as defined in Regulation S under the U.S. Securities Act of 1933) 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 our Hong Kong Offer Shares applied for, or any lesser number allocated to you under the application;
- (xv) authorise our Company to place your name(s) or the name of the HKSCC Nominees, on our Company's register of members as the holder(s) of any Hong Kong Offer Shares allocated to you, and our Company and/or its agents to send any Share certificate(s) and/or any e-Auto Refund payment instructions 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 have fulfilled the criteria mentioned in "14. Despatch/Collection of Share Certificates and refund monies — Collection in person" in this section;
- (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 the person for whose benefit you are applying;
- (xvii) understand that our Company, our Directors and the Sole Bookrunner will rely on your declarations and representations in deciding whether or not to make any allotment of any of our Hong Kong 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 to the **HK eIPO White Form** service provider by you or by any one as your agent or by any other person;
- (xix) understand that, where the International Offer Shares are undersubscribed and the Hong Kong Offer Shares are oversubscribed, up to 50,000,000 Offer Shares may be reallocated to the Hong Kong Public Offering from the International Offering, increasing the total number of the Hong

HOW TO APPLY FOR OUR HONG KONG OFFER SHARES

Kong Offer Shares to 100,000,000 Offer Shares, representing 20% of the initial number of the Offer Shares (other than the Offer Shares that may be issued pursuant to the exercise of the Over-Allotment Option); and

- (xx) (if you are making the application as an agent for the benefit of another person) warrant that (a) 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 (b) 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 THROUGH HK eIPO WHITE FORM SERVICE

General

Individuals who meet the criteria in “2. Who can apply” in this section, may apply through the **HK eIPO White Form** service for our Offer Shares to be allotted and registered in their own names through the designated website at www.hkeipo.hk or in the **IPO App**.

Detailed instructions for application through **HK eIPO White Form** service are on the designated website or in the **IPO App**. If you do not follow the instructions, your application may be rejected and may not be submitted to our Company. If you apply through the designated website or in the **IPO App**, you authorise the **HK eIPO White Form** Service Provider to apply on the terms and conditions in this prospectus, as supplemented and amended by the terms and conditions of the **HK eIPO White Form** service.

Time for Submitting Applications under the HK eIPO White Form Service

You may submit your application to **HK eIPO White Form** service at www.hkeipo.hk or in the **IPO App** (24 hours daily, except on the last application day) from 9:00 a.m. on Monday, 30 March 2020 until 11:30 a.m. on Thursday, 2 April 2020 and the latest time for completing full payment of application monies in respect of such applications will be 12:00 noon on Thursday, 2 April 2020 or such later time under the “10. Effect of Bad Weather on the Opening of the Application Lists” in this section.

No Multiple Applications

If you apply by means of **HK eIPO White Form** service, once you complete payment in respect of any **electronic application instruction** given by you or for your benefit through the **HK eIPO White Form** service to make an application for Hong Kong Offer Shares, an actual application shall be deemed to have been made. For the avoidance of doubt, giving an **electronic application instruction** under **HK eIPO White Form** service more than once and obtaining different payment reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application.

HOW TO APPLY FOR OUR HONG KONG OFFER SHARES

If you are suspected of submitting more than one application through **HK eIPO White Form** service or by any other means, all of your applications are liable to be rejected.

Section 40 of the Companies (WUMP) Ordinance

For the avoidance of doubt, our Company and all other parties involved in the preparation of this prospectus acknowledge that each applicant who gives or causes to give electronic application instructions is a person who may be entitled to compensation under Section 40 of the Companies (WUMP) Ordinance (as applied by Section 342E of the Companies (WUMP) Ordinance).

6. APPLYING BY GIVING ELECTRONIC APPLICATION INSTRUCTIONS TO HKSCC VIA CCASS

General

CCASS Participants may give electronic application instructions to apply for our Hong Kong 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 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 Centre

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 our Hong Kong Offer Shares on your behalf.

You will be deemed to have authorised HKSCC and/or HKSCC Nominees to transfer the further information your application to our Company, the Sole Bookrunner, and our Hong Kong Share Registrar.

HOW TO APPLY FOR OUR HONG KONG OFFER SHARES

Giving Electronic Application Instructions to HKSCC via CCASS

Where you have given **electronic application instructions** to apply for our Hong Kong 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 our Hong Kong 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 our Hong Kong 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 International Offering;
 - (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, the Sole Sponsor, and the Sole Bookrunner will rely on your declarations and representations in deciding whether or not to make any allotment of any of our Hong Kong 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 our Hong Kong 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 forth 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 forth in any supplement to this prospectus;
 - agree that none of our Company, the Sole Sponsor, the Sole Bookrunner, the Hong Kong 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 Share Registrar, Receiving Bank, the Sole Bookrunner, the Hong Kong Underwriters and/or its respective advisers and agents;

HOW TO APPLY FOR OUR HONG KONG OFFER SHARES

- 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 Hong Kong 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 (WUMP) 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 results of the Hong Kong Public Offering;
- 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 Hong Kong 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 (WUMP) Ordinance, the 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 our Hong Kong 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

HOW TO APPLY FOR OUR HONG KONG OFFER SHARES

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 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 8,000 Hong Kong Offer Shares. Instructions for more than 8,000 Hong Kong Offer Shares must be in one of the number set forth in the table in the Application Forms. No application for any other number of Hong Kong Offer Shares will be considered and any such application is liable to be rejected.

Time for inputting Electronic Application Instructions

CCASS Clearing/Custodian Participants can input electronic application instructions at the following times on the following dates:⁽¹⁾

- 9:00 a.m. to 8:30 p.m., Monday, 30 March 2020
- 8:00 a.m. to 8:30 p.m., Tuesday, 31 March 2020
- 8:00 a.m. to 8:30 p.m., Wednesday, 1 April 2020
- 8:00 a.m. to 12:00 noon, Thursday, 2 April 2020

Note:

- (1) The times in this sub-section 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.

CCASS Investor Participants can input electronic application instructions from 9:00 a.m. on Monday, 30 March 2020 until 12:00 noon on Thursday, 2 April 2020 (24 hours daily, except on (Thursday, 2 April 2020), the last application day.

The latest time for inputting your electronic application instructions will be 12:00 noon on Thursday, 2 April 2020, the last application day or such later time as set forth in the paragraph headed “— 10. Effect of Bad Weather on the Opening of the Application Lists” in this section.

No multiple applications

If you are suspected of having made multiple applications or if more than one application is made for any benefit, the number of Hong Kong Offer Shares applied for by HKSCC Nominees will be automatically reduced by the number of Hong Kong Offer Shares for which you have given such instructions and/or which such instructions have been given for your benefit. Any electronic application

HOW TO APPLY FOR OUR HONG KONG OFFER SHARES

instructions to make an application for our Hong Kong 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 (WUMP) 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 (WUMP) Ordinance (as applied by Section 342E of the Companies (WUMP) Ordinance).

Personal Data

The section of the Application Form headed “— Personal Data” applies to any personal data held by our Company, the Hong Kong Share Registrar, the receiving bankers, the Sole Bookrunner, the Hong Kong 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.

7. WARNING FOR ELECTRONIC APPLICATIONS

The subscription of our Hong Kong Offer Shares by giving electronic application instructions to HKSCC is only a facility provided to CCASS Participants. Similarly, the application for Hong Kong Offer Shares through the **HK eIPO White Form** service is also only a facility provided by the **HK eIPO White Form** Service Provider to public investors. 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 Sole Bookrunner, and the Hong Kong Underwriters take no responsibility for such applications and provide no assurance that any CCASS Participant or person applying through **HK eIPO White Form** service will be allotted any Hong Kong 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 Thursday, 2 April 2020.

8. HOW MANY APPLICATIONS CAN YOU MAKE

Multiple applications for our Hong Kong Offer Shares are 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,

HOW TO APPLY FOR OUR HONG KONG OFFER SHARES

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 or through **HK eIPO White Form** service, 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 dealing 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).

9. HOW MUCH ARE OUR HONG KONG OFFER SHARES

The **WHITE** and **YELLOW** Application Forms have tables showing the exact amount payable for Shares.

You must pay the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee in full upon application for Shares under the terms set forth in the Application Forms.

You may submit an application using a **WHITE** or **YELLOW** Application Form or through **HK eIPO White Form** service in respect of a minimum of 8,000 Hong Kong Offer Shares. Each application or electronic application instruction in respect of more than 8,000 Hong Kong Offer Shares must be in one of the numbers set forth in the table in the Application Form, or as otherwise specified on the designated website at www.hkeipo.hk or in the **IPO App**.

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 SFC transaction levy, collected by the Stock Exchange on behalf of the SFC).

For further information on the Offer Price, see the section headed “Structure and Conditions of the Share Offer — Pricing and allocation” in this prospectus.

HOW TO APPLY FOR OUR HONG KONG OFFER SHARES

10. EFFECT OF BAD WEATHER ON THE OPENING OF THE APPLICATION LISTS

The Application Lists will not open and close 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 Thursday, 2 April 2020. 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 Thursday, 2 April 2020 or if there is 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” of this prospectus, an announcement will be made in such event.

11. PUBLICATION OF RESULTS

Our Company expects to announce the final Offer Price, the level of indication of interest in the International Offering, the level of applications in the Hong Kong Public Offering and the basis of allocation of our Hong Kong Offer Shares on Tuesday, 14 April 2020 on our Company’s website at **www.lotushorizonholdings.com** 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 Hong Kong Public Offering 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.lotushorizonholdings.com** and the Stock Exchange’s website at **www.hkexnews.hk** by no later than 9:00 a.m. on Tuesday, 14 April 2020;
- from the designated results of allocations website at **www.tricor.com.hk/ipo/result** and **www.hkeipo.hk/IPOResult** or at “Allotment Result” function in the **IPO App** with a “search by ID” function on a 24-hour basis from 8:00 a.m. on Tuesday, 14 April 2020 to 12:00 midnight on Monday, 20 April 2020;
- by telephone enquiry line by calling (852) 3691 8488 between 9:00 a.m. and 6:00 p.m. from Tuesday, 14 April 2020 to Friday, 17 April 2020 on a Business Day; and
- in the special allocation results booklets which will be available for inspection during opening hours from Tuesday, 14 April 2020 to Thursday, 16 April 2020 at all the receiving bank’s designed branches.

HOW TO APPLY FOR OUR HONG KONG OFFER SHARES

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 our Hong Kong Offer Shares if the conditions of the Share Offer are satisfied and the Share Offer is not otherwise terminated. Further information is 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.

12. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOCATED OFFER SHARES

You should note the following situations in which our Hong Kong 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 or to the **HK eIPO White Form** Service Provider, 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 (WUMP) Ordinance (as applied by Section 342E of the Companies (WUMP) 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 Bookrunner, the **HK eIPO White Form** Service Provider 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.

HOW TO APPLY FOR OUR HONG KONG OFFER SHARES

(iii) If the allotment of Hong Kong Offer Shares is void:

The allotment of Hong Kong Offer Shares will be void if the Listing Committee of the Stock Exchange does not grant permission to list our 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 Committee notifies our Company of what 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) Hong Kong Offer Shares and International Offer Shares;
- your Application Form is not completed in accordance with the stated instructions;
- your **electronic application instructions** through **HK eIPO White Form** service are not completed in accordance with the instructions, terms and conditions on the designated website or in the **IPO App**;
- 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 Sole Bookrunner believes 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 50% of our Hong Kong Offer Shares initially offered under the Hong Kong Public Offering.

13. 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\$0.29 per Offer Share (excluding brokerage, SFC transaction levy and the Stock Exchange trading fee thereon), or if the conditions of the Hong Kong Public Offering are not fulfilled in accordance with “Structure and conditions of the Share Offer — Conditions of the Hong Kong Public Offering” in this prospectus 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.

Any refund of your application monies will be made on or before Tuesday, 14 April 2020.

HOW TO APPLY FOR OUR HONG KONG OFFER SHARES

14. DESPATCH/COLLECTION OF SHARE CERTIFICATES AND REFUND MONIES

You will receive one Share certificate for all Hong Kong Offer Shares allotted to you under the Hong Kong Public Offering (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 our Shares. No receipt will be issued for sums paid on application. If you apply by **WHITE** or **YELLOW** Application Form, subject to collection in person 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 for all our Hong Kong Offer Shares allotted to you (for **YELLOW** Application Forms, Share certificates will be deposited into CCASS as described below); and
- refund cheque 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 our Hong Kong 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 (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. Inaccurate completion of your Hong Kong identity card number/passport number may invalidate or delay encashment of your refund cheque.

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 or before Tuesday, 14 April 2020. The right is reserved to retain any Share certificate(s) and any surplus application monies pending clearance of cheque(s) or banker’s cashier’s order(s).

Share certificates will only become valid at 8:00 a.m. on Wednesday, 15 April 2020 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.

Collection in Person

(i) If you apply using a WHITE Application Form

If you apply for 1,000,000 or more Hong Kong Offer Shares and have provided all information required by your Application Form, you may collect your refund cheque and/or Share certificate from the Hong Kong Share Registrar, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong from 9:00 a.m. to 1:00 p.m. on Tuesday, 14 April 2020 or such other date as notified by us in the newspaper.

HOW TO APPLY FOR OUR HONG KONG OFFER SHARES

If you are an individual who is eligible for collection in person, you must not authorise any other person to collect for you. If you are a corporate applicant which is eligible for collection in person, your authorised representative must bear a letter of authorisation from your corporation stamped with your corporation's chop. Both individuals and authorised representatives must produce, at the time of collection, evidence of identity acceptable to the Hong Kong Share Registrar.

If you do not collect your refund cheque and/or Share certificate in person within the time specified for collection, they will be despatched promptly to the address specified in your Application Form by ordinary post at your own risk.

If you apply for less than 1,000,000 Hong Kong Offer Shares, your refund cheque(s) and/or Share certificate(s) will be sent to the address on the relevant Application Form on or before Tuesday, 14 April 2020, by ordinary post and at your own risk.

(ii) If you apply using a YELLOW Application Form

If you apply for 1,000,000 Hong Kong Offer Shares or more, please follow the same instructions as described above. If you have applied for less than 1,000,000 Hong Kong Offer Shares, your refund cheque(s) will be sent to the address on the relevant Application Form on or before Tuesday, 14 April 2020, 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 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, 14 April 2020, or upon contingency, on any other determined by HKSCC or HKSCC Nominees.

— *If you apply through a designated CCASS participant (other than a CCASS investor participant)*

For Hong Kong Offer Shares credited to your designated CCASS participant's stock account (other than CCASS Investor Participant), you can check the number of Hong Kong 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 Hong Kong Public Offering in the manner described in "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, 14 April 2020 or any other date as determined by HKSCC or HKSCC Nominees. Immediately after the credit of our Hong Kong Offer Shares to your stock account, you can check your new account balance via the CCASS Phone System and CCASS Internet System.

HOW TO APPLY FOR OUR HONG KONG OFFER SHARES

(iii) If you apply through the HK eIPO White Form service

If you apply for 1,000,000 Hong Kong Offer Shares or more and your application is wholly or partially successful, you may collect your Share certificate from the Hong Kong Share Registrar Tricor Investor Services Limited at Tuesday, 14 April 2020 from 9:00 a.m. to 1:00 p.m. on Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, or such other date as notified by our Company in the newspapers as of the date of despatch/collection of Share certificates/e-Auto Refund payment instructions/refund cheques.

If you do not collect your Share certificate in person within the time specified for collection, they will be sent to the address specified in your application instructions by ordinary post at your own risk.

If you apply for less than 1,000,000 Hong Kong Offer Shares, your Share certificate(s) (where applicable) will be sent to the address specified in your application instructions on or before Tuesday, 14 April 2020 by ordinary post at your own risk.

If you apply and pay the application monies from a single bank account, any refund monies will be despatched to that bank account in the form of e-Auto Refund payment instructions. If you apply and pay the application monies from multiple bank accounts, any refund monies will be despatched to the address as specified in your application instructions in the form of refund cheque(s) by ordinary post at your own risk.

(iv) If you apply via Electronic Application Instructions to HKSCC

Allocation of Hong Kong Offer Shares

For the purposes of allocating Hong Kong 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 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, 14 April 2020, 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 Hong Kong Public Offering in the manner specified in "Publication of Results" above on Tuesday, 14 April 2020. You should check the announcement published by our Company and report any discrepancies to HKSCC before 5:00 p.m. on Tuesday, 14 April 2020 or such other date as determined by HKSCC or HKSCC Nominees.

HOW TO APPLY FOR OUR HONG KONG OFFER SHARES

- If you have instructed your broker or custodian to give electronic application instructions on your behalf, you can also check the number of Hong Kong 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 Hong Kong 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, 14 April 2020. Immediately following the credit of our Hong Kong 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 Hong Kong 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, 14 April 2020.

15. ADMISSION OF OUR SHARES INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in, our Shares and we comply 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 date of commencement of dealings in our 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 stockbroker or other professional adviser for details for the settlement arrangements as such arrangements may affect their rights and interests.

All necessary arrangements have been made enabling our Shares to be admitted into CCASS.

The following is the text of a report set forth on pages I-1 to I-59, received from the Company's reporting accountants, Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus. It is prepared and addressed to the Directors and to the Sole Sponsor pursuant to the requirements of HKSIR 200 Accountants' Reports on Historical Financial Information in Investment Circulars issued by the HKICPA.

Deloitte.

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ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF LOTUS HORIZON HOLDINGS LIMITED AND INNOVAX CAPITAL LIMITED

Introduction

We report on the historical financial information of Lotus Horizon Holdings Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages I-4 to I-59, which comprises the consolidated statements of financial position of the Group as at 31 March 2017, 31 March 2018, 31 March 2019 and 30 September 2019, the statements of financial position of the Company as at 31 March 2019 and 30 September 2019, and the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows of the Group for each of the three years ended 31 March 2019 and the six months ended 30 September 2019 (the "Track Record Period") 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-59 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated 30 March 2020 (the "Prospectus") in connection with the initial listing of 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 Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in note 2 to the Historical Financial Information, and for such internal control as the directors of the Company determine is necessary to enable the preparation of 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 Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in note 2 to the Historical Financial Information 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 of the Company, 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 Group's financial position as at 31 March 2017, 31 March 2018, 31 March 2019 and 30 September 2019, of the Company's financial position as at 31 March 2019 and 30 September 2019 and of the Group's financial performance and cash flows for the Track Record Period in accordance with the basis of preparation and presentation set out in note 2 to the Historical Financial Information.

Review of stub period comparative financial information

We have reviewed the stub period comparative financial information of the Group which comprises consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the six months ended 30 September 2018 and other explanatory information (the "Stub Period Comparative Financial Information"). The directors of the Company are responsible for the preparation and presentation of the Stub Period Comparative Financial Information in accordance with the basis of preparation and presentation set out in note 2 to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period 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 Stub Period Comparative Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation and presentation set out in note 2 to the Historical Financial Information.

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 I-4 have been made.

Dividends

We refer to note 13 to the Historical Financial Information which contains information about the dividends declared or paid by the companies comprising the Group in respect of the Track Record Period and states that no dividends have been declared or paid by the Company since its incorporation.

Deloitte Touche Tohmatsu*Certified Public Accountants*

Hong Kong

30 March 2020

HISTORICAL FINANCIAL INFORMATION OF THE GROUP**Preparation of Historical Financial Information**

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The consolidated financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, have been prepared in accordance with the accounting policies which conform with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA and were audited by us in accordance with Hong Kong Standards on Auditing issued by the HKICPA ("Underlying Financial Statements").

The Historical Financial Information is presented in Hong Kong dollar ("HK\$") and all values are rounded to the nearest thousand (HK\$'000) except when otherwise indicated.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	NOTES	Year ended 31 March			Six months ended 30 September	
		2017 HK\$'000	2018 HK\$'000	2019 HK\$'000	2018 HK\$'000	2019 HK\$'000
					<i>(unaudited)</i>	
Revenue	6	105,822	166,751	202,786	83,990	126,217
Cost of sales		<u>(74,922)</u>	<u>(115,973)</u>	<u>(141,002)</u>	<u>(60,816)</u>	<u>(90,056)</u>
Gross profit		30,900	50,778	61,784	23,174	36,161
Other income, gains and losses, net	7	398	(17)	(248)	(242)	36
Impairment losses (recognised) reversed, net	8	(2,718)	(1,103)	716	(320)	41
Operating and administrative expenses		(8,688)	(10,587)	(10,884)	(4,673)	(7,023)
Finance costs	9	(289)	(110)	(328)	(58)	(662)
Listing expenses		<u>—</u>	<u>—</u>	<u>(6,044)</u>	<u>(594)</u>	<u>(5,913)</u>
Profit before taxation	10	19,603	38,961	44,996	17,287	22,640
Income tax expense	12	<u>(3,200)</u>	<u>(6,406)</u>	<u>(8,506)</u>	<u>(2,950)</u>	<u>(4,549)</u>
Profit and total comprehensive income for the year/period		<u>16,403</u>	<u>32,555</u>	<u>36,490</u>	<u>14,337</u>	<u>18,091</u>
Earnings per share, basic (HK cents)	14	<u>1.09</u>	<u>2.17</u>	<u>2.43</u>	<u>0.96</u>	<u>1.21</u>

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	NOTES	THE GROUP			THE COMPANY		
		As at 31 March			As at	As at	As at
		2017	2018	2019	30 September	31 March	30 September
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Non-current assets							
Property and equipment	15	4,191	4,341	2,894	4,122	—	—
Other assets	16	414	613	831	990	—	—
Rental deposits	17	287	364	160	385	—	—
Deferred tax assets	25	—	—	141	134	—	—
Investment in a subsidiary	30	—	—	—	—	1	1
		<u>4,892</u>	<u>5,318</u>	<u>4,026</u>	<u>5,631</u>	<u>1</u>	<u>1</u>
Current assets							
Trade and other receivables	17	6,918	6,549	23,324	25,606	2,420	3,182
Contract assets	18	17,556	6,407	63,318	81,418	—	—
Amount due from a director	20	582	—	—	—	—	—
Amount due from ultimate holding company	20	—	—	19	23	—	—
Amount due from immediate holding company	20	12	—	—	—	—	—
Bank balances and cash	21	<u>3,779</u>	<u>26,402</u>	<u>13,457</u>	<u>14,594</u>	<u>—</u>	<u>—</u>
		<u>28,847</u>	<u>39,358</u>	<u>100,118</u>	<u>121,641</u>	<u>2,420</u>	<u>3,182</u>
Current liabilities							
Trade and other payables	22	10,836	11,911	21,319	27,562	339	5,208
Dividend payable		—	360	17,219	12,219	—	—
Contract liabilities	18	12,459	8,358	1,162	195	—	—
Lease liabilities	23	959	1,429	913	1,303	—	—
Amounts due to subsidiaries	20	—	—	—	—	5,678	7,488
Taxation payable		261	2,878	2,136	5,050	—	—
Bank borrowings	24	<u>—</u>	<u>—</u>	<u>32,479</u>	<u>32,978</u>	<u>—</u>	<u>—</u>
		<u>24,515</u>	<u>24,936</u>	<u>75,228</u>	<u>79,307</u>	<u>6,017</u>	<u>12,696</u>
Net current assets (liabilities)		<u>4,332</u>	<u>14,422</u>	<u>24,890</u>	<u>42,334</u>	<u>(3,597)</u>	<u>(9,514)</u>

	NOTES	THE GROUP			THE COMPANY		
		As at 31 March			As at	As at	As at
		2017	2018	2019	30 September	31 March	30 September
	HK\$'000	HK\$'000	HK\$'000	2019 HK\$'000	2019 HK\$'000	2019 HK\$'000	
Total assets less current liabilities		<u>9,224</u>	<u>19,740</u>	<u>28,916</u>	<u>47,965</u>	<u>(3,596)</u>	<u>(9,513)</u>
Non-current liability							
Lease liabilities	23	<u>1,812</u>	<u>1,773</u>	<u>810</u>	<u>1,768</u>	<u>—</u>	<u>—</u>
Net assets (liabilities)		<u><u>7,412</u></u>	<u><u>17,967</u></u>	<u><u>28,106</u></u>	<u><u>46,197</u></u>	<u><u>(3,596)</u></u>	<u><u>(9,513)</u></u>
Capital and reserves							
Share capital	26	10,000	10,000	— [#]	— [#]	— [#]	— [#]
Reserves	26	<u>(2,588)</u>	<u>7,967</u>	<u>28,106</u>	<u>46,197</u>	<u>(3,596)</u>	<u>(9,513)</u>
Total equity (deficit)		<u><u>7,412</u></u>	<u><u>17,967</u></u>	<u><u>28,106</u></u>	<u><u>46,197</u></u>	<u><u>(3,596)</u></u>	<u><u>(9,513)</u></u>

[#] Less than HK\$1,000

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Share capital <i>HK\$'000</i>	Other reserve <i>HK\$'000</i>	(Accumulated losses) retained profits <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 April 2016	10,000	—	(6,991)	3,009
Profit and total comprehensive income for the year	—	—	16,403	16,403
Dividend recognised as distribution (<i>note 13</i>)	—	—	(12,000)	(12,000)
At 31 March 2017	10,000	—	(2,588)	7,412
Profit and total comprehensive income for the year	—	—	32,555	32,555
Dividend recognised as distribution (<i>note 13</i>)	—	—	(22,000)	(22,000)
At 31 March 2018 (as originally stated)	10,000	—	7,967	17,967
Effect of initial application of HKFRS 9 (<i>note 3</i>)	—	—	(351)	(351)
At 1 April 2018 (restated)	10,000	—	7,616	17,616
Issue of shares (<i>note 26</i>)	— [#]	—	—	—
Profit and total comprehensive income for the year	—	—	36,490	36,490
Adjustment arising from the group reorganisation (<i>note 2</i>)	(10,000)	10,000	—	—
Dividend recognised as distribution (<i>note 13</i>)	—	—	(26,000)	(26,000)
At 31 March 2019	—	10,000	18,106	28,106
Profit and total comprehensive income for the period	—	—	18,091	18,091
At 30 September 2019	—	10,000	36,197	46,197
At 1 April 2018 (restated)	10,000	—	7,616	17,616
Profit and total comprehensive income for the period (unaudited)	—	—	14,337	14,337
At 30 September 2018 (unaudited)	10,000	—	21,953	31,953

[#] Less than HK\$1,000

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended 31 March			Six months ended 30 September	
	2017 HK\$'000	2018 HK\$'000	2019 HK\$'000	2018 HK\$'000	2019 HK\$'000
				(unaudited)	
Operating activities					
Profit before taxation	19,603	38,961	44,996	17,287	22,640
Adjustments for:					
Interest income	—	—	(1)	—	(8)
Interest expenses	289	110	328	58	662
Depreciation on property and equipment	1,345	1,627	1,803	922	896
(Gain) loss on disposals of property and equipment	(33)	—	230	230	—
Loss on disposal of golf club membership	—	—	77	—	—
Gain arising from early termination of a lease contract	—	—	(19)	(19)	—
Impairment loss of golf club membership	291	—	—	—	—
Impairment losses recognised (reversed), net	2,718	1,103	(716)	320	(41)
Operating cash flows before movements in working capital	24,213	41,801	46,698	18,798	24,149
Increase in other assets	—	—	—	—	(28)
Decrease (increase) in trade and other receivables	2,447	452	(15,221)	(27,439)	(900)
(Increase) decrease in contract assets	(7,176)	10,046	(56,486)	(9,625)	(18,036)
Increase in trade and other payables	6,778	1,075	8,977	2,321	5,071
Increase (decrease) in contract liabilities	7,580	(4,101)	(7,196)	(4,325)	(967)
Cash generated from (used in) operations	33,842	49,273	(23,228)	(20,270)	9,289
Hong Kong Profits Tax paid	(1,138)	(3,789)	(9,319)	—	(1,628)
Net cash from (used in) operating activities	32,704	45,484	(32,547)	(20,270)	7,661

	Year ended 31 March			Six months ended	
	2017	2018	2019	30 September	
	HK\$'000	HK\$'000	HK\$'000	2018	2019
				(unaudited)	
				HK\$'000	HK\$'000
Investing activities					
Advances to a director	(10,971)	(21,042)	(5,122)	(4,123)	—
Purchases of property and equipment	(1,462)	(369)	(1,245)	(1,204)	(162)
Proceeds from disposals of property and equipment	—	—	668	668	—
Proceeds from disposal of golf club membership	—	—	69	—	—
Advances to immediate holding company	(2)	(4)	—	—	—
Advances to ultimate holding company	—	—	(19)	(11)	(4)
Payment of a life insurance contract	(113)	(199)	(364)	(182)	(131)
Payment of rental deposits	(107)	(160)	—	—	(21)
Interest received	—	—	1	—	8
Net cash used in investing activities	<u>(12,655)</u>	<u>(21,774)</u>	<u>(6,012)</u>	<u>(4,852)</u>	<u>(310)</u>
Financing activities					
Dividend paid	(1,491)	—	(4,019)	—	(5,000)
New bank borrowings raised	15,470	—	54,285	4,000	66,297
Repayments of bank borrowings	(25,582)	—	(21,806)	—	(65,798)
Repayments of lease liabilities	(689)	(977)	(1,204)	(582)	(614)
Repayments to a director	(4,131)	—	—	—	—
Issue costs paid	—	—	(1,355)	(83)	(483)
Interest paid	(289)	(110)	(287)	(58)	(616)
Net cash (used in) from financing activities	<u>(16,712)</u>	<u>(1,087)</u>	<u>25,614</u>	<u>3,277</u>	<u>(6,214)</u>
Net increase (decrease) in cash and cash equivalents	3,337	22,623	(12,945)	(21,845)	1,137
Cash and cash equivalents at beginning of the year/period	<u>442</u>	<u>3,779</u>	<u>26,402</u>	<u>26,402</u>	<u>13,457</u>
Cash and cash equivalents at end of the year/period, representing bank balances and cash	<u><u>3,779</u></u>	<u><u>26,402</u></u>	<u><u>13,457</u></u>	<u><u>4,557</u></u>	<u><u>14,594</u></u>

NOTES TO HISTORICAL FINANCIAL INFORMATION**1. GENERAL**

The Company was incorporated and registered as an exempted company with limited liability in the Cayman Islands under the Companies Law Chapter 22 of the Cayman Islands on 14 November 2018. The addresses of the Company's registered office and the principal place of business of the Company are disclosed in the section headed "Corporate Information" to the Prospectus.

Its immediate and ultimate holding company is Platinum Lotus Holdings Limited ("Platinum Lotus"), a limited liability company incorporated in the British Virgin Islands ("BVI"). The ultimate controlling shareholder of the Group is Mr. CHU Kwok Fun ("Mr. CHU").

The Company acts as an investment holding company and the principal activities of the Group are the provision of design, supply and installation services for façade works and building metal finishing works.

The Historical Financial Information is presented in HK\$, which is also the functional currency of the Company.

2. BASIS OF PRESENTATION AND PRESENTATION OF HISTORICAL FINANCIAL INFORMATION

The Historical Financial Information has been prepared based on the accounting policies set out in note 4 which conform with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Before the completion of a group reorganisation as more fully explained in the section headed "History, Development and Reorganisation" in the Prospectus (the "Reorganisation"), the Company, Platinum Lotus and ICGL Technical Works (HK) Limited ("ICGL (Hong Kong)") are wholly-owned directly or indirectly by Mr. CHU. In preparation of the listing of the Company's shares on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing"), the companies comprising the Group underwent the Reorganisation as described below.

- (i) On 3 May 2018, Platinum Lotus was incorporated in the BVI with limited liability. Platinum Lotus allotted and issued one share, credited as fully paid at a par value of one United States dollars ("US\$") to Mr. CHU on 17 May 2018.
- (ii) On 3 May 2018, Plateau Star Limited ("Plateau Star") was incorporated in the BVI with limited liability. Plateau Star allotted and issued 100 shares, credited as fully paid at a par value of US\$100 to Platinum Lotus on 17 May 2018.
- (iii) On 14 November 2018, the Company was incorporated in the Cayman Islands as an exempted company with limited liability with an authorised share capital of HK\$380,000 dividend into 38,000,000 shares with a par value of HK\$0.01 each, of which one nil-paid share was allotted and issued to an independent initial subscriber, which was then transferred to Mr. CHU on the same day.

On 20 March 2019, Mr. CHU transferred the one nil-paid share of the Company to Platinum Lotus at a consideration of US\$1.00.

- (iv) On 22 March 2019, as part of the Reorganisation, the Company acquired all the issued shares of Plateau Star from Platinum Lotus, in consideration to which, the Company, at the direction of Mr. CHU, allotted and issued 99 fully-paid shares to Platinum Lotus and credited as fully paid the one nil-paid share held by Platinum Lotus. As a result, Plateau Star became a wholly-owned subsidiary of the Company.
- (v) On 27 March 2019, as part of the Reorganisation, the Company, through Plateau Star, acquired all issued shares of ICGL (Hong Kong) from Summit (Sino) Holdings Limited ("Summit (Sino)") which is controlled by Mr. CHU, in the consideration to which, the Company, at the direction of Mr. CHU, allotted and issued 100 fully paid share to Platinum Lotus. As a result, ICGL (Hong Kong) became a wholly-owned subsidiary of the Company.

The Reorganisation involved incorporation of and interspersing Platinum Lotus, the Company and Plateau Star between ICGL (Hong Kong) and Mr. CHU. Upon the completion of the Reorganisation, the Company has become the holding company of the companies now comprising the Group on 27 March 2019. The Group resulting from the Reorganisation is regarded as a continuing entity. The consolidated statements of profit or loss and other comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the Track Record Period include the results, changes in equity and cash flows of the companies now comprising the Group as if the current group structure had been in existence throughout the Track Record Period, or since their respective dates of incorporation, where there is a shorter period. The consolidated statements of financial position of the Group as at 31 March 2017 and 31 March 2018 have been prepared to present the assets and liabilities of the companies now comprising the Group, as if the current group structure had been in existence at those dates taking into account the respective dates of incorporation, where applicable.

No statutory financial statements have been prepared by the Company since its date of incorporation as it is incorporated in a jurisdiction where there are no statutory audit requirements.

3. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS

For the purpose of preparing and presenting the Historical Financial Information for the Track Record Period, the Group has consistently adopted the accounting policies which conform with Hong Kong Accounting Standards (“HKASs”), HKFRSs, amendments and related interpretations issued by the HKICPA, which are effective for the accounting period beginning on 1 April 2019, including HKFRS 15 “Revenue from Contracts with Customers” (“HKFRS 15”) and the related amendments and HKFRS 16 “Leases” (“HKFRS 16”), throughout the Track Record Period except that the Group adopted HKFRS 9 “Financial Instruments” (“HKFRS 9”) since 1 April 2018 and adopted HKAS 39 “Financial Instruments: Recognition and Measurement” (“HKAS 39”) for the two years ended 31 March 2018. The accounting policies for newly adopted HKFRSs, are set out in note 4 below.

HKFRS 9 “Financial Instruments”

For the year ended 31 March 2019, the Group has applied HKFRS 9 and the related consequential amendments to other HKFRSs. HKFRS 9 introduces new requirements for (1) the classification and measurement of financial assets and financial liabilities, (2) expected credit losses (“ECL”) for financial assets and contract assets and (3) general hedge accounting.

The Group has applied HKFRS 9 in accordance with the transition provisions set out in HKFRS 9, i.e. applied the classification and measurement requirements (including impairment) retrospectively to instruments that have not been derecognised as at 1 April 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised as at 1 April 2018. The difference between carrying amounts as at 31 March 2018 and the carrying amounts as at 1 April 2018 are recognised in the opening retained profits, without restating comparative information.

Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 39.

Impairment of financial assets under ECL model

As at 1 April 2018, the management of the Group reviewed and assessed the Group’s existing financial assets and contract assets for impairment using reasonable and supportable information that is available without undue cost or effort in accordance with the requirements of HKFRS 9. The results of the assessment and the impact thereof are detailed below.

Summary of effects arising from initial application of HKFRS 9

The table below illustrates the impairment of financial assets under HKFRS 9 and HKAS 39 at the date of initial application of HKFRS 9, 1 April 2018.

	Trade receivables <i>HK\$'000</i>	Contract assets <i>HK\$'000</i>	Deferred tax assets <i>HK\$'000</i>	Retained profits <i>HK\$'000</i>
Closing balance at 31 March 2018				
— HKAS 39	4,865	6,407	—	7,967
Effect arising from initial application of HKFRS 9:				
— Remeasurement — impairment under ECL model (Notes i, ii and iii)	<u>(93)</u>	<u>(328)</u>	<u>70</u>	<u>(351)</u>
Opening balance at 1 April 2018				
— HKFRS 9	<u>4,772</u>	<u>6,079</u>	<u>70</u>	<u>7,616</u>

Notes:

(i) Trade receivables and contract assets

The Group applies the HKFRS 9 simplified approach to measure ECL which uses a lifetime ECL for all trade receivables and contract assets. Except for those which had been determined as credit impaired under HKAS 39, trade receivables and contract assets have been assessed individually based on internal credit ratings by the Group.

The additional impairment loss allowance upon the initial application of HKFRS 9 as disclosed above resulted from a change in the measurement attribute of the loss allowance relating to each financial asset. As at 1 April 2018, the additional credit loss allowance of HK\$93,000 and HK\$328,000 for trade receivables and contract assets, respectively, together with the recognition of the corresponding deferred tax assets of HK\$70,000, totaling HK\$351,000 has been charged against retained profits as at 1 April 2018. The additional loss allowances are charged against the respective assets.

(ii) Other financial assets

ECL for other financial assets at amortised cost, mainly comprise of other receivables, refundable rental deposits and bank balances, are measured on 12-month ECL (“12m ECL”) basis as there had been no significant increase in credit risk since initial recognition. No additional credit loss allowance has been recognised against retained profits for other financial assets including other receivables and refundable rental deposits as at 1 April 2018 as the ECL is assessed to be insignificant. The ECL for bank balances is insignificant because such assets are placed in banks with good reputation and high credit ratings assigned by international credit-rating agencies. Therefore, the exposure of default is low and no loss allowance is recognised as the ECL is assessed to be insignificant.

(iii) Reconciliation of opening loss allowances

All loss allowances for trade receivables and contract assets as at 31 March 2018 reconcile to opening loss allowances as at 1 April 2018 are as follows:

	Trade receivables HK\$'000	Contract assets HK\$'000
At 31 March 2018 — HKAS 39*	—	3,821
Amounts remeasured through opening retained profits	93	328
At 1 April 2018	93	4,149

* At 31 March 2018, HK\$3,821,000 of loss allowances for contract assets represented impairment loss allowances recognised in respect of the outstanding overdue balances of retention receivables that were considered by the management of the Group as not recoverable, while there were no outstanding balances of trade receivables from these particular customers at 31 March 2018.

The accounting policies for financial instruments under HKFRS 9 are set out in note 4 below.

New and amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs and interpretation that have been issued but are not yet effective:

HKFRS 17	Insurance Contracts ²
Amendments to HKFRS 3	Definition of a Business ³
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹
Amendments to HKAS 1 and HKAS 8	Definition of Material ⁴
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform ⁴

¹ Effective for annual periods beginning on or after a date to be determined.

² Effective for annual periods beginning on or after 1 January 2021.

³ Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020.

⁴ Effective for annual periods beginning on or after 1 January 2020.

In addition to the above new and amendments to HKFRSs, a revised Conceptual Framework for Financial Reporting was issued in 2018. Its consequential amendments, *the Amendments to References to the Conceptual Framework in HKFRS Standards*, will be effective for annual periods beginning on or after 1 January 2020.

The management of the Group anticipates that the application of the new and amendments to HKFRSs and interpretation will have no material impact on the financial statements of the Group in the future.

4. SIGNIFICANT ACCOUNTING POLICIES

The Historical Financial Information has been prepared on the historical cost basis and in accordance with the following accounting policies which conform with HKFRSs issued by the HKICPA. In addition, the Historical Financial Information includes the applicable disclosures required by the Rules Governing the Listing of Securities on the Main Board of the Stock Exchange and by the Hong Kong Companies Ordinance.

Historical cost is generally based on the fair value of the consideration given in exchange of goods and services.

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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if the market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in the Historical Financial Information is determined on such basis, except for share-based payment transactions that are within the scope of HKFRS 2 “Share-based Payment”, leasing transactions that are within the scope of HKFRS 16, and measurement that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 “Inventories” or value in use in HKAS 36 “Impairment of Assets” (“HKAS 36”).

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 and 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follow:

- Level 1 inputs are quoted price (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset and liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

Basis of consolidation

The Historical Financial Information incorporate the financial statements of the Company and entities controlled by the Company. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

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 listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the Track Record Period are included in the consolidated statements of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group’s accounting policies.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

When the Group loses control of a subsidiary, a gain or loss is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary attributable to the owners of the Company. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs).

Investment in a subsidiary

Investment in a subsidiary is included in the Company's statement of financial position and it stated at cost less any identified impairment loss.

Revenue recognition

Revenue is recognised to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. Specifically, the Group uses a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to customers. A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control of the asset may be transferred over time or at a point in time. Control of the asset is transferred over time if:

- the customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs;
- the Group's performance creates or enhances an asset that the customer controls as the Group performs; or
- the Group's performance does 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.

Revenue is measured based on the consideration specified in a contract with a customer. The Group recognises revenue when it transfers control of service to a customer. The Group's major source of revenue is its revenue from construction contracts for the provision of design, supply and installation services for façade works and building metal finishing works.

Provision of designs, supply and installation services for façade works and building metal finishing works***Recognition — over time revenue recognition***

The Group provides design, supply and installation services for façade works and building metal finishing works based on contracts entered with the customers. Such contracts are entered into before the services begin. Revenue from the provision of design, supply and installation services for façade works and building metal finishing works is recognised over time because the Group's performance are tailor-made based on customer's specification which does not create an asset with an alternative use and the Group is restricted from redirecting the façade works and building metal finishing works to another customer, and all the contracts provide the Group an enforceable right to payment for performance completed to the date taking into account the contractual terms under the legal and regulatory environment in Hong Kong.

The progress towards complete satisfaction of a performance obligation is measured based on input method, which is to recognise revenue on the basis of the Group's efforts or inputs to the satisfaction of a performance obligation relative to the total expected inputs to the satisfaction of that performance obligation, that best depict the Group's performance in transferring control of goods or services. The management of the Group has assessed that the stage of completion determined as the proportion of the costs incurred for the façade works and building metal finishing works performed to date (i.e. subcontracting costs, materials costs and direct staff costs incurred) relative to the estimated total costs to complete the satisfaction of these services in each contract and the margin of each contract, to the extent that the amount can be measured reliably and its recovery is considered probable.

Variable consideration

For contracts that contain variable consideration (i.e. variation order), the Group estimates the amount of consideration to which it will be entitled using either (a) the expected value method or (b) the most likely amount, depending on which method better predicts the amount of consideration to which the Group will be entitled. The estimated amount of variable consideration is included in the transaction price only to the extent that it is highly probable that such an inclusion will not result in a significant revenue reversal in the future when the uncertainty associated with the variable consideration is subsequently resolved. At the end of each reporting period, the Group updates the estimated transaction price (including updating its assessment of whether an estimate of variable consideration is constrained) to represent faithfully the circumstances present at the end of each reporting period and the change in circumstances during the reporting period.

Contract assets and contract liabilities

A contract asset represents the Group's right to consideration in exchange for services that the Group has transferred to a customer that is not yet unconditional. In contrast, a receivable represents the Groups' unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

Contract asset is recognised when (i) the Group completes the façade works and building metal finishing works under such services contracts but yet certified by architects, surveyors or other representatives appointed by customers, or (ii) the customers retain retention money to secure the due performance of the contracts. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point at which it is invoiced to the customer and becomes unconditional. If the considerations (including advances received from customers) exceeds the revenue recognised to date under the input method then the Group recognises a contract liability for the difference.

Warranties

If a customer does not have the options to purchase a warranty separately, the Group accounts for the warranty in accordance with HKAS 37 "Provision, Contingent Liabilities and Contingent Assets" ("HKAS 37") unless the warranty provides the customer with a service in addition to the assurance that the product complies with agreed-upon specification.

Other income

Other income is recognised when the relevant service has been rendered.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial assets to that asset's net carrying amount on initial recognition.

Property and equipment

Property and equipment (including right-of-use assets) are stated in the consolidated statements of financial position at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of items of property and equipment over their estimated useful lives, using straight line method. The estimated useful lives and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as 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 eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of each reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial assets

Classification and subsequent measurement of financial assets (upon application of HKFRS 9 in accordance with transitions in note 3)

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All of the Group's financial assets are subsequently measured at amortised cost.

Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit impaired.

Impairment of financial assets (upon application HKFRS 9 in accordance with transitions in note 3)

The Group recognises a loss allowance for ECL on financial assets and other item which are subject to impairment under HKFRS 9 (including trade and other receivables, refundable rental deposits, amount due from ultimate holding company, bank balances and contract assets). The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12m ECL represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade receivables and contract assets without significant financing component. The ECL on these assets are assessed individually based on internal credit ratings.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

- (i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit ratings;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events of default that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- (a) significant financial difficulty of the issuer or the borrower;
- (b) a breach of contract, such as a default or past due event;
- (c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or
- (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit impaired, in which case interest income is calculated based on amortised cost of the financial asset.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables and contract assets where the corresponding adjustment is recognised through a loss allowance account.

Classification and subsequent measurement of financial assets (before application of HKFRS 9 on 1 April 2018)

The Group's financial assets are mainly classified into loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in active market. Subsequent to initial recognition, loans and receivables (including trade and other receivables, refundable rental deposit, amount due from a director, amount due from immediate holding company and bank balances and cash) are measured at amortised cost using the effective interest method, less any impairment.

Impairment of financial assets (before application of HKFRS 9 on 1 April 2018)

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the general credit period, observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

For financial assets measured of amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments issued are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by group entities are recognised at the proceeds received, net of direct issue costs.

Financial liabilities at amortised costs

Financial liabilities including trade and other payables, dividend payable, amounts due to subsidiaries and bank borrowings are subsequently measured at amortised cost, using the effective interest method.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Impairment on tangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss, if any.

The recoverable amount of tangible assets are estimated individually, when it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. 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 (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Income tax expense

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before taxation because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of each reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Historical Financial Information and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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 profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of each reporting period.

The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the end of each reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in term of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, as recognised in profit or loss in the period in which they arise.

Leasing

The Group as lessee

The Group leases properties for office premises and office equipments for its operation. Property leases and office equipment leases are typically made for fixed periods of three years and five years, respectively. Lease terms are negotiated on an individual basis and contain various different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

The Group assesses whether a contract is or contains a lease, at inception of a contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee at the lease commencement date, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the option; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the consolidated statements of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- the lease payments changes due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses. Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under HKAS 37. The costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful live of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are included in property and equipment in the consolidated statements of financial position.

The Group applies HKAS 36 to determine whether the right-of-use asset is impaired and accounts for any identified impairment loss as described above.

Variable rents that do not depend on an index or rate are not included in the measurements of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line "Operating and administrative expenses" in the consolidated statements of profit or loss and other comprehensive income.

As a practical expedient, HKFRS 16 permits a lessee not to separate non-lease components from lease components, and instead account for each lease component and any associated non-lease components as a single component. The Group has not used this practical expedient.

Retirement benefit costs

Payments to the Mandatory Provident Fund Scheme ("MPF Scheme") in Hong Kong as defined contribution plan are recognised as an expense when employees have rendered service entitling them to the contributions.

Short-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another HKFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages, salaries and annual leave) after deducting any amount already paid.

5. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 4, the management of the Group is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of each 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.

Estimated outcome of the provision of design, supply and installation services for façade works and building metal finishing works contracts

Recognised amounts of revenue from the provision of design, supply and installation services for façade works and building metal finishing works contracts and related contract assets and receivables reflect management's best estimate of each contract's outcome and value of works completed, which are determined on the basis of a number of estimates. The Group reviews and revises the estimated total costs to complete the satisfaction of these services and the margin of each project as the contract progresses. Budgeted costs and margin are prepared by the management of the Group on the basis of quotations from time to time provided by the subcontractors, suppliers or vendors involved and the experience of the management of the Group. In order to keep the budget accurate and up-to-date, management of the Group conducts periodic reviews of the budgets of contracts by comparing the budgeted amounts to the actual amounts incurred. Since the estimated total costs to complete the contracts and contract profitability are subject to significant estimation uncertainty, the actual outcomes in terms of total costs may be higher or lower than estimated at the end of each reporting year, which would affect the revenue and profit or loss recognised in future years and adjustment to the amounts recorded to date. Any significant change in estimate may have impact on the profit recognised in the period when such changes occurred.

Estimated impairment of trade receivables and contract assets

Prior to the application of HKFRS 9, the Group makes allowances for trade receivables and contract assets based on the assessment of the recoverability, creditworthiness of customers and ages of trade receivables and contract assets at the end of each reporting period. When there is objective evidence of impairment loss, the Group takes into consideration the estimation of future cash flows. The amount of the impairment on trade receivables is measured at the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the original effective interest rates (i.e. the effective interest rate computed at initial recognition). If the financial conditions of customers of the Group deteriorates, resulting in an impairment of their ability to make payments, additional impairment may be required.

Since the application of HKFRS 9 on 1 April 2018, management of the Group estimates the amount of loss allowances for ECL on trade receivables and contract assets based on the credit risk of trade receivables and contract assets. When measuring ECL, the Group uses reasonable and supportable forward-looking information that is available without undue cost or effort. Loss given default is an estimate of the loss arising on default. It is based on the difference between all the contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group would expect to receive, taking into account cash flows from collateral and integral credit enhancements. Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions. Therefore, the amount of the impairment loss based on ECL model is measured as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition. The assessment of the credit risk of trade receivables and contract assets involves high degree of estimation and uncertainty. When the actual future cash flows are less than expected or more than expected due to changes in forward looking information, a material impairment loss or a material reversal of impairment loss may arise accordingly.

As at 31 March 2017, 31 March 2018, 31 March 2019 and 30 September 2019, the carrying amounts of trade receivables were HK\$5,703,000, HK\$4,865,000, HK\$18,031,000 and HK\$19,535,000 (net of loss allowances of nil, nil, HK\$130,000 and HK\$153,000), respectively.

As at 31 March 2017, 31 March 2018, 31 March 2019 and 30 September 2019, the gross carrying amounts of contract assets were HK\$22,394,000, HK\$16,624,000, HK\$63,657,000 and HK\$82,194,000 (net of loss allowance of HK\$2,718,000, HK\$3,821,000, HK\$3,396,000 and HK\$3,332,000), respectively.

6. REVENUE AND SEGMENT INFORMATION

Revenue represents the fair value of amounts received and receivable from the provision of design, supply and installation services for façade works and building metal finishing works in Hong Kong by the Group to external customers which is recognised over time using the input method and derived from long-term contracts during the Track Record Period.

	Year ended 31 March			Six months ended 30 September	
	2017 HK\$'000	2018 HK\$'000	2019 HK\$'000	2018 HK\$'000	2019 HK\$'000
				<i>(unaudited)</i>	
Recognised over time					
Design, supply and installation services for					
— façade works	77,392	82,268	139,381	44,521	97,088
— building metal finishing works	28,430	84,483	63,405	39,469	29,129
	<u>105,822</u>	<u>166,751</u>	<u>202,786</u>	<u>83,990</u>	<u>126,217</u>

The Group's operating activities are attributable to a single operating segment focusing on the provision of design, supply and installation services for façade works and building metal finishing works. This operating segment has been identified on the basis of internal management reports that are regularly reviewed by the chief operating decision makers ("CODM"), being Mr. CHU, the chief executive officer and executive director of the Company, for the purpose of resources allocation and performance assessment. Other than revenue analysis, no operating results and other discrete financial information is available for the assessment of performance.

The CODM reviews the profit for the year of the Group as a whole to make decisions about resource allocation. No analysis of segment assets or segment liabilities is presented as they are not regularly provided to the CODM. The operation of the Group constitutes one single operating segment under HKFRS 8 "Operating segments" and accordingly, no separate segment information other than entity level information is prepared.

The customers of the Group are mainly property developers and main contractors in Hong Kong. All of the Group's provision of design, supply and installation services for façade works and building metal finishing works are made directly with the customers. Contracts with the Group's customers are mainly fixed-price contracts.

Transaction price allocated to the remaining performance obligations for contracts with customers

The table below shows the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied (or partially unsatisfied) as at the end of each reporting period.

	As at			As at
	2017 HK\$'000	2018 HK\$'000	2019 HK\$'000	30 September 2019 HK\$'000
Provision of design, supply and installation services for façade works and building metal finishing works	<u>296,231</u>	<u>337,393</u>	<u>297,904</u>	<u>320,876</u>

Based on the information available to the Group at the end of each reporting period, the management of the Group expects the transaction price allocated to the above unsatisfied (or partially unsatisfied) contracts in respect of provision of design, supply and installation services for façade works and building metal finishing works as at 31 March 2017, 31 March 2018, 31 March 2019 and 30 September 2019 will be recognised as revenue during the years ended/ending 31 March 2018 to 31 March 2021, the years ended/ending 31 March 2019 to 31 March 2021, the years ending 31 March 2020 to 31 March 2022 and the twelve months period ending 30 September 2020 to 30 September 2022, respectively.

Geographical information

All of the Group's revenue from external customers was generated from customers located in Hong Kong and majority of the Group's non-current assets (excluding deferred tax asset) were located in Hong Kong.

Information about major customers

Revenue from customers individually contributing over 10% of the total revenue of the Group during the Track Record Period are as follows:

	Year ended 31 March			Six months ended 30 September	
	2017 HK\$'000	2018 HK\$'000	2019 HK\$'000	2018 HK\$'000	2019 HK\$'000
Customer A ¹	20,974	N/A ⁴	N/A ⁴	N/A ⁴	N/A ⁴
Customer B ³	18,389	— ⁵	N/A ⁴	N/A ⁴	— ⁵
Customer C ¹	17,636	N/A ⁴	44,702	N/A ⁴	46,452
Customer D ²	15,928	49,916	N/A ⁴	10,807	— ⁵
Customer E ³	14,610	34,149	N/A ⁴	N/A ⁴	— ⁵
Customer F ¹	N/A ⁴	38,262	N/A ⁴	N/A ⁴	N/A ⁴
Customer G ²	N/A ⁴	25,343	32,036	27,006	N/A ⁴
Customer H ¹	N/A ⁴	N/A ⁴	52,859	22,933	17,818
Customer I ¹	— ⁵	N/A ⁴	N/A ⁴	N/A ⁴	26,298
Customer J ²	— ⁵	— ⁵	N/A ⁴	N/A ⁴	25,417

Notes:

1. Revenue from design, supply and installation services for façade works.
2. Revenue from design, supply and installation services for building metal finishing works.
3. Revenue from design, supply and installation services for façade works and building metal finishing works.
4. The corresponding revenue did not contribute over 10% of the total revenue of the Group for the relevant year/period.
5. No revenue was derived during the year/period.

7. OTHER INCOME, GAINS AND LOSSES, NET

	Year ended 31 March			Six months ended 30 September	
	2017 HK\$'000	2018 HK\$'000	2019 HK\$'000	2018 HK\$'000	2019 HK\$'000
Consultancy service income (<i>Note</i>)	656	—	—	—	—
Gain (loss) on disposals of property and equipment	33	—	(230)	(230)	—
Impairment loss on golf club membership	(291)	—	—	—	—
Gain arising from early termination of a lease contract	—	—	19	19	—
Loss on disposal of golf club membership	—	—	(77)	—	—
Net exchange losses	—	(17)	(31)	(31)	—
Sundry income	—	—	71	—	36
	<u>398</u>	<u>(17)</u>	<u>(248)</u>	<u>(242)</u>	<u>36</u>

Note: Consultancy service income represented the additional services provided to (i) a supplier for fabrication drawings and structural calculation; and (ii) a subcontractor of a customer for arranging reinstallation of façade works.

8. IMPAIRMENT LOSSES RECOGNISED (REVERSED), NET

	Year ended 31 March			Six months ended 30 September	
	2017 HK\$'000	2018 HK\$'000	2019 HK\$'000	2018 HK\$'000	2019 HK\$'000
Net impairment losses recognised (reversed) on:					
— trade receivables	—	—	37	195	23
— contract assets	2,718	1,103	(753)	125	(64)
	<u>2,718</u>	<u>1,103</u>	<u>(716)</u>	<u>320</u>	<u>(41)</u>

9. FINANCE COSTS

	Year ended 31 March			Six months ended 30 September	
	2017 HK\$'000	2018 HK\$'000	2019 HK\$'000	2018 HK\$'000	2019 HK\$'000
Interests on:					
— bank borrowings	216	—	224	—	596
— lease liabilities	73	110	104	58	66
	<u>289</u>	<u>110</u>	<u>328</u>	<u>58</u>	<u>662</u>

10. PROFIT BEFORE TAXATION

	Year ended 31 March			Six months ended 30 September	
	2017 HK\$'000	2018 HK\$'000	2019 HK\$'000	2018 HK\$'000 (unaudited)	2019 HK\$'000
Profit before taxation has been arrived at after charging:					
Directors' remunerations (note 11)					
Fee	—	—	—	—	—
Other emoluments	1,916	2,091	2,288	1,149	1,115
	1,916	2,091	2,288	1,149	1,115
Other staff costs					
Salaries and other benefits	10,542	13,202	16,647	7,978	10,354
Retirement benefit scheme contributions for other staffs	300	421	530	247	328
Total staff costs	12,758	15,714	19,465	9,374	11,797
Auditor's remuneration	200	371	500	250	600
Variable rents in respect of office equipment which are not included in lease liabilities (Note)	—	18	28	6	19
Depreciation on property and equipment	1,345	1,627	1,803	922	896
and after crediting:					
Bank interest income	—	—	1	—	8

Note: The operating lease rentals for office equipment are determined according to predetermined fixed cost and the excess usage of printing pages pursuant to terms and conditions that are set out in respective rental agreements.

11. DIRECTORS', CHIEF EXECUTIVE OFFICER'S AND EMPLOYEES' EMOLUMENTS

(a) Directors' and the chief executive officer's emoluments

Details of the emoluments paid or payable by the entities comprising the Group to the directors of the Company and the chief executive officer of the Group (including emoluments for services as employees or directors of the companies now comprising the Group prior to becoming the directors of the Company) during the Track Record Period are as follows:

	Fees HK\$'000	Salaries and other allowances HK\$'000	Performance related incentive payments HK\$'000 (Note)	Retirement benefit scheme contributions HK\$'000	Total HK\$'000
Year ended 31 March 2017					
Executive directors:					
Mr. CHU (Chief executive officer)	—	940	80	18	1,038
Mr. TSANG Chiu Wan ("Mr. TSANG")	—	700	160	18	878
Total	—	1,640	240	36	1,916

	Fees <i>HK\$'000</i>	Salaries and other allowances <i>HK\$'000</i>	Performance related incentive payments <i>HK\$'000</i> <i>(Note)</i>	Retirement benefit scheme contributions <i>HK\$'000</i>	Total <i>HK\$'000</i>
Year ended 31 March 2018					
Executive directors:					
Mr. CHU (<i>Chief executive officer</i>)	—	984	160	18	1,162
Mr. TSANG	—	731	180	18	929
	<u>—</u>	<u>1,715</u>	<u>340</u>	<u>36</u>	<u>2,091</u>
Total	<u>—</u>	<u>1,715</u>	<u>340</u>	<u>36</u>	<u>2,091</u>

	Fees <i>HK\$'000</i>	Salaries and other allowances <i>HK\$'000</i>	Performance related incentive payments <i>HK\$'000</i> <i>(Note)</i>	Retirement benefit scheme contributions <i>HK\$'000</i>	Total <i>HK\$'000</i>
Year ended 31 March 2019					
Executive directors:					
Mr. CHU (<i>Chief executive officer</i>)	—	1,086	88	18	1,192
Mr. TSANG	—	792	286	18	1,096
	<u>—</u>	<u>1,878</u>	<u>374</u>	<u>36</u>	<u>2,288</u>
Total	<u>—</u>	<u>1,878</u>	<u>374</u>	<u>36</u>	<u>2,288</u>

Six months ended 30 September 2018
(unaudited)

Executive directors:					
Mr. CHU (<i>Chief executive officer</i>)	—	528	—	9	537
Mr. TSANG	—	381	222	9	612
	<u>—</u>	<u>909</u>	<u>222</u>	<u>18</u>	<u>1,149</u>
Total	<u>—</u>	<u>909</u>	<u>222</u>	<u>18</u>	<u>1,149</u>

Six months ended 30 September 2019

Executive directors:					
Mr. CHU (<i>Chief executive officer</i>)	—	588	—	9	597
Mr. TSANG	—	441	68	9	518
	<u>—</u>	<u>1,029</u>	<u>68</u>	<u>18</u>	<u>1,115</u>
Total	<u>—</u>	<u>1,029</u>	<u>68</u>	<u>18</u>	<u>1,115</u>

Note: The performance related incentive payments are determined based on the performance of the individuals and the Group and market condition for the Track Record Period.

The executive directors' emoluments shown above were for their services in connection with the management of the affairs of the Group.

Mr. CHU was also appointed as the chief executive officer and executive director of the Company on 14 November 2018 and his emoluments above include those for services rendered by him as a chief executive officer.

Mr. TSANG was appointed as an executive director of the Company on 24 May 2019.

No emoluments were paid or payable to independent non-executive directors of the Company, namely Ms. LEUNG Yin Fai, Mr. MA Tsz Chun and Ms. YUEN Wai Yee, during the Track Record Period. These independent non-executive directors of the Company were appointed on 5 March 2020.

(b) Employees' emoluments

The five highest paid individuals include two, two, two, two (unaudited) and two directors of the Company for the year ended 31 March 2017, 31 March 2018 and 31 March 2019 and for the six months ended 30 September 2018 and 30 September 2019, respectively, details of whose emoluments are included above. The emoluments of the remaining three, three, three (unaudited) and three highest paid employees who are neither a director nor chief executive officer of the Company are as follows:

	Year ended 31 March			Six months ended 30 September	
	2017 HK\$'000	2018 HK\$'000	2019 HK\$'000	2018 HK\$'000 (unaudited)	2019 HK\$'000
Salaries and other allowances	2,062	2,076	2,187	1,078	1,125
Performance related incentive payments (<i>Note</i>)	448	626	779	599	203
Retirement benefit scheme contributions	<u>54</u>	<u>54</u>	<u>54</u>	<u>27</u>	<u>27</u>
	<u>2,564</u>	<u>2,756</u>	<u>3,020</u>	<u>1,704</u>	<u>1,355</u>

Note: The performance related incentive payments are determined based on the performance of the individuals and the Group and market condition for the Track Record Period.

The emoluments of remaining highest paid employees who are not directors of the Company were within the following bands:

	Year ended 31 March			Six months ended 30 September	
	2017	2018	2019	2018 (unaudited)	2019
Nil to HK\$1,000,000	3	2	2	3	3
HK\$1,000,001 to HK\$1,500,000	<u>—</u>	<u>1</u>	<u>1</u>	<u>—</u>	<u>—</u>

During the Track Record Period, no emoluments were paid by the Group to the directors of the Company or the five highest paid individuals (including directors and employees), as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors of the Company nor the chief executive officer of the Group waived or agreed to waive any emoluments during the Track Record Period.

12. INCOME TAX EXPENSE

	Year ended 31 March			Six months ended 30 September	
	2017 HK\$'000	2018 HK\$'000	2019 HK\$'000	2018 HK\$'000 (unaudited)	2019 HK\$'000
The income tax expense comprises:					
Hong Kong Profits Tax					
Current year/period	1,902	6,406	8,462	2,852	4,542
(Over)underprovision in prior years/period	(20)	—	115	115	—
	1,882	6,406	8,577	2,967	4,542
Deferred tax charge (credit) (note 25)	1,318	—	(71)	(17)	7
	3,200	6,406	8,506	2,950	4,549

For the year ended 31 March 2017 and 31 March 2018, Hong Kong Profits Tax was calculated at 16.5% on the estimated assessable profits.

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "Bill") which introduced the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day.

Under the two-tiered profits tax rates regime, the first HK\$2,000,000 of profits of one qualifying group entity will be taxed at 8.25%, and profits above HK\$2,000,000 of that qualifying group entity will be taxed at 16.5%. For the year ended 31 March 2019, the six months ended 30 September 2018 and 30 September 2019, Hong Kong Profits Tax of the qualifying entity is calculated in accordance with the two-tiered profits tax rates regime. The profits of other group entities in Hong Kong not qualifying for the two-tiered profits tax rates regime will continue to be taxed at the flat rate of 16.5%.

The income tax expense for the Track Record Period can be reconciled as follows:

	Year ended 31 March			Six months ended 30 September	
	2017 HK\$'000	2018 HK\$'000	2019 HK\$'000	2018 HK\$'000 (unaudited)	2019 HK\$'000
Profit before taxation	19,603	38,961	44,996	17,287	22,640
Tax charge at the applicable income tax rate at 16.5%	3,234	6,429	7,424	2,852	3,736
Tax effect of expenses not deductible for tax purpose	48	58	1,085	165	1,043
Tax effect of income not taxable for tax purpose	(5)	—	(3)	(3)	(13)
Tax effect of tax concession	—	—	(165)	(165)	(165)
(Over)underprovision in prior years/period	(20)	—	115	115	—
Others	(57)	(81)	50	(14)	(52)
Income tax expense for the year/period	3,200	6,406	8,506	2,950	4,549

13. DIVIDENDS

During the year ended 31 March 2017, 31 March 2018 and 31 March 2019, ICGL (Hong Kong) declared interim dividends of HK\$12,000,000, HK\$22,000,000 and HK\$26,000,000, respectively, to its then sole shareholder and the dividends declared during the years ended 31 March 2017, 31 March 2018 and 31 March 2019 were partially settled through offsetting the current account with Mr. CHU, the director of the Company (i.e. amount due from a director).

The rate of dividends and number of shares ranking for the above dividends are not presented as such information is not meaningful having regard to the purpose of this report.

Other than the above, no dividends have been declared or paid by other group entities in respect of the Track Record Period or by the Company since its incorporation.

14. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the following data:

	Year ended 31 March			Six months ended 30 September	
	2017 HK\$'000	2018 HK\$'000	2019 HK\$'000	2018 HK\$'000	2019 HK\$'000
				(unaudited)	
Earnings:					
Profit for the year for the purpose of calculating basic earnings per share	<u>16,403</u>	<u>32,555</u>	<u>36,490</u>	<u>14,337</u>	<u>18,091</u>
	'000	'000	'000	'000	'000
Number of shares:					
Weighted average number of ordinary shares in issue for the purpose of calculating basic earnings per share (Note)	<u>1,500,000</u>	<u>1,500,000</u>	<u>1,500,000</u>	<u>1,500,000</u>	<u>1,500,000</u>

Note: The weighted average number of ordinary shares of the Company for the purpose of calculating basic earnings per share has been determined on the assumption that the Reorganisation as set out in note 2 and the capitalisation issue as described in the section headed "Share Capital" in the Prospectus have been effective on 1 April 2016.

No diluted earnings per share is presented as the Group has no potential ordinary shares in issue during the Track Record Period.

15. PROPERTY AND EQUIPMENT

	Right-of-use assets						
	Office equipment HK\$'000	Office premises HK\$'000	Subtotal HK\$'000	Leasehold improvements HK\$'000	Office equipment and furniture HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
COST							
At 1 April 2016	458	1,568	2,026	811	539	748	4,124
Additions	328	2,448	2,776	494	128	840	4,238
Expiration of a lease contract	—	(1,568)	(1,568)	—	—	—	(1,568)
Disposals	—	—	—	—	—	(748)	(748)
At 31 March 2017	786	2,448	3,234	1,305	667	840	6,046
Additions	29	1,379	1,408	260	109	—	1,777
At 31 March 2018	815	3,827	4,642	1,565	776	840	7,823
Additions	66	265	331	877	368	—	1,576
Early termination of a lease contract	—	(644)	(644)	—	—	—	(644)
Disposals/write-off	—	—	—	(683)	(7)	(840)	(1,530)
At 31 March 2019	881	3,448	4,329	1,759	1,137	—	7,225
Additions	26	1,936	1,962	2	160	—	2,124
At 30 September 2019	907	5,384	6,291	1,761	1,297	—	9,349
DEPRECIATION							
At 1 April 2016	8	1,350	1,358	474	309	598	2,739
Provided for the year	95	629	724	261	129	231	1,345
Expiration of a lease contract	—	(1,568)	(1,568)	—	—	—	(1,568)
Eliminated on disposals	—	—	—	—	—	(661)	(661)
At 31 March 2017	103	411	514	735	438	168	1,855
Provided for the year	140	881	1,021	297	141	168	1,627
At 31 March 2018	243	1,292	1,535	1,032	579	336	3,482
Provided for the year	154	1,165	1,319	321	121	42	1,803
Early termination of a lease contract	—	(322)	(322)	—	—	—	(322)
Eliminated on disposals/write-off	—	—	—	(252)	(2)	(378)	(632)
At 31 March 2019	397	2,135	2,532	1,101	698	—	4,331
Provided for the period	87	579	666	158	72	—	896
At 30 September 2019	484	2,714	3,198	1,259	770	—	5,227
CARRYING VALUES							
At 31 March 2017	683	2,037	2,720	570	229	672	4,191
At 31 March 2018	572	2,535	3,107	533	197	504	4,341
At 31 March 2019	484	1,313	1,797	658	439	—	2,894
At 30 September 2019	423	2,670	3,093	502	527	—	4,122

Depreciation is provided to write off the cost of items of property and equipment over their estimated useful lives, using the straight-line method, at the following rates per annum:

Right-of-use assets	Over the relevant lease terms
Leasehold improvements	Over the shorter of lease terms or 5 years
Office equipment and furniture	20%
Motor vehicles	20%

Some of the office equipment in which the Group is the lessee contain variable lease payment terms that are based on excess usage of printing pages. The variable lease payments depend on the usage of printing pages for each month of the leased office equipment. Variable lease payment terms are used to link rental payments to actual usage of printing pages and to reduce fixed cost. The breakdown of lease payments for total lease payments is as below:

	Year ended 31 March			Six months ended 30 September	
	2017 HK\$'000	2018 HK\$'000	2019 HK\$'000	2018 HK\$'000	2019 HK\$'000
				<i>(unaudited)</i>	
Fixed payments					
— for certain office equipment with variable payment terms	112	165	181	86	102
— for other lease assets	<u>650</u>	<u>922</u>	<u>1,127</u>	<u>554</u>	<u>578</u>
	762	1,087	1,308	640	680
Variable payments for certain office equipment	<u>—</u>	<u>18</u>	<u>28</u>	<u>6</u>	<u>19</u>
	<u>762</u>	<u>1,105</u>	<u>1,336</u>	<u>646</u>	<u>699</u>

16. OTHER ASSETS

As at 31 March 2017, 31 March 2018, 31 March 2019 and 30 September 2019, other assets include the golf club membership amounting to HK\$146,000, HK\$146,000, nil and nil, respectively, and deposit and prepayment for a life insurance policy amounting to HK\$268,000, HK\$467,000, HK\$831,000 and HK\$990,000, respectively.

The golf club membership at 31 March 2017 and 2018 was assessed as having indefinite useful life because there was no time limit that the Group could utilise the services provided by the golf club.

The golf club membership was disposed of during the year ended 31 March 2019.

17. TRADE AND OTHER RECEIVABLES

The Group

	As at 31 March			As at
	2017	2018	2019	30 September
	HK\$'000	HK\$'000	HK\$'000	2019
				HK\$'000
Trade receivables	5,703	4,865	18,161	19,688
Less: Allowances for impairment	—	—	(130)	(153)
	5,703	4,865	18,031	19,535
Deposits and prepayments	1,211	1,674	2,514	2,630
Deferred issue costs	—	—	1,480	3,089
Prepaid listing expenses	—	—	951	93
Other receivables	291	374	508	644
	7,205	6,913	23,484	25,991
Less: Rental deposits classified as non-current portion	(287)	(364)	(160)	(385)
	<u>6,918</u>	<u>6,549</u>	<u>23,324</u>	<u>25,606</u>

Trade receivables represent amounts receivable for work certified after deduction of retention money by customers.

The Group usually allows a credit period ranging from 7 to 74 days to its customers. Before accepting any new customers, the Group will internally assess the potential customer's credit quality and defines credit limits by customers. Recoverability of the existing customers is reviewed by the Group regularly.

The following is an ageing analysis of trade receivables, net of loss allowances, presented based on the approval dates of work certified by architects, surveyors or other representatives appointed by the customers, at the end of each reporting period, which are also the dates when the Group's right to consideration became unconditional.

	As at 31 March			As at
	2017	2018	2019	30 September
	HK\$'000	HK\$'000	HK\$'000	2019
				HK\$'000
0 to 30 days	546	3,655	5,848	12,042
31 to 60 days	4,148	1,210	11,821	4,926
61 to 90 days	416	—	—	2,567
Over 90 days	593	—	362	—
	<u>5,703</u>	<u>4,865</u>	<u>18,031</u>	<u>19,535</u>

Before the application of HKFRS 9

Before the application of HKFRS 9 on 1 April 2018, management closely monitors the credit quality of trade receivables and considers the trade receivables that are neither past due nor impaired to be of a good credit quality based on their historical repayments. The Group has a policy for allowance of bad and doubtful debts which is based on the evaluation of collectability and ageing analysis of trade receivables and on management's judgement including the creditworthiness and the past collection history of each customer.

Included in the Group's trade receivables are aggregate carrying amounts of HK\$4,798,000 and HK\$380,000 which were past due at 31 March 2017 and 31 March 2018, respectively, for which the Group has not provided for impairment loss. Such receivables related to a number of customers of which substantial subsequent settlements were made and these customers have no default of payment in the past. The Group does not hold any collateral over these balances.

The following is an ageing analysis of the trade receivables which are past due but not impaired:

	As at 31 March	
	2017	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>
Overdue by:		
1 to 30 days	3,789	380
31 to 60 days	—	—
61 to 90 days	416	—
Over 90 days	<u>593</u>	<u>—</u>
	<u>4,798</u>	<u>380</u>

There were no impairment losses recognised on any trade receivables as at 31 March 2017 and 31 March 2018.

Upon the application of HKFRS 9

Trade receivables

In determining the ECL, management has taken into account the historical default experience and the financial position of the counterparties, adjusted for factors that are specific to the debtors and general economic conditions of the industry in which the debtors operate, in estimating the probability of default of each of these financial assets occurring within their respective loss assessment time horizon, as well as the loss upon default in each case.

Upon the application of HKFRS 9, loss allowances for trade receivables have been measured at an amount equal to lifetime ECL under simplified approach.

Details of the impairment assessment of trade receivables are set out in note 19.

Other receivables (including refundable rental deposits)

For purpose of impairment assessment, the other receivables (including refundable rental deposits) are considered to have low credit risk as they are not due for payment at the end of each reporting period and there has been no significant increase in the risk of default on other receivables since initial recognition. Accordingly, for the purpose of impairment assessment for these receivables, the loss allowance is measured at an amount equal to 12m ECL.

The Company

	As at	As at
	31 March	30 September
	2019	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
Deferred issue costs	1,480	3,089
Prepaid listing expenses	<u>940</u>	<u>93</u>
	<u>2,420</u>	<u>3,182</u>

18. CONTRACT ASSETS AND CONTRACT LIABILITIES

	As at 1 April 2016 HK\$'000	2017 HK\$'000	As at 31 March 2018 HK\$'000	2019 HK\$'000	As at 30 September 2019 HK\$'000
Analysed for reporting purposes, on a net basis for each respective contract:					
Contract assets	13,098	17,556	6,407	63,318	81,418
Contract liabilities	<u>(4,879)</u>	<u>(12,459)</u>	<u>(8,358)</u>	<u>(1,162)</u>	<u>(195)</u>
	As at 1 April 2016 HK\$'000	2017 HK\$'000	As at 31 March 2018 HK\$'000	2019 HK\$'000	As at 30 September 2019 HK\$'000
Analysed on a gross basis of:					
Contract assets (net of loss allowances)	14,653	22,394	16,624	63,657	82,194
Contract liabilities	<u>(6,434)</u>	<u>(17,297)</u>	<u>(18,575)</u>	<u>(1,501)</u>	<u>(971)</u>

Contract assets

Contract assets arise when the Group has right to consideration for completion of design, supply and installation of façade works and building metal finishing works contracts and not yet billed under the relevant contracts, and its right is conditioned on factors other than passage of time. Any amount previously recognised as a contract asset is reclassified to trade receivables when such right becomes unconditional other than the passage of time.

In addition, contract assets arise when customers withhold certain certified amounts payable to the Group as retention money to secure the due performance of the contracts.

Retention receivables represent the money withheld by the customers to secure the due performance of the contracts. The customers normally withhold 10% of the certified amount payable to the Group as retention money (accumulated up to maximum 5% of contract sum). 50% of retention receivable is normally recoverable upon the issuance of the certificate of practical completion by the architects for the completion of respective projects. The remaining 50% is recoverable after the completion of defect liability period of the relevant contracts or in accordance with the terms specified in the relevant contracts, ranging from 1 to 2 years from the date of completion of respective projects. Any amount of retention receivables previously recognised as a contract asset is reclassified to trade receivables at the point at which it becomes unconditional and is invoiced to the customer. The retention money does not have any significant financing component for financing benefit. The amounts are unsecured and interest-free.

Contract liabilities

Contract liabilities primarily relate to the Group's obligation to transfer project works services to customers for which the Group has received consideration from the customers in advances. The contract liabilities as at 1 April 2016, 31 March 2017 and 31 March 2018 have been recognised as revenue for the year ended 31 March 2017, 31 March 2018 and 31 March 2019, respectively. The contract liabilities as at 31 March 2019 and 30 September 2019 will be recognised as revenue for the year ending 31 March 2020 and the twelve months period ending 30 September 2020, respectively.

Changes of contract assets and contract liabilities during the Track Record Period were mainly due to (i) changes on progress of contract works when the Group satisfies the performance obligations under the contracts or when the relevant services were completed but not yet been certified by architects, surveyors or other representatives appointed by the customers at the end of each reporting period; or (ii) reclassification to trade receivables when the Group has unconditional right to the consideration.

As at 31 March 2017, 31 March 2018, 31 March 2019 and 30 September 2019, the carrying amounts of contract assets, on a gross basis, include retention receivables, net of loss allowances, held by customers for contract works amounting to HK\$12,343,000, HK\$14,302,000, HK\$15,000,000 and HK\$16,481,000, respectively.

The retention receivables, net of loss allowances, are to be settled at the end of each reporting period as follows:

	As at 31 March			As at
	2017	2018	2019	30 September
	HK\$'000	HK\$'000	HK\$'000	2019
On demand or within one year	3,545	5,033	7,600	9,975
After one year	<u>8,798</u>	<u>9,269</u>	<u>7,400</u>	<u>6,506</u>
	<u>12,343</u>	<u>14,302</u>	<u>15,000</u>	<u>16,481</u>

Movement in the loss allowances for retention receivables included in contract assets:

	As at 31 March	
	2017	2018
	HK\$'000	HK\$'000
Balance at the beginning of the year	—	2,718
Impairment losses recognised	<u>2,718</u>	<u>1,103</u>
Balance at the end of the year	<u>2,718</u>	<u>3,821</u>

Upon the application of HKFRS 9, loss allowances for contract assets has been measured at an amount equal to lifetime ECL. Details of the impairment assessment of contract assets are set out in note 19.

19. IMPAIRMENT ASSESSMENTS ON TRADE RECEIVABLES AND CONTRACT ASSETS

In order to minimise credit risk, the Group makes periodic individual assessments on the recoverabilities of trade receivables and contract assets and develops and maintains the Group's credit risk grading to categorise exposures according to their degree of risk of default. The credit rating information is supplied by independent rating agencies where available and, if not available, the management of the Group uses other publicly available financial information and the Group's own trading records to rate its major customers and other debtors.

Internal credit rating	Description	Basis for recognising ECL
Strong	The counterparty, as the department within the government, has a low risk of default	Lifetime ECL — not credit-impaired
Good	The counterparty, as a listed company with strong financial background based on the published financial information publicly available in the market, creditability and good repayment record, has a low risk of default	Lifetime ECL — not credit-impaired
Satisfactory	The counterparty, having no balances past due over 30 days and with good repayment record, has moderate default risk	Lifetime ECL — not credit-impaired
Loss	There is evidence indicating the asset is credit-impaired	Lifetime ECL — credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off

In determining the ECL for trade receivables and contract assets, the management of the Group has taken into account the historical default experience and the future prospect of the industries and/or considering various external sources of actual and forecast economic information, as appropriate, as well as any cash flows that are expected from the realisation of the collateral, in estimating the probability of default of each of the trade receivables and contract assets occurring within their respective loss assessment time horizon, as well as the loss upon default in each case.

The table below provides information about the exposure to credit risk and ECL for trade receivables and contract assets which are assessed individually based on internal credit rating as at 31 March 2019 and 30 September 2019 within lifetime ECL (not credit-impaired).

Internal credit rating	Average loss rate	Gross carrying amount <i>HK\$'000</i>	Impairment losses <i>HK\$'000</i>
As at 31 March 2019			
Strong	0.03%	9,569	3
Good	0.51%	35,544	181
Satisfactory	1.79%	<u>37,429</u>	<u>670</u>
		<u>82,542</u>	<u>854</u>
As at 30 September 2019			
Strong	0.03%	23,231	7
Good	0.46%	44,079	201
Satisfactory	1.72%	<u>35,232</u>	<u>605</u>
		<u>102,542</u>	<u>813</u>

The ECL on trade receivables and contract assets are estimated individually by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

A trade receivable or contract asset is written off when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the trade receivables are over two years past due, whichever occurs earlier. None of the trade receivables that have been written off is subject to enforcement activities.

There has been no change in the estimation techniques or significant assumptions made during the year ended 31 March 2019 and the six months ended 30 September 2018 and 2019 in assessing the loss allowances for the trade receivables and contract assets. The individual assessment is regularly reviewed by management of the Group to ensure relevant information about the specific debtor is updated.

The movement of the impairment losses in respect of trade receivables and contract assets during the year ended 31 March 2019 and the six months ended 30 September 2018 and 2019 is as follows:

	Lifetime ECL-not credit-impaired		Lifetime ECL-credit-impaired		Total HK\$'000
	Trade receivables	Contract assets	Trade receivables	Contract assets	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
At 1 April 2018 (<i>Note</i>)	93	328	—	3,821	4,242
Reversal of impairment losses due to financial assets recognised at 1 April 2018	(93)	(195)	—	(1,359)	(1,647)
New financial assets recognised during the year-impairment losses recognised	130	591	—	210	931
At 31 March 2019	130	724	—	2,672	3,526
Reversed of impairment losses due to financial assets recognised at 31 March 2019	(130)	(204)	—	—	(334)
New financial assets recognised during the period — impairment losses recognised	153	140	—	—	293
At 30 September 2019	153	660	—	2,672	3,485
At 1 April 2018 (<i>Note</i>)	93	328	—	3,821	4,242
Reversal of impairment losses due to financial assets recognised at 1 April 2018 (unaudited)	(93)	(182)	—	—	(275)
New financial assets recognised during the period — impairment losses recognised (unaudited)	288	97	—	210	595
At 30 September 2018 (unaudited)	288	243	—	4,031	4,562

Note: The Group has initially applied HKFRS 9 at 1 April 2018 and comparative information is not restated. Details are set out in note 3.

There is no transfer between the above categories during the year ended 31 March 2019 and the six months ended 30 September 2018 and 2019.

20. AMOUNTS DUE FROM/TO A DIRECTOR/ULTIMATE HOLDING COMPANY/IMMEDIATE HOLDING COMPANY/SUBSIDIARIES

The Group

At the end of each reporting period, the amounts are unsecured, non-trade nature, interest-free and repayable on demand. As represented by the directors of the Company, the amounts will be subsequently settled in full before the Listing.

Amount due from a director

Details of amount due from a director are as follows:

	As at 1 April		As at 31 March		As at
	2016	2017	2018	2019	30 September
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	2019
					<i>HK\$'000</i>
Mr. CHU	—	582	—	—	—
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
					Six months
					ended
		Year ended 31 March			30 September
		2017	2018	2019	2019
		<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Maximum amount outstanding during the year/period					
Mr. CHU		10,509	21,624	4,762	—
		<u> </u>	<u> </u>	<u> </u>	<u> </u>

Amount due from ultimate holding company

Details of amount due from ultimate holding company are as follows:

	As at 1 April		As at 31 March		As at
	2016	2017	2018	2019	30 September
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	2019
					<i>HK\$'000</i>
Platinum Lotus	—	—	—	19	23
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
					Six months
					ended
		Year ended 31 March			30 September
		2017	2018	2019	2019
		<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Maximum amount outstanding during the year/period					
Platinum Lotus		—	—	19	23
		<u> </u>	<u> </u>	<u> </u>	<u> </u>

Amount due from immediate holding company

Details of amount due from immediate holding company are as follows:

	As at 1 April	As at 31 March			As at
	2016	2017	2018	2019	30 September
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	2019
					HK\$'000
Summit (Sino)	<u>10</u>	<u>12</u>	<u>—</u>	<u>—</u>	<u>—</u>
					Six months
		Year ended 31 March			ended
		2017	2018	2019	30 September
		HK\$'000	HK\$'000	HK\$'000	2019
					HK\$'000
Maximum amount outstanding during the year/period					
Summit (Sino)		<u>12</u>	<u>—</u>	<u>—</u>	<u>—</u>

The CompanyAmounts due to subsidiaries

The amounts as at 31 March 2019 and 30 September 2019 are unsecured, non-trade nature, interest-free and repayable on demand.

21. BANK BALANCES AND CASH

Bank balances and cash represent cash held by the Group and short-term bank deposits with an original maturity of three months or less at an average interest rate of 0%, 0%, 0.03% and 0.03% per annum as at 31 March 2017, 31 March 2018, 31 March 2019 and 30 September 2019, respectively.

Details of impairment assessment of bank balances for the year ended 31 March 2019 and the six months ended 30 September 2019 are set out in note 31.

22. TRADE AND OTHER PAYABLES**The Group**

	As at 31 March			As at
	2017	2018	2019	30 September
	HK\$'000	HK\$'000	HK\$'000	2019
				HK\$'000
Trade payables	7,573	6,881	14,101	14,052
Retention payables	1,414	2,866	4,007	4,644
Accrued expenses	1,849	2,164	2,559	3,658
Accrued listing expenses and issue costs	<u>—</u>	<u>—</u>	<u>652</u>	<u>5,208</u>
	<u>10,836</u>	<u>11,911</u>	<u>21,319</u>	<u>27,562</u>

The following is an ageing analysis of trade payables based on the invoice date at the end of each reporting period:

	As at 31 March		2019 HK\$'000	As at
	2017 HK\$'000	2018 HK\$'000		30 September 2019 HK\$'000
0 to 30 days	6,204	4,966	13,531	12,740
31 to 60 days	852	1,705	562	1,312
61 to 90 days	345	150	8	—
Over 90 days	172	60	—	—
	<u>7,573</u>	<u>6,881</u>	<u>14,101</u>	<u>14,052</u>

The credit period of trade payables is usually ranging from 0 to 30 days.

Trade payables are denominated in currency other than the functional currency of the respective group entity is set out below.

	As at 31 March		2019 HK\$'000	As at
	2017 HK\$'000	2018 HK\$'000		30 September 2019 HK\$'000
US\$	—	189	—	—
Renminbi (“RMB”)	—	47	571	425

Retention payables to subcontractors of contract works are interest-free and payable by the Group after the completion of maintenance period of the relevant contracts or in accordance with the terms specified in the relevant contracts for a period ranging from 1 to 2 years after completion of the relevant works.

The retention payables are to be settled at the end of each reporting period as follows:

	As at 31 March		2019 HK\$'000	As at
	2017 HK\$'000	2018 HK\$'000		30 September 2019 HK\$'000
On demand or within one year	475	690	1,396	2,428
After one year	939	2,176	2,611	2,216
	<u>1,414</u>	<u>2,866</u>	<u>4,007</u>	<u>4,644</u>

The Company

	As at 31 March 2019 HK\$'000	As at 30 September 2019 HK\$'000
Accrued listing expenses and issue costs	<u>339</u>	<u>5,208</u>

23. LEASE LIABILITIES

	As at 31 March			As at
	2017	2018	2019	30 September
	HK\$'000	HK\$'000	HK\$'000	2019
				HK\$'000
Non-current	1,812	1,773	810	1,768
Current	959	1,429	913	1,303
	<u>2,771</u>	<u>3,202</u>	<u>1,723</u>	<u>3,071</u>
	As at 31 March			As at
	2017	2018	2019	30 September
	HK\$'000	HK\$'000	HK\$'000	2019
				HK\$'000
Minimum lease payment due:				
— within one year	1,064	1,539	971	1,407
— more than one year but not exceeding two years	1,064	1,057	662	1,110
— more than two years but not exceeding five years	855	798	176	720
	<u>2,983</u>	<u>3,394</u>	<u>1,809</u>	<u>3,237</u>
Less: Future finance charge	(212)	(192)	(86)	(166)
Present value of lease liabilities	<u>2,771</u>	<u>3,202</u>	<u>1,723</u>	<u>3,071</u>
	As at 31 March			As at
	2017	2018	2019	30 September
	HK\$'000	HK\$'000	HK\$'000	2019
				HK\$'000
Present value of lease liabilities:				
— within one year	959	1,429	913	1,303
— more than one year but not exceeding two years	1,002	1,003	638	1,060
— more than two years but not exceeding five years	810	770	172	708
	<u>2,771</u>	<u>3,202</u>	<u>1,723</u>	<u>3,071</u>

The Group leases properties for its office premises and office equipment for its operation and these lease liabilities are measured at the present value of the lease payments that are not yet paid.

The Group does not face a significant liquidity risk with regard to its lease liabilities. Lease liabilities are monitored within the Group's treasury function.

Leases and rentals are negotiated and fixed for the term of 3 years and 5 years for office premises and office equipment, respectively.

The total cash outflows for leases (including interest on lease liabilities paid) amounted to HK\$762,000, HK\$1,087,000, HK\$1,308,000, HK\$640,000 (unaudited) and HK\$680,000 for the year ended 31 March 2017, 2018 and 2019 and the six months ended 30 September 2018 and 2019, respectively.

24. BANK BORROWINGS

	As at 31 March		As at 30 September	
	2017	2018	2019	2019
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Factoring loans	—	—	8,300	1,934
Other bank borrowings	—	—	24,179	31,044
Variable-rate, secured and guaranteed bank borrowings	—	—	32,479	32,978
Carrying amounts of bank borrowings repayable*:				
Within one year	—	—	32,479	32,978

* The amounts due are based on scheduled repayment dates set out in the loan agreements.

The above variable-rate bank borrowings as at 31 March 2019 and 30 September 2019 bear interests ranging from Hong Kong Prime Rate minus 1.0% to 1.5% per annum to Hong Kong Interbank Offered Rate (“HIBOR”) plus 2.5% to 2.75% per annum and Hong Kong Prime Rate minus 1.0% to 1.5% per annum to HIBOR plus 2.5% to 3.0% per annum, respectively.

The range of effective interest rates (which are also equal to contracted interest rates) on the Group's borrowings is as follows:

	As at 31 March		As at 30 September	
	2017	2018	2019	2019
Effective interest rates per annum:				
Variable-rate bank borrowings	N/A	N/A	3.9%–4.7%	3.9%–4.7%

As at 31 March 2019 and 30 September 2019, the secured and guaranteed bank borrowings of HK\$8,300,000 and HK\$1,934,000 are secured by trade receivables of HK\$11,150,000 and HK\$2,580,000, respectively, as set out in notes 33 and 34. As at 30 September 2019, included in secured and guaranteed bank borrowings of HK\$8,867,000 are guaranteed by the HKMC Insurance Limited under SME Financing Guarantee Scheme.

As at 31 March 2017, 31 March 2018, 31 March 2019 and 30 September 2019, details of bank facilities guaranteed by related parties and secured by assets owned by related parties are set out in note 28.

As at 31 March 2017, 31 March 2018, 31 March 2019 and 30 September 2019, the aggregate carrying amounts of bank borrowings with a repayment on demand clause amounted to nil, nil, HK\$10,411,000 and HK\$13,771,000, respectively.

25. DEFERRED TAX ASSETS

The following are the major deferred tax assets recognised and movements thereon during Track Record Period:

	Tax losses <i>HK\$'000</i>	Loss allowances for trade receivables <i>HK\$'000</i>	Loss allowances for contract assets <i>HK\$'000</i>	Total <i>HK\$'000</i>
As at 1 April 2016	1,318	—	—	1,318
Charge to profit or loss	<u>(1,318)</u>	<u>—</u>	<u>—</u>	<u>(1,318)</u>
As at 31 March 2017 and 31 March 2018	—	—	—	—
Effect arising from initial application of HKFRS 9	<u>—</u>	<u>16</u>	<u>54</u>	<u>70</u>
As at 1 April 2018 (<i>Note</i>)	—	16	54	70
Credit to profit or loss	<u>—</u>	<u>5</u>	<u>66</u>	<u>71</u>
As at 31 March 2019	—	21	120	141
Credit (charge) to profit or loss	<u>—</u>	<u>4</u>	<u>(11)</u>	<u>(7)</u>
As at 30 September 2019	<u>—</u>	<u>25</u>	<u>109</u>	<u>134</u>

Note: The Group has initially applied HKFRS 9 at 1 April 2018 and comparative information is not restated. Details are set out in note 3.

As at 31 March 2017, 31 March 2018, 31 March 2019 and 30 September 2019, the Group has no unused tax losses available for offset future profits.

26. SHARE CAPITAL AND RESERVE**The Group**

For the purpose of presenting the Historical Financial Information, the balance of share capital of the Group at 1 April 2016, 31 March 2017 and 31 March 2018 represented the share capital of ICGL (Hong Kong).

The share capital as at 31 March 2019 and 30 September 2019 represented the share capital of the Company.

The Company

	Number of shares	Amount HK\$'000	Shown in Historical Financial Information as HK\$'000
Ordinary share of HK\$0.01 each			
<u>Authorised:</u>			
At 14 November 2018 (date of incorporation), 31 March 2019 and 30 September 2019	<u>38,000,000</u>	<u>380,000</u>	<u>N/A</u>
		HK\$	HK\$'000
<u>Issued and paid:</u>			
At 14 November 2018 (date of incorporation)	1	—	— [#]
Issue of shares (<i>note 2(iv) and 2(v)</i>)	<u>199</u>	<u>2</u>	<u>—[#]</u>
At 31 March 2019 and 30 September 2019	<u>200</u>	<u>2</u>	<u>—[#]</u>
* Less than HK\$1,000 [#]			

Reserve of the Company

	Accumulated losses HK\$'000
At 14 November 2018 (date of incorporation)	—
Loss and total comprehensive expense for the period	<u>(3,596)</u>
At 31 March 2019	(3,596)
Loss and total comprehensive expense for the period	<u>(5,917)</u>
At 30 September 2019	<u>(9,513)</u>

27. RETIREMENT BENEFIT SCHEME

The Group operates a MPF Scheme for all qualifying employees in Hong Kong. The assets of the scheme are held separately from those of the Group, in funds under the control of an independent trustee. The Group contributes 5% of relevant payroll costs to the scheme, which contribution is matched by employees but subject to a maximum amount of HK\$1,500 per month for each employee to the scheme.

The total contributions to the MPF scheme charged to the consolidated statements of profit or loss and other comprehensive income are set out in notes 10 and 11.

28. RELATED PARTY TRANSACTIONS

In addition to the transactions and balances disclosed elsewhere in the Historical Financial Information, the Group entered into the following related party transactions:

(a)	Year ended 31 March			Six months ended 30 September	
	2017 HK\$'000	2018 HK\$'000	2019 HK\$'000	2018 HK\$'000	2019 HK\$'000
				(unaudited)	
Subcontracting fee to Constant Raise					
Engineering Services Limited (<i>Note</i>)	155	—	—	—	—
Disposal of a motor vehicle to Mr. CHU	<u>120</u>	<u>—</u>	<u>668</u>	<u>668</u>	<u>—</u>

Note: The above related company is a company controlled by Mr. CHU during the year ended 31 March 2017. The related company was dissolved during the year ended 31 March 2018.

Mr. CHU provided unlimited personal guarantees to banks in respect of the banking facilities granted to the Group as at 31 March 2017, 2018 and 2019 and 30 September 2019. Ms. DAI Wing Yi Marjor (the spouse of Mr. CHU) provided personal guarantees of HK\$10.0 million, HK\$10.0 million, HK\$10.0 million and HK\$10.0 million to banks in respect of the banking facilities granted to the Group as at 31 March 2017, 2018 and 2019 and 30 September 2019, respectively.

Mr. CHU and Ms. DAI Wing Yi Marjor also pledged the properties owned by them to secure the banking facilities granted to the Group as at 31 March 2017, 2018 and 2019 and 30 September 2019.

Mr. CHU also pledged fixed deposits of HK\$5,000,000 and HK\$8,000,000 owned by him as at 31 March 2019 and 30 September 2019, respectively, to secure the banking facilities granted to the Group.

The personal guarantees and pledge of assets will be released upon the Listing.

(b) Compensation of key management personnel

The remuneration of key management personnel, including executive directors of the Company and other key executives of the Group, during the Track Record Period was as follows:

	Year ended 31 March			Six months ended 30 September	
	2017 HK\$'000	2018 HK\$'000	2019 HK\$'000	2018 HK\$'000	2019 HK\$'000
				(unaudited)	
Short-term employee benefits	4,428	4,757	5,560	2,808	2,816
Retirement benefit scheme contributions	<u>90</u>	<u>90</u>	<u>99</u>	<u>45</u>	<u>54</u>
	<u>4,518</u>	<u>4,847</u>	<u>5,659</u>	<u>2,853</u>	<u>2,870</u>

The remuneration of key management personnel is determined by the management of the Group having regard to the performance of individuals and market trends.

29. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that the group entities will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged throughout the Track Record Period.

The capital structure of the Group consists of net debt, which includes lease liabilities and bank borrowings, net of cash and cash equivalents and equity attributable to owners of the Company, comprising issued share capital and reserves as disclosed in the Historical Financial Information.

The management of the Group reviews the capital structure regularly. The Group considers the cost of capital and the risks associated with each class of capital, and will balance its overall capital structure through the payment of dividends, new share issues as well as the raising of net debts or the repayment of the existing debts.

30. INVESTMENT IN A SUBSIDIARY

The Company

	As at 31 March 2019 HK\$'000	As at 30 September 2019 HK\$'000
Unlisted investment, at cost	<u>1</u>	<u>1</u>

As at the date of this report, the Company has direct and indirect equity interests in the following subsidiaries:

Name of subsidiary	Place and date of incorporation	Place of operation	Issued and fully paid share capital	Equity interests attributable to the Group					Principal activities	Notes
				As at 31 March			As at	At date		
				2017	2018	2019	30 September 2019	of this report		
				%	%	%	%	%		
Directly held:										
Plateau Star	BVI 3 May 2018	Hong Kong	US\$100	N/A	N/A	100	100	100	Investment holding	(a)
Indirectly held:										
ICGL (Hong Kong)	Hong Kong 4 May 2007	Hong Kong	HK\$10,000,000	100	100	100	100	100	Design, supply and installation services of façade works and building metal finishing works	(b)

All subsidiaries now comprising the Group are limited liability companies and have adopted 31 March as their financial year end date.

Notes:

- (a) No audited financial statements have been prepared since its date of incorporation as it is incorporated in a jurisdiction where there are no statutory audit requirements.
- (b) The statutory financial statements of ICGL (Hong Kong) for the year ended 31 March 2017 and 31 March 2018 were prepared in accordance with HKFRSs issued by the HKICPA and were audited by RSM Hong Kong, Certified Public Accountants in Hong Kong. The statutory financial statements of ICGL (Hong Kong) for the year ended 31 March 2019 were prepared in accordance with HKFRSs issued by the HKICPA and were audited by Deloitte Touche Tohmatsu, Hong Kong.

31. FINANCIAL INSTRUMENTS

Categories of financial instruments

The Group

	As at 31 March			As at
	2017	2018	2019	30 September
	HK\$'000	HK\$'000	HK\$'000	2019
Financial assets				HK\$'000
Financial assets at amortised cost	N/A	N/A	32,379	35,181
Loans and receivables (including cash and cash equivalents)	<u>10,654</u>	<u>32,089</u>	<u>N/A</u>	<u>N/A</u>
Financial liabilities				
Amortised cost	<u>8,987</u>	<u>10,107</u>	<u>67,806</u>	<u>63,893</u>

The Company

	As at	As at
	31 March	30 September
Financial liabilities		
Amortised cost	<u>5,678</u>	<u>7,488</u>

Financial risk management objectives and policies

The Group's major financial instruments include trade and other receivables, refundable rental deposits, amount due from a director, amount due from ultimate holding company, amount due from immediate holding company, bank balances and cash, trade and other payables, dividend payable, and bank borrowings. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (including currency risk and interest rate risk), credit risk and liquidity risk, and the policies on how to mitigate these risks are set out below. The management of the Group manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

(i) Currency risk

The functional currency of the group entities is mainly HK\$, the currencies in which most of the transactions are denominated. The carrying amounts of the foreign currency denominated monetary liabilities of the group entities at the end of each reporting period are disclosed in note 22.

The management of the Group considers that the currency risk of those monetary liabilities is not significant to the Group. The Group currently does not have a foreign currency hedging policy. However, the management of the Group monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

The carrying amounts of the Group's foreign currency denominated monetary liabilities recorded in the statements of financial position of the group entities at the end of each reporting period are as follows:

	As at 31 March			As at
	2017	2018	2019	30 September
	HK\$'000	HK\$'000	HK\$'000	2019 HK\$'000
US\$ against HK\$	—	189	—	—
RMB against HK\$	—	47	571	425

Under the linked exchange rate system, the financial import on exchange difference between HK\$ and US\$ will be immaterial and therefore no sensitivity analysis has been presented.

The Group is mainly exposed to fluctuation in exchange rate of RMB against HK\$. The following table details the Group's sensitivity to a 10% increase and decrease in respective functional currency (i.e. HK\$) against the relevant foreign currency (i.e. RMB). 10% is the sensitivity rate used which represents the management's assessment of the reasonably possible change in a foreign exchange rate. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a 10% change in a foreign currency rate. A positive number below indicates an increase in post-tax profit where HK\$ strengthens 10% against RMB. For a 10% weakening of HK\$ against RMB, there would be an equal and opposite impact on the post-tax profit and the amount below would be negative.

	Year ended 31 March			Six months
	2017	2018	2019	ended
	HK\$'000	HK\$'000	HK\$'000	30 September 2019 HK\$'000
RMB against HK\$	—	4	48	35

(ii) *Interest rate risk*

The cash flow interest rate risk relate primarily to the Group's variable-rate bank borrowings which were linked to HIBOR and Hong Kong Prime Rate and bank balances at the prevailing market deposit rate. The Group is also exposed to fair value interest rate risk in relation to the Group's fixed-rate bank balances. The Group currently does not have an interest rate hedging policy. However, the management of the Group monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

The management of the Group consider the Group's exposure of bank balances to interest rate is not significant as interest bearing bank balances are within short maturity period. The Group's sensitivity to interest rate risk had been determined based on the exposure to interest rates for variable-rate bank borrowings at the end of each reporting period. The analysis was prepared assuming amount outstanding at the end of each reporting period was outstanding for the whole year/period. The Group's sensitivity to interest rate risk at the end of each reporting period while all other variables were held constant is as follows:

	Year ended 31 March			Six months
	2017	2018	2019	ended
	HK\$'000	HK\$'000	HK\$'000	30 September 2019 HK\$'000
Reasonably possible change in interest rate	50 basis points	50 basis points	50 basis points	50 basis points
(Decrease) increase in post-tax profit for the year/period				
— as a result of increase in interest rate	N/A	N/A	(136)	(69)
— as a result of decrease in interest rate	N/A	N/A	136	69

Credit risk and impairment assessment*Overview of the Group's exposure to credit risk before application of HKFRS 9 as at 1 April 2018*

The Group's maximum exposure to credit risk in the event of the counterparties failure to perform their obligations at the end of each reporting period in relation to each class of recognised financial assets is the carrying amount of those assets stated in the consolidated statements of financial position. In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts.

In addition, the management of the Group considers recent trade relationships, financial background and creditability of individual trade receivables including historical settlement records such as default or delay in payments, subsequent settlement and ageing analysis of trade receivables in determining the loss allowances and ensures that adequate loss allowances are made for irrecoverable amounts. In this regard, the management of the Group considers that the Group's credit risk is significantly reduced. At 31 March 2017 and 31 March 2018, the Group had concentration of credit risk on trade receivables as 58% and 75% of the total trade receivables were due from the Group's the largest customer, respectively. At 31 March 2017 and 31 March 2018, the Group had concentration of credit risk on trade receivables as 70% and 92% of the total trade receivables were due from the Group's five largest customers, respectively.

The Group's credit risk are primarily attributable to and concentrated on trade and other receivables, amount due from a director and amount due from immediate holding company. In order to minimise the credit risk, the management of the Group has reviewed their recover abilities regularly to ensure that follow-up action is taken timely. In this regard, the management of the Group considers that the credit risk on these balances are significant reduced.

The credit risk on liquid funds is limited because the majority of counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

Overview of the Group's exposure to credit risk after application of HKFRS 9 on 1 April 2018

As at 1 April 2018, 31 March 2019 and 30 September 2019, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amounts of the respective recognised financial assets as stated in the consolidated statement of financial position.

At 31 March 2019 and 30 September 2019, the Group has concentration of credit risk on trade receivables as 62% and 23% of the total trade receivables was due from the Group's the largest customer, respectively. As at 31 March 2019 and 30 September 2019, the Group has concentration of credit risk as 84% and 92% of the total trade receivables were due from the Group's five largest customers, respectively.

The management of the Group has made periodic assessment as well as individual assessment on recoverability of trade receivables and contract assets based on historical settlement records and adjusted for forward-looking information. In determining the lifetime ECL for trade receivables and contract assets, the management of the Group has taken into account the historical default experience and forward-looking information, as appropriate. Details of the impairment assessment assessment on trade receivables and contract assets are set out in note 19.

In determining the ECL for amount due from ultimate holding company, the management of the Group has taken into account the historical default experience and forward-looking information, as appropriate, and concluded that credit risk inherent in the Group's outstanding amount due from ultimate holding company is insignificant

The management of the Group considers the bank balances that are deposited with financial institution with high credit rating to be low credit risk financial assets. The management of the Group considers the probability of default in negligible and accordingly, no loss allowance is recognised.

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management of the Group to finance the Group's operations and mitigate the effects of fluctuations in cash flows. For the year ended 31 March 2019 and the six months ended 30 September 2019, the Group relies on bank

borrowings as a significant source of liquidity and the management of the Group monitors the utilisation of bank borrowings and ensure compliance with loan covenants. The management believes that the Group will have sufficient working capital for its future operational requirement.

The table below details the Group's and the Company's remaining contractual maturity for its non-derivative financial liabilities and lease liabilities. The table has been drawn up to reflect the undiscounted cash flows of financial liabilities and lease liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate at the end of each reporting period.

The Group

	Weighted average interest rate %	On demand or less than 3 months HK\$'000	More than 3 months but less than 1 year HK\$'000	1-5 years HK\$'000	Total undiscounted cash flows HK\$'000	Carrying amount HK\$'000
Non-derivative financial liabilities and lease liabilities						
At 31 March 2017						
Trade and other payables	N/A	7,573	475	939	8,987	8,987
Lease liabilities	4.6	266	798	1,919	2,983	2,771
		<u>7,839</u>	<u>1,273</u>	<u>2,858</u>	<u>11,970</u>	<u>11,758</u>
Non-derivative financial liabilities and lease liabilities						
At 31 March 2018						
Trade and other payables	N/A	6,981	590	2,176	9,747	9,747
Dividend payable	N/A	360	—	—	360	360
Lease liabilities	4.4	353	1,186	1,855	3,394	3,202
		<u>7,694</u>	<u>1,776</u>	<u>4,031</u>	<u>13,501</u>	<u>13,309</u>
Non-derivative financial liabilities and lease liabilities						
At 31 March 2019						
Trade and other payables	N/A	14,101	1,396	2,611	18,108	18,108
Dividend payable	N/A	17,219	—	—	17,219	17,219
Bank borrowings	4.2	16,124	16,757	—	32,881	32,479
Lease liabilities	4.7	335	636	838	1,809	1,723
		<u>47,779</u>	<u>18,789</u>	<u>3,449</u>	<u>70,017</u>	<u>69,529</u>
Non-derivative financial liabilities and lease liabilities						
At 30 September 2019						
Trade and other payables	N/A	14,663	1,817	2,216	18,696	18,696
Dividend payable	N/A	12,219	—	—	12,219	12,219
Bank borrowings	4.2	25,094	8,079	—	33,173	32,978
Lease liabilities	4.3	352	1,055	1,830	3,237	3,071
		<u>52,328</u>	<u>10,951</u>	<u>4,046</u>	<u>67,325</u>	<u>66,964</u>

Bank borrowings with a repayment on demand clause are included in the “on demand or less than 3 months” time band in the above maturity analysis. As at 31 March 2017, 31 March 2018, 31 March 2019 and 30 September 2019, the aggregate carrying amounts of these bank borrowings amounted to nil, nil, HK\$10,411,000 and HK\$13,771,000, respectively. Taking into account the Group’s financial position, the management of the Group does not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment. The management of the Group believes that such bank borrowings will be repaid in accordance with the scheduled repayment dates set out in the loan agreements.

For the purpose of managing liquidity risk, the management of the Group reviews the expected cash flow information of the Group’s variable-rate bank borrowings as at 31 March 2019 and 30 September 2019 based on the scheduled repayment dates set out in the loan agreements as set out in the table below:

	Weighted average interest rate %	Less than 1 month HK\$'000	1-3 months HK\$'000	3 months to 1 year HK\$'000	Total undiscounted cash flows HK\$'000	Total carrying amounts HK\$'000
Variable-rate bank borrowings						
As at 31 March 2019	4.2	<u>936</u>	<u>13,168</u>	<u>18,901</u>	<u>33,005</u>	<u>32,479</u>
As at 30 September 2019	4.2	<u>936</u>	<u>16,201</u>	<u>16,269</u>	<u>33,406</u>	<u>32,978</u>

The Company

	Weighted average interest rate %	On demand or less than 3 months HK\$'000	Total undiscounted cash flows HK\$'000	Carrying amount HK\$'000
Non-derivative financial liabilities				
At 31 March 2019				
Amounts due to subsidiaries	N/A	<u>5,678</u>	<u>5,678</u>	<u>5,678</u>
Non-derivative financial liabilities				
At 30 September 2019				
Amounts due to subsidiaries	N/A	<u>7,488</u>	<u>7,488</u>	<u>7,488</u>

The amounts included above for variable interest rate instruments for non-derivative financial liabilities are subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

Fair value measurements of financial instruments

The fair values of financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The management of the Group considers that the carrying amounts of financial assets and liabilities recorded at amortised cost in the Historical Financial Information approximate their fair values at the end of each reporting period.

32. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statements of cash flows as cash flows from or used in financing activities.

	Bank borrowings HK\$'000	Lease liabilities HK\$'000	Accrued interest expenses HK\$'000	Amount due to a director HK\$'000	Dividend payable HK\$'000	Accrued issue costs HK\$'000	Total HK\$'000
At 1 April 2016	10,112	684	—	4,131	—	—	14,927
Financing cash flows	(10,112)	(762)	(216)	(4,131)	(1,491)	—	(16,712)
Dividend recognised as distribution	—	—	—	—	12,000	—	12,000
Interest expenses	—	73	216	—	—	—	289
Recognition of new leases	—	2,776	—	—	—	—	2,776
Non-cash transaction (<i>Note</i>)	—	—	—	—	(10,509)	—	(10,509)
At 31 March 2017	—	2,771	—	—	—	—	2,771
Financing cash flows	—	(1,087)	—	—	—	—	(1,087)
Dividend recognised as distribution	—	—	—	—	22,000	—	22,000
Interest expenses	—	110	—	—	—	—	110
Recognition of new leases	—	1,408	—	—	—	—	1,408
Non-cash transaction (<i>Note</i>)	—	—	—	—	(21,640)	—	(21,640)
At 31 March 2018	—	3,202	—	—	360	—	3,562
Financing cash flows	32,479	(1,308)	(183)	—	(4,019)	(1,355)	25,614
Dividend recognised as distribution	—	—	—	—	26,000	—	26,000
Interest expenses	—	104	224	—	—	—	328
Recognition of new leases	—	66	—	—	—	—	66
Early termination of a lease contract	—	(341)	—	—	—	—	(341)
Issue costs accrued	—	—	—	—	—	1,480	1,480
Non-cash transaction (<i>Note</i>)	—	—	—	—	(5,122)	—	(5,122)
At 31 March 2019	32,479	1,723	41	—	17,219	125	51,587
Financing cash flows	499	(680)	(550)	—	(5,000)	(483)	(6,214)
Interest expenses	—	66	596	—	—	—	662
Recognition of new leases	—	1,962	—	—	—	—	1,962
Issue costs accrued	—	—	—	—	—	1,609	1,609
At 30 September 2019	<u>32,978</u>	<u>3,071</u>	<u>87</u>	<u>—</u>	<u>12,219</u>	<u>1,251</u>	<u>49,606</u>
At 1 April 2018	—	3,202	—	—	360	—	3,562
Financing cash flows (unaudited)	4,000	(640)	—	—	—	(83)	3,277
Interest expenses (unaudited)	—	58	—	—	—	—	58
Issue costs accrued	—	—	—	—	—	83	83
Early termination of a lease contract	—	(341)	—	—	—	—	(341)
Non-cash transaction (<i>Note</i>) (unaudited)	—	—	—	—	(360)	—	(360)
At 30 September 2018 (unaudited)	<u>4,000</u>	<u>2,279</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>6,279</u>

Note: The amount represented the dividend offset with amount due from a director as set out in note 35.

33. TRANSFER OF FINANCIAL ASSETS

Included in the Group's trade receivables are amounts of nil, nil, HK\$11,150,000 and HK\$2,580,000 as at 31 March 2017, 31 March 2018, 31 March 2019 and 30 September 2019, respectively, being transferred to a bank by factoring the relevant trade receivables on a full recourse basis. As the Group has not transferred the significant risks and rewards relating to the trade receivables, it continues to recognise the full carrying amount of the trade receivables and has recognised the cash received from factoring of trade receivables with full recourse as bank borrowings (note 24). The trade receivables are carried at amortised cost in the consolidated statements of financial position.

Trade receivables transferred to a bank with full recourse

	As at 31 March			As at
	2017	2018	2019	30 September
	HK\$'000	HK\$'000	HK\$'000	2019
Carrying amount of trade receivables	—	—	11,150	2,580
Carrying amount of associated liabilities	—	—	(8,300)	(1,934)
Net position	—	—	2,850	646

34. PLEDGE OF ASSETS

At 31 March 2019 and 30 September 2019, the Group's trade receivables of HK\$11,150,000 and HK\$2,580,000 were pledged to secure bank borrowings granted to the Group, respectively, as set out in note 24.

35. MAJOR NON-CASH TRANSACTIONS

During the year ended 31 March 2017, the Company disposed of motor vehicle to Mr. CHU with the amount of HK\$120,000 and settled through current account with Mr. CHU.

During the year ended 31 March 2017, 31 March 2018 and 31 March 2019 and six months ended 30 September 2018, the Company declared the dividends of HK\$12,000,000, HK\$22,000,000 and HK\$26,000,000, respectively and amounts of HK\$10,509,000, HK\$21,640,000, HK\$5,122,000 and HK\$360,000 (unaudited) were offset with the current account with Mr. CHU, respectively.

During the year ended 31 March 2018, the amount due from immediate holding company of HK\$16,000 was offset with current account with Mr. CHU.

During the year ended 31 March 2017, 31 March 2018, 31 March 2019 and 30 September 2019, right-of-use assets with a total capital value of HK\$2,776,000, HK\$1,408,000, HK\$331,000 and HK\$1,962,000, respectively, with the corresponding amount of lease liabilities of HK\$2,776,000, HK\$1,408,000, HK\$66,000 and HK\$1,962,000 and provision of reinstatement costs of nil, nil, HK\$265,000 and nil, were recognised, respectively.

36. EVENTS AFTER THE REPORTING PERIOD

- (a) Save as disclosed elsewhere in the Historical Financial Information, the following significant events took place subsequent to 30 September 2019:

On 5 March 2020, written resolutions of the sole shareholder of the Company were passed to approve the matters set out in the paragraph headed "Written resolutions of the sole Shareholder passed on 5 March 2020" in Appendix IV of the Prospectus. It was resolved, among other things:

- (i) on 5 March 2020, the authorised share capital of the Company was increased from HK\$380,000 divided into 38,000,000 shares to HK\$100,000,000 divided into 10,000,000,000 shares by the creation of 9,962,000,000 additional shares;

- (ii) conditional on the share premium account of our Company being credited as a result of the share offer, the directors of the Company were authorised to capitalise an amount up to HK\$14,999,998 standing to the credit of the Company's share premium account towards paying up in full at par a total of up to 1,499,999,800 shares for allotment and issue, credited as fully paid and ranked pari passu in all respects with each other and the existing issued shares (except entitlement to the capitalisation issue), to Platinum Lotus, and the directors of Company or any committee of the board of directors were authorised to give effect to the capitalisation issue, details are set out in Appendix IV to the Prospectus; and
 - (iii) the Company has conditionally adopted a share option scheme, the principal terms of which are set out in the paragraph headed "Statutory and General Information E. Post-IPO Share Option Scheme" in Appendix IV to the Prospectus. No options have been granted up to the date of this report.
- (b) The outbreak of a respiratory illness caused by Novel Coronavirus in China including Hong Kong, has affected many businesses to different extent. Although the Group has limited business in mainland, it is relying much on the supply of its mainland suppliers. Due to the inherent unpredictable nature and rapid development relating to the Novel Coronavirus and its pervasive impact as a result of different measures putting in place by central or local government, the Group has taken actions to negotiate with its major suppliers to confirm continuous and adequate supply of goods. As the major suppliers have confirmed that they could arrange delivery of goods as planned upon their resumption of production activities by February 2020, the Group is confident that the event would not have a material impact to the Group's operations. The Group will closely monitor in this regard and seek alternative supply if necessary.

37. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company or any of its subsidiaries in respect of any period subsequent to 30 September 2019.

The information set forth in this Appendix does not form part of the accountants' report on the historical financial information of the Group for each of the three years ended 31 March 2019 and the six months ended 30 September 2019 prepared by Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, our Company's reporting accountants, as set forth in Appendix I to this prospectus (the "Accountants' Report"), and is included herein for information only. The unaudited pro forma financial information should be read in conjunction with the section headed "Financial information" in this prospectus and the Accountants' Report.

A. STATEMENT OF UNAUDITED PRO FORMA ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS OF THE GROUP ATTRIBUTABLE TO OWNERS OF THE COMPANY

The statement of unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company prepared in accordance with paragraph 4.29 of Listing Rules is set forth below to illustrate the effect of the Share Offer on the audited consolidated net tangible assets of the Group attributable to owners of the Company as if the Share Offer had taken place on 30 September 2019.

The statement of unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company has been prepared for illustrative purposes only and, because of its hypothetical nature, may not give a true picture of the consolidated net tangible assets of the Group attributable to owners of the Company had the Share Offer been completed as at 30 September 2019 or any future dates.

The following statement of unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company is based on the audited consolidated net tangible assets of the Group attributable to owners of the Company as at 30 September 2019 as shown in the Accountants' Report in Appendix I to this prospectus, and adjusted as described below:

	Audited consolidated net tangible assets of the Group attributable to owners of the Company as at 30 September 2019 <i>HK\$'000</i> <i>(Note 1)</i>	Estimated net proceeds from the Share Offer <i>HK\$'000</i> <i>(Note 2)</i>	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at 30 September 2019 <i>HK\$'000</i>	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at 30 September 2019 per Share <i>HK\$</i> <i>(Note 3)</i>
Based on minimum indicative Offer Price of HK\$0.25 per Share	46,197	91,207	137,404	0.07
Based on maximum indicative Offer Price of HK\$0.29 per Share	46,197	108,007	154,204	0.08

Notes:

- (1) The audited consolidated net tangible assets of the Group attributable to owners of the Company as at 30 September 2019 is extracted from the Accountants' Report as set forth in Appendix I to this prospectus.
- (2) The estimated net proceeds from the issue of the Offer Shares pursuant to the Share Offer are based on 500,000,000 Offer Shares at the Offer Price of HK\$0.25 per Share and HK\$0.29 per Share, being the lower end and the upper end of the indicated Offer Price range, respectively, after deduction of the estimated underwriting fees and other related expenses expected to be incurred by the Group subsequent to 30 September 2019.

The calculation of such estimated net proceeds does not take into account of any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option or any options which may be granted under the Post-IPO Share Option Scheme or any Shares which may be issued or repurchased by the Company pursuant to the general mandates granted to the Directors to issue or repurchase Shares as referred to in the section headed "Share capital — General Mandate" or "Share capital — Repurchase Mandate" in this prospectus.

- (3) The unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at 30 September 2019 per Share is calculated based on 2,000,000,000 Shares in issue immediately following the completion of the Share Offer and the Capitalisation Issue. It does not take into account of any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option or any options which may be granted under the Post-IPO Share Option Scheme or any Shares which may be issued or repurchased by the Company pursuant to the general mandates granted to the Directors to issue or repurchase Shares as referred to in the section headed "Share capital — General Mandate" or "Share capital — Repurchase Mandate" in this prospectus.
- (4) No adjustment has been made to the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at 30 September 2019 to reflect any trading results or other transactions of the Group entered into subsequent to 30 September 2019.

**B. INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE
COMPILATION OF THE UNAUDITED PRO FORMA FINANCIAL INFORMATION**

The following is the text of the independent reporting accountants' assurance report received from Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, the reporting accountants of our Company, in respect of the Group's unaudited pro forma financial information prepared for the purpose of incorporation in this prospectus.

Deloitte.**德勤****INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE
COMPILATION OF THE UNAUDITED PRO FORMA FINANCIAL INFORMATION****To the Directors of Lotus Horizon Holdings Limited**

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Lotus Horizon 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 unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at 30 September 2019 and related notes as set out on pages II-1 to II-2 of Appendix II to the prospectus issued by the Company dated 30 March 2020 (the “**Prospectus**”). The applicable criteria on the basis of which the Directors have compiled the unaudited pro forma financial information are described on pages II-1 to II-2 of Appendix II to the Prospectus.

The unaudited pro forma financial information has been compiled by the Directors to illustrate the impact of the proposed share offer of the Company (the “**Share Offer**”) on the Group's financial position as at 30 September 2019 as if the Share Offer had taken place at 30 September 2019. As part of this process, information about the Group's financial position has been extracted by the Directors from the Group's historical financial information for each of the three years ended 31 March 2019 and the six months ended 30 September 2019, on which an accountants' report as set out in Appendix I to the Prospectus has been published.

Directors' Responsibilities for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the unaudited 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 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” (“**AG 7**”) 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 behaviour.

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” issued by the HKICPA 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 unaudited 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 unaudited 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 unaudited 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 unaudited 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 unaudited pro forma financial information.

The purpose of unaudited pro forma financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or 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 event or transaction at 30 September 2019 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited 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 unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related unaudited pro forma adjustments give appropriate effect to those criteria; and
- the unaudited 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 event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited 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 unaudited 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 purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

30 March 2020

APPENDIX III SUMMARY OF THE CONSTITUTION OF OUR COMPANY AND CAYMAN ISLANDS COMPANY LAW

Set forth 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 14 November 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 5 March 2020 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.

Notwithstanding the foregoing, for so long as any shares are listed on the Stock Exchange, titles to such listed shares may be evidenced and transferred in accordance with the laws applicable to and the rules and regulations of the Stock Exchange that are or shall be applicable to such listed shares. The register of members in respect of its listed shares (whether the principal register or a branch register) may be kept by recording the particulars required by Section 40 of the Companies Law in a form otherwise than legible if such recording otherwise complies with the laws applicable to and the rules and regulations of the Stock Exchange that are or shall be applicable to such listed shares.

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.

The board may accept the surrender for no consideration of any fully paid share.

(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 instalments. 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 instalments 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 or convertible securities or securities of similar nature 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 to their nominal value.

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 past 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.

The board may resolve to capitalise all or any part of any amount for the time being standing to the credit of any reserve or fund (including a share premium account and the profit and loss account) whether or not the same is available for distribution by applying such sum in paying up unissued shares to be allotted to (i) employees (including directors) of the Company and/or its affiliates (meaning any individual, corporation, partnership, association, joint-stock company, trust, unincorporated association or other entity (other than the Company) that directly, or indirectly through one or more intermediaries, controls, is controlled by or is under common control with, the Company) upon exercise or vesting of any options or awards granted under any share incentive scheme or employee benefit scheme or other arrangement which relates to such persons that has been adopted or approved by the members in general meeting, or (ii) any trustee of any trust to whom shares are to be allotted and issued by the Company in connection with the operation of any share incentive scheme or employee benefit scheme or other arrangement which relates to such persons that has been adopted or approved by the members in general meeting.

(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 instalments 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 authorised 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 extraordinary general meetings

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; and
- (ee) the fixing of the remuneration of the directors and of the auditors.

(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 as 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 forth 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 23 November, 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

The notice of registered office is a matter of public record. A list of the names of the current directors and alternate directors (if applicable) is made available by the Registrar of Companies for inspection by any person on payment of a fee. The register of mortgages is open to inspection by creditors and members.

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 forth 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. The register of members shall contain such particulars as required by Section 40 of the Companies Laws. 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 thirty (30) 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).

(u) Economic Substance Requirements

Pursuant to the International Tax Cooperation (Economic Substance) Law, 2018 of the Cayman Islands ("ES Law") that came into force on 1 January 2019, a "relevant entity" is required to satisfy the economic substance test set forth in the ES Law. A "relevant entity" includes an exempted company incorporated in the Cayman Islands as is the Company; however, it does not include an entity that is tax resident outside the Cayman Islands. Accordingly, for so long as the Company is a tax resident outside the Cayman Islands, including in Hong Kong, it is not required to satisfy the economic substance test set forth in the ES Law.

4. GENERAL

Conyers Dill & Pearman, the Company's special compliance 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 COMPANY AND OUR SUBSIDIARIES**1. Incorporation of our Company**

Our Company was incorporated as an exempted company with limited liability in the Cayman Islands under the Companies Law on 14 November 2018. Our Company's registered office is located at Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands. We have established our principal place of business in Hong Kong at Unit 1001-2, 10/F, Delta House, 3 On Yiu Street, Shatin, New Territories, Hong Kong and are registered with the Registrar of Companies in Hong Kong as a non-Hong Kong company under Part 16 of the Companies Ordinance on 10 January 2019, with Mr. CHU appointed as the authorised representative of our Company for acceptance of service of process in Hong Kong.

As our Company was incorporated in the Cayman Islands, its operations are subject to the Companies Law and the Memorandum and Articles. A summary of the relevant aspects of the Companies Law and certain provisions of our Memorandum and Articles are set forth in Appendix III to this prospectus.

2. Changes in share capital of our Company

- (a) Our Company was incorporated in the Cayman Islands on 14 November 2018 with an authorised share capital of HK\$380,000, divided into 38,000,000 Shares in one class of HK\$0.01 each.
- (b) On 14 November 2018, one nil-paid subscriber Share at par of HK\$0.01 was allotted and issued to the initial subscriber, an Independent Third Party. On the same date, the one nil-paid subscriber Share was transferred to Mr. CHU at nil consideration.
- (c) On 20 March 2019, Mr. CHU transferred the one nil-paid Share held by him to Platinum Lotus at a consideration of US\$1.0.
- (d) On 22 March 2019, our Company acquired 100 shares in Plateau Star (representing its then entire issued share capital) from Platinum Lotus, in consideration of which our Company (at the direction of Mr. CHU) allotted and issued 99 fully paid Shares to Platinum Lotus and credited as fully paid the one nil-paid Share held by Platinum Lotus.
- (e) On 27 March 2019, our Company, through Plateau Star, acquired 10,000,000 ordinary shares of ICGL (Hong Kong) (representing its then entire share capital) from Summit Sino, in consideration of which our Company (at the direction of Mr. CHU) allotted and issued 100 fully paid Shares to Platinum Lotus.
- (f) Pursuant to the written resolutions of our sole Shareholder passed on 5 March 2020, the authorised share capital of our Company was increased from HK\$380,000 divided into 38,000,000 Shares to HK\$100,000,000 divided into 10,000,000,000 Shares by the creation of additional 9,962,000,000 Shares.

- (g) A total of 500,000,000 new Shares, representing 25% of the total issued share capital of our Company immediately after the Reorganisation and completion of the Capitalisation Issue (without taking into account any Shares which may be issued pursuant to the exercise of the Over-allotment Option and/or any option which may be granted under the Post-IPO Share Option Scheme) will be offered to the public by way of Share Offer.
- (h) Conditional on the share premium account of our Company being credited with the proceeds from the Share Offer, HK\$14,999,998 will be capitalised from the share premium account of our Company and applied in paying up in full a total of 1,499,999,800 Shares for the allotment and issue to our existing Shareholder, being Platinum Lotus, on or prior to the Listing.
- (i) Immediately following 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 the Over-allotment Option and/or any option which may be granted under the Post-IPO Share Option Scheme), the issued share capital of our Company will be HK\$20,000,000 divided into 2,000,000,000 Shares fully paid or credited as fully paid and 8,000,000,000 Shares will remain unissued. Without taking into account any Shares which may be issued pursuant to the exercise of Over-allotment Option and/or any option which may be granted under the Post-IPO Share Option Scheme, our Directors do not have any present intention to issue any part of the authorised but unissued share capital of our Company and, without prior approval of our Shareholders at general meeting, no issue of Shares will be made which would effectively alter the control of our Company.

Save as aforesaid, there has been no alteration in the share capital of our Company since incorporation.

3. Written resolutions of our sole Shareholder passed on 5 March 2020

Pursuant to the written resolutions of our sole Shareholder passed on 5 March 2020:

- (a) the authorised share capital of our Company was increased from HK\$380,000 divided into 38,000,000 Shares to HK\$100,000,000 divided into 10,000,000,000 Shares by the creation of a further 9,962,000,000 Shares;
- (b) the amended and restated Memorandum and Articles were conditionally approved and adopted to take effect on Listing Date; and
- (c) conditional on the conditions as set forth in the section headed “Structure and Conditions of the Share Offer” in this prospectus:
 - (i) the Share Offer and the Over-allotment Option were approved and our Directors were authorised to allot and issue the Offer Shares and Shares which may be required to be allotted and issued upon the exercise of the Over-allotment Option;

- (ii) conditional on the share premium account of our Company being credited as a result of the Share Offer or otherwise having sufficient balance, our Directors were authorised to capitalise an amount of HK\$14,999,998 standing to the credit of the share premium account of our Company applying such sum in paying up in full at par a total of 1,499,999,800 Shares for allotment and issue to our Shareholder whose name appears on the register of members of our Company as of the date of the passing of such resolutions in proportion (as nearly as possible without involving fractions) to their then existing shareholdings in our Company and so that the Shares to be allotted and issued to the existing issued Shares and our Directors were authorised to give effect to such capitalisation;
- (iii) the rules of the Post-IPO Share Option Scheme, the principal terms of which are set forth in the paragraphs under “E. Post-IPO Share Option Scheme” in this appendix below, were approved and adopted and our Directors were authorised to approve any amendments to the rules of the Post-IPO Share Option Scheme, implement the same, to grant options to subscribe for Shares thereunder and to allot, issue and deal with Shares pursuant thereto;
- (iv) a general unconditional mandate was given to our Directors to exercise all the powers of our Company to allot, issue and deal with Shares and to make or grant offers, agreement, or options (including warrants, bonds or otherwise) which might require Shares to be allotted and issued or dealt with subject to the requirement that the aggregate number of Shares so allotted and issued or agreed conditionally or unconditionally to be allotted and issued (otherwise than pursuant to a rights issue, or scrip dividend scheme or similar arrangements, or the exercise of any option which may be granted under the Post-IPO Share Option Scheme or a specific authority granted by our Shareholders) shall not exceed (1) 20% of the aggregate total number of our Shares in issue immediately following 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 the Over-allotment Option and/or any option which may be granted under the Post-IPO Share Option Scheme); and (2) the aggregate total number of Shares repurchased under the Repurchase Mandate (as defined in paragraph (v) below). Such mandate shall remain in effect until whichever is the earliest of:
 - (1) the conclusion of the next annual general meeting of our Company;
 - (2) the expiration of the period within which the next annual general meeting of our Company is required to be held by the Articles or any applicable laws of the Cayman Islands; and
 - (3) the passing of an ordinary resolution of our Shareholders in a general meeting revoking, varying or renewing such mandate;

- (v) a general unconditional mandate was given to our Directors to exercise all the powers of our Company to purchase our Shares on the Stock Exchange or on any other 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 our Shares in issue immediately following the completion of the Capitalisation Issue and the Share Offer (not including Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option or any option which may be granted under the Post-IPO Share Option Scheme) and the Repurchase Mandate will remain in effect until the earliest of:
- (1) the conclusion of the annual general meeting of our Company;
 - (2) the expiration of the period within which the next annual general meeting of our Company is required to be held by the Articles or any applicable laws of the Cayman Islands; and
 - (3) the passing of an ordinary resolution of our Shareholders in a general meeting revoking, varying or renewing such mandate; and
- (vi) the general mandate mentioned in paragraph (iv) above be extended by the addition of an amount representing the aggregate number of Shares repurchased by our Company pursuant to the Repurchase Mandate provided that such extended amount shall not exceed 10% of the aggregate of the total number of our Shares in issue 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 the Over-allotment Option or any option which may be granted under the Post-IPO Share Option Scheme).

4. Corporate reorganisation

In preparation of the Share Offer, we underwent a Reorganisation, details of which are set forth in the paragraphs under “History, Development and Reorganisation — Reorganisation” in this prospectus. Following completion of the Reorganisation, our Company became the holding company of our Group.

5. Further information about our subsidiaries

The list of our principal subsidiaries (as defined under the Listing Rules) is set forth in Appendix I to this prospectus. Save as disclosed in the section headed “History, Development, and Reorganisation” in this prospectus, there has been no alteration in the share capital of any of our subsidiaries within two years immediately preceding the date of this prospectus.

6. Repurchase by our Company of our own securities

The Listing Rules permit companies with a primary listing on the Stock Exchange to repurchase their own securities on the Stock Exchange subject to certain restrictions, details of which are summarised below:

(a) *Provisions of the Listing Rules*

(i) *Shareholders' approval*

All proposed repurchases of securities (which must be fully paid up in the case of shares) by a company listed on the Stock Exchange must be approved in advance by an ordinary resolution of the shareholders in a general meeting, either by way of General Mandate or by specific approval of a particular transaction.

(ii) *Source of funds*

Any repurchases must be financed out of funds legally available for such purpose in accordance with the articles of association of the company, the Listing Rules and any applicable laws and regulations from time to time in force in the Cayman Islands.

(iii) *Trading restrictions*

The total number of shares which a listed company may repurchase on the Stock Exchange is the number of shares representing up to a maximum of 10% of the aggregate number of the existing shares in issue. A company may not issue or announce a proposed issue of new securities of the type that have been repurchased for a period of 30 days immediately following a repurchase (other than an issue of securities pursuant to an exercise of warrants, share options or similar instruments requiring the company to issue securities which were outstanding prior to such repurchase) without the prior approval of the Stock Exchange. In addition, a listed company is prohibited from repurchasing its shares on the Stock Exchange if the purchase price is 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. The Listing Rules also prohibit a listed company from repurchasing its securities if the result of the repurchases 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 is required to procure that the broker appointed by it to effect a repurchase of securities discloses to the Stock Exchange such information with respect to the repurchase as the Stock Exchange may require.

(iv) *Status of repurchased shares*

All repurchased shares (whether effected on the Stock Exchange or otherwise) will be automatically delisted and the certificates for those shares must be cancelled and destroyed.

(v) *Status of repurchased shares*

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: (1) 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 by the Listing Rules); and (2) the deadline for a listed company to publish an announcement of our results for any year, or half-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, a 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*

Certain information relating to 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 listed company's annual report is required to disclose details regarding repurchases of securities made during the financial year, including a monthly analysis of the number of securities repurchased, the purchase price per share or the highest and lowest price paid for all such repurchases, where relevant, and the aggregate prices paid.

(vii) *Core connected persons*

Under the Listing Rules, a company shall not knowingly repurchase shares on the Stock Exchange from a core connected person and a core connected person shall not knowingly sell his shares to the company.

(b) *Reasons for repurchases*

Our Directors believe that it is in the best interests of our Company and our Shareholders for our Directors to have general authority from our Shareholders to enable our Company to execute repurchases of our Shares in the market. Repurchases of Shares will only be made when our Directors believe that such repurchases will benefit our Company and our Shareholders. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value and/or earnings per Share.

(c) *Funding of repurchases*

In repurchasing Shares, our Company may only apply funds legally available for such purpose in accordance with the Articles and the applicable laws and regulations of the Cayman Islands. A listed company is prohibited from repurchasing 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 from time to time.

Under the Cayman Islands law, any repurchases by our Company may be made out of profits of our Company, the share premium account of our Company or out of the proceeds of a fresh issue of share made for the purpose of the repurchase or, if authorised by the Articles and subject to the Companies Law, out of capital and, in case of any premium payable on the repurchase, out of profits of our Company or from sums standing to the credit of the share premium accounts of our Company, or if authorised by the Articles and subject to the Companies Law, out of capital.

(d) *General*

The exercise in full of the Repurchase Mandate, on the basis of 2,000,000,000 Shares in issue immediately following the completion of the Capitalisation Issue and Share Offer (not including Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option or any option which may be granted under the Post-IPO Share Option Scheme), could accordingly result in up to 200,000,000 Shares being repurchased by our Company during the period until the earliest of:

- (1) the conclusion of our Company's next annual general meeting;
- (2) the expiration of the period within which our Company's next annual general meeting is required to be held by any applicable laws of the Cayman Islands or the Articles; and
- (3) the passing of an ordinary resolution of our Shareholders in general meeting revoking, varying or renewing such mandate.

None of our Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their close associate (as defined in the Listing Rules), have any present intention, if the Repurchase Mandate is exercised, to sell any Share 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 from time to time in force in the Cayman Islands.

No core connected person (as defined in the Listing Rules) of our Company has notified our Company of intention to sell the Shares to our Company, or such persons have undertaken not to do so, in the event that the Repurchase Mandate is exercised.

If as a result of a repurchase of Shares, a Shareholder's proportionate interest in the voting rights of our Company is increased, such increase will be treated as an acquisition for the purpose of the Takeovers Code. As a result, a Shareholder, or a group of Shareholders acting in concert (as defined in the Takeovers Code), depending on the level of increase in the Shareholder's interest, could obtain or consolidate control of our Company and become(s) 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 due to any repurchase of Shares made pursuant to the Repurchase Mandate immediately after the Listing.

B. FURTHER INFORMATION ABOUT THE BUSINESS OF OUR GROUP

1. Summary of material contracts


We have entered into the following contracts (not being contracts entered into the ordinary course of business) within two years preceding the date of this prospectus which are or may be material and a copy of each has been delivered to the Registrar of Companies in Hong Kong for registration:

- (a) an instrument of transfer dated 22 March 2019 entered into between Platinum Lotus as transferor and our Company as transferee in respect of the transfer of 100 shares in Plateau Star, in consideration for the allotment and issuance of 99 fully paid new Shares by our Company to Platinum Lotus and credited as fully paid the one nil-paid Share held by Platinum Lotus;
- (b) an instrument of transfer and the corresponding bought and sold notes all dated 27 March 2019 entered into between Summit Sino as transferor and Plateau Star as transferee in respect of the transfer of 10,000,000 ordinary shares in ICGL (Hong Kong), in consideration for the allotment and issuance of 100 fully paid new Shares by our Company to Platinum Lotus;
- (c) the Deed of Indemnity; and
- (d) the Hong Kong Underwriting Agreement.

2. Intellectual property rights

(a) Trademark

As of the Latest Practicable Date, we had registered the following trademark which, in the opinion of our Directors, is material to our business:

Trademark	Place of registration	Trademark number	Registered owner	Class	Expiry date
	Hong Kong	304766770	ICGL (Hong Kong)	35, 37, 42	11 December 2028

(b) Domain names

As of the Latest Practicable Date, we had registered the following domain names:

Domain name	Registrant	Registration date
www.icgltw.com	ICGL (Hong Kong)	8 September 2008
www.lotushorizonholdings.com	ICGL (Hong Kong)	15 August 2019

Save as disclosed above, there are no other trade or service marks, patents, copyright, other intellectual or industrial property rights which, in the opinion of our Directors, are material to our Group's business.

C. FURTHER INFORMATION ABOUT OUR DIRECTORS

1. Particulars of Directors' service contracts and letters of appointment

Each of Mr. CHU and Mr. TSANG, being all of our executive Directors, had entered into a service contract with our Company on 5 March 2020 for an initial fixed term of three years commencing from the Listing Date, renewable automatically for successive terms of one year each commencing from the day next after the expiry of the then current term of appointment, unless terminated by not less than three months' notice in writing served by either party on the other expiring at the end of the initial term or any time thereafter. In addition, the executive Directors are subject to retirement at the annual general meeting of our Company at least once every three years pursuant to the Articles and the Listing Rules. Commencing from the Listing Date, each of our executive Directors is entitled to an initial annual salary set forth below, such salary to be reviewed annually by our Board and the Remuneration Committee. In addition, each of our executive Directors is entitled to such discretionary bonus as our Board and the Remuneration Committee may approve, provided that the relevant executive Director shall abstain from voting and not be counted in the quorum in respect of any resolution of our Board approving the amount of annual salary, management bonus and other benefits payable to him. According to the terms of the service contracts entered into between our Company and the executive Directors, the current basic annual remuneration (excluding contribution to pension scheme, discretionary bonus and commission) of Mr. CHU and Mr. TSANG are HK\$1.3 million and HK\$1.1 million, respectively.

Each of Ms. LEUNG, Mr. MA and Ms. YUEN, our independent non-executive Directors, had entered into a letter of appointment with our Company on 5 March 2020. Each letter of appointment is for an initial term commencing on the date of the letter of appointment and shall continue thereafter until 31 March 2021, provided that either party can at any time terminate the appointment by serving the other part not less than one month's notice in writing. The appointment may be extended for such period as each independent non-executive Director and our Company may agree provided that under the Articles and the Listing Rules, every Director (including independent non-executive Director) shall be subject to retirement at an annual general meeting at least once every three years. Commencing from the Listing Date, each independent non-executive Director is entitled to an annual fee of HK\$180,000.

Save as disclosed above, none of our Directors has or is proposed to enter into a service contract or letter of appointment with our Company or any of our subsidiaries (other than contracts expiring or determinable by our Group within one year without the payment of compensation (other than statutory compensation)).

2. Remuneration of Directors

The aggregate remuneration, including salaries and other allowances, discretionary bonus and retirement benefit scheme contributions, which were paid by our Group to our Directors during the Track Record Period were HK\$1.9 million, HK\$2.1 million, HK\$2.3 million, and HK\$1.1 million, respectively.

Under the arrangements in force at the date of this prospectus, our Directors (including independent non-executive Directors) will be entitled to receive remuneration and benefits in kind which, for the year ending 31 March 2020, is expected to be HK\$2.1 million.

There is no arrangement under which any of our Directors has waived or agreed to waive any remuneration or benefits for the Track Record Period.

Save as disclosed above, no other payments had been made or were payable any member of our Group to any of our Directors during the Track Record Period.

D. DISCLOSURE OF INTERESTS**1. Disclosure of interests of our Directors**

Immediately following completion of the Capitalisation Issue and the Share Offer (without taking into account any Shares which may be issued pursuant to the exercise of the Over-allotment Option and/or any option which may be granted under the Post-IPO Share Option Scheme), so far as our Directors are aware, the interest and/or short position of our Directors in the Shares, underlying Shares and debentures of our Company or our associated corporations (within the meaning of Part XV of the SFO) which will be required to be notified to us and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interest or short position which they were 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 referred to therein will be as follows:

(i) Interest in the Shares*Long position*

Name of Director	Nature of interest	Number and class of securities	Percentage of shareholding
Mr. CHU	Interest in controlled corporation	1,500,000,000 Shares (<i>Note</i>)	75%

Note: These Shares are registered in the name of Platinum Lotus which is legally, beneficially and wholly-owned by Mr. CHU. Under the SFO, Mr. CHU is deemed to be interested in all the Shares held by Platinum Lotus.

(ii) Interest in the shares of Platinum Lotus (being a holding company of our Company and therefore an associated corporation)*Long position*

Name of Director	Nature of interest	Number and class of securities	Percentage of shareholding
Mr. CHU	Beneficial interest	1 share at par value of US\$1.0	100%

(iii) Directors' competing interests

None of our Directors are interested in any business apart from our Group's business which competes or is likely to compete, directly or indirectly, with the business of our Group.

2. Disclosure of interest of Substantial Shareholders

Saved as disclosed in the section headed “Controlling Shareholders and Substantial Shareholders” in this prospectus, immediately following 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 the Over-allotment Option and/or any option which may be granted under the Post-IPO Share Option Scheme), our Directors are not aware of any other person (not being a Director) who will have an interest or short position in our Shares or underlying Shares which will be required to be notified to us and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or who is, directly or indirectly, interested in 5% or more of the number of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company and are therefore regarded as substantial shareholders under the Listing Rules.

3. Agency fees or commissions received

Information on the agency fees or commissions payable to the Underwriters is set forth in the section headed “Underwriting” in this prospectus.

Save as disclosed in the section headed “Directors, Senior Management, and Employees” in this prospectus, Appendix I to this prospectus and this appendix, none of our Directors or experts (as named in the paragraph headed “F. Other Information — 8. Qualification of experts” in this appendix) received or will be entitled to receive any commission, discount, brokerages, or other special terms in connection with the issue of any Share within three years immediately preceding the date of this prospectus.

4. Related party transactions

Save as disclosed in note 28 in the Accountants’ Report in Appendix I to this prospectus, during the three years immediately preceding the date of this prospectus, our Group had not entered into any other material related party transactions.

5. Disclaimers

- (i) Taking into no account of any Shares which may be taken up or acquired under the Share Offer or any Shares which may be allotted and issued upon the exercise of the Over-allotment Option and/or any option which may be granted under the Post-IPO Share Option Scheme, our Directors are not aware of any person who, immediately following completion of the Capitalisation Issue and the Share Offer, will have an interest or short position in our Shares or underlying Shares which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO (including interests and/or short positions which they are deemed to have under such provisions of the SFO) or who will, either directly or indirectly, be expected to be interested in 10% or more of the number of any class of share capital carrying rights to vote in all circumstances at the general meetings of our Company or any other members of our Group;

- (ii) none of our Directors and chief executives of our Company has for the purposes of Divisions 7 and 8 of Part XV of the SFO or the Listing Rules, nor is any of them taken to or deemed to have under Divisions 7 and 8 of Part XV of the SFO, an interest or short position in the shares, underlying shares and debentures of our Company or any associated corporations (within the meaning of the SFO) or any interests which will have to be entered in the register to be kept by our Company pursuant to section 352 of the SFO or which will be required to be notified to our Company and the Stock Exchange pursuant to Appendix 10 to the Listing Rules once the Shares are listed on the Stock Exchange;
- (iii) none of our Directors nor the experts named in the paragraph under “F. Other Information — 8. Qualifications of experts” in this appendix has any direct or indirect interest in the promotion of, or in any assets which have been, within the two years immediately preceding the issue 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;
- (iv) none of our Directors nor any of the persons whose names are listed in the paragraph under “F. Other information — 8. Qualifications of experts” in this appendix is materially interested in any contract or arrangement subsisting at the date of this prospectus which was significant in relation to the business of our Group;
- (v) none of the experts named in the paragraph under “F. Other information — 8. Qualifications of experts” in this appendix 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; and
- (vi) none of our Directors, their respective close associates (as defined under the Listing Rules) or Shareholders who are interested in more than 5% of the issued share capital of our Company had any interests in the five largest customers or the vendor of our Group.

E. POST-IPO SHARE OPTION SCHEME

The following is a summary of the principal terms of the Post-IPO Share Option Scheme conditionally approved by our Shareholders on 5 March 2020.

For the purpose of this section, unless the context otherwise requires:

- | | |
|-------------------|--|
| “Board” | means our board of Directors from time to time or a duly authorised committee thereof; |
| “Eligible Person” | means any full-time or part-time employee of our Company or any member of our Group, including any executive director, non-executive director and independent non-executive director, adviser and consultant of our Group; |
| “Further Grant” | has the meaning ascribed to it in sub-paragraph (d) below; |

“Offer Date”	means the date on which an Option is offered to an Eligible Person;
“Option”	means an option to subscribe for Shares granted pursuant to the Post-IPO Share Option Scheme;
“Option Period”	means in respect of any particular Option, the period to be determined and notified by our Board to each Participant;
“Other Schemes”	means any other share option schemes adopted by our Group from time to time pursuant to which options to subscribe for Shares may be granted;
“Participant”	means any Eligible Person who accepts or is deemed to have accepted the offer of any Option in accordance with the terms of the Post-IPO Share Option Scheme or (where the context so permits) a person entitled to any such Option in consequence of the death of the original Participant;
“Scheme Mandate Limit”	has the meaning ascribed to it in sub-paragraph (f) below;
“Shareholders”	means shareholders of our Company from time to time;
“Subsidiary”	means a company which is for the time being and from time to time a subsidiary (within the meaning of section 15 of the Companies Ordinance) of our Company, whether incorporated in Hong Kong or elsewhere; and
“Trading Day”	means a day on which trading of Shares take place on the Stock Exchange.

(a) Purpose of the Post-IPO Share Option Scheme

The Post-IPO Share Option Scheme enables our Company to grant Options to the Eligible Persons as incentives or rewards for their contributions to our Group.

(b) Who may join

Our Board may, at its absolute discretion, invite any Eligible Persons to take up Options at a price calculated in accordance with sub-paragraph (e) below. Upon acceptance of the Option, the Eligible Person shall pay HK\$1.0 to our Company by way of consideration for the grant. The Option will be offered for acceptance for a period of 28 days from the date on which the Option is granted.

(c) Grant of Option

Our Company may not grant any Option after inside information has come to our knowledge until we have announced the information. In particular, our Company may not grant any option during the period commencing one month immediately preceding the earlier of:

- (a) the date of our 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, quarterly or any other interim period (whether or not required under the Listing Rules), and
- (b) the deadline for our Company to publish an announcement of our results for any year or half-year under the Listing Rules, or quarterly or any interim period (whether or not required under the Listing Rules),

and ending on the date of the results announcement. The period during which no Option may be granted will cover any period of delay in the publication of results announcement. Our Board may not grant any Option to an Eligible Person who is our Director during the periods or times in which directors of the listed issuer are prohibited from dealing in shares pursuant to Appendix 10 of the Listing Rules or any corresponding code or securities dealing restrictions adopted by our Company.

(d) Maximum number of Options to any one individual

The total number of Shares issued and to be issued upon exercise of the Options granted to a Participant under the Post-IPO Share Option Scheme and Other Schemes (including both exercised and outstanding Options) in any 12-month period must not exceed 1% of the Shares in issue from time to time. Where any further grant of Options to a Participant (the "**Further Grant**") would result in the Shares issued and to be issued upon exercise of all Options granted and to be granted under the Post-IPO Share Option Scheme and Other Schemes to such Participant (including exercised, cancelled and outstanding Options) in the 12-month period up to and including the date of the Further Grant representing in aggregate over 1% of the Shares in issue from time to time, the Further Grant must be separately approved by the Shareholders in general meeting with such Participant and his close associates (as defined in the Listing Rules) (or his associates (as defined in the Listing Rules) if the Participant is a connected person) abstaining from voting.

In relation to the Further Grant, our Company must send a circular to the Shareholders and the circular must disclose the identity of the relevant Participant, the number and the terms of the Options to be granted (and Options previously granted to such Participant under the Post-IPO Share Option Scheme and Other Schemes) and the information required under the Listing Rules. The number and terms (including the exercise price) of Options to be granted to such participant must be fixed before Shareholders' approval and the date of meeting of our Board for proposing the Further Grant should be taken as the Offer Date for the purpose of calculating the exercise price.

(e) **Price of Shares**

The exercise price for the Shares subject to Options will be a price determined by our Board and notified to each Participant and must be at least the highest of (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant of the Options, which must be a Trading Day; and (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five Trading Days immediately preceding the date of grant of the Options.

(f) **Maximum number of Shares**

- (i) The total number of Shares which may be issued upon the exercise of all Options to be granted under the Post-IPO Share Option Scheme and Other Schemes must not, in aggregate, exceed 10% of the Shares in issue as of the Listing Date (the "**Scheme Mandate Limit**"). Option lapsed in accordance with the terms of the Post-IPO Share Option Scheme will not be counted for the purpose of calculating the Scheme Mandate Limit. On the basis of 2,000,000,000 Shares in issue on the Listing Date, the Scheme Mandate Limit will be equivalent to 200,000,000 Shares, representing 10% of the Shares in issue as of the Listing Date.
- (ii) Subject to the approval of Shareholders in general meeting, our Company may "refresh" the Scheme Mandate Limit to the extent that the total number of Shares which may be issued upon exercise of all Options to be granted under the Post-IPO Share Option Scheme and Other Schemes under the Scheme Mandate Limit as "refreshed" must not exceed 10% of the Shares in issue as of the date of such Shareholders' approval. Options previously granted under the Post-IPO Share Option Scheme and Other Schemes (including those outstanding, cancelled, lapsed in accordance with the terms thereof or exercised Options) will not be counted for the purpose of calculating the Scheme Mandate Limit as "refreshed". In relation to the Shareholders' approval referred to in this paragraph (ii), our Company must send a circular to the Shareholders containing the information required by the Listing Rules.
- (iii) Subject to the approval of Shareholders in general meeting, our Company may also grant Options beyond the Scheme Mandate Limit provided that Options in excess of the Scheme Mandate Limit are granted only to the Eligible Persons specifically identified by our Company before such Shareholders' approval is sought. In relation to the Shareholders' approval referred to in this paragraph (iii), our Company must send a circular to its Shareholders containing a generic description of the specified Eligible Persons, the number and terms of the Options to be granted, the purpose of granting Options to the specified Eligible Persons with an explanation as to how the terms of the Options serve such purpose and such other information required by the Listing Rules.
- (iv) Notwithstanding the foregoing, our Company may not grant any Options if the number of Shares which may be issued upon exercise of all outstanding Options granted and yet to be exercised under the Post-IPO Share Option Scheme and Other Schemes exceeds 30% of the Shares in issue from time to time.

(g) Time of exercise of Option and performance target

An Option may be exercised in accordance with the terms of the Post-IPO Share Option Scheme at any time during a period to be determined and notified by our Board to each Participant provided that the period within which the Option must be exercised shall not be more than ten years from the date of the grant of Option. The exercise of an Option may be subject to the achievement of performance target and/or any other conditions to be notified by the Board to each Participant, which the Board may in its absolute discretion determine.

(h) Rights are personal to grantee

An Option shall be personal to the Participant and shall not be assignable or transferable and no Participant shall in any way sell, transfer, charge, mortgage, encumber or create any interest whether legal or beneficial in favour of any third party over or in relation to any Option. Any breach of the foregoing by the Participant shall entitle our Company to cancel any Option or any part thereof granted to such Participant (to the extent not already exercised) without incurring any liability on our Company.

(i) Rights on death, retirement and cessation of employment

If a Participant dies before exercising the Options in full, his or her personal representative(s) may exercise the Options in full (to the extent that it has become exercisable on the date of death and not already exercised) within a period of 12 months from the date of death, failing which such Options will lapse.

In the event that a Participant retires in accordance with his contract of employment or upon expiration of his or her contract of employment or term of directorship before exercising his or her options in full, such Options will lapse on the date he or she retires or the date of expiration of his or her contract of employment or term of directorship.

(j) Changes in capital structure

In the event of any alteration in the capital structure of our Company while an Option remains exercisable, and such event arises from a capitalisation of profits or reserves, rights issue, consolidation, reclassification, subdivision or reduction of the share capital of our Company, such corresponding alterations (if any) shall be made in the number of Shares (without fractional entitlements) subject to the Options so far as unexercised, and/or the exercise price, and/or the method of the Options, and/or the maximum number of Shares subject to the Post-IPO Share Option Scheme.

Any adjustments required under this paragraph must give a Participant the same proportion of the equity capital as that to which that Participant was previously entitled and shall be made on the basis that the aggregate exercise price payable by a Participant on the full exercise of any Option shall remain as nearly as possible the same (but shall not be greater than) as it was before such event, unless with the prior approval of the Shareholders in general meeting, no such adjustments may be made to the advantage of the Participant. For the avoidance of doubt, the issue of securities as consideration in a transaction may not be regarded as a circumstance requiring adjustment. In respect of any such adjustments, other than any made on a capitalisation issue, the independent

financial adviser of our Company or the auditors of our Company must confirm to the Directors in writing that the adjustments satisfy the requirements of the relevant provisions of the Listing Rules and the supplementary guidance set forth in the letter issued by the Stock Exchange dated 5 September 2005 and any further guidance/interpretation of the Listing Rules issued by the Stock Exchange from time to time.

(k) Rights on take-over

If a general offer (whether by way of takeover offer, repurchase offer or scheme of arrangement or otherwise in like manner) has been made to all the Shareholders (other than the offeror and/or any persons acting in concert with the offeror), to acquire all or part of the issued Shares, and such offer, having been approved in accordance with applicable laws and regulatory requirements, becomes or is declared unconditional, the Participant shall be entitled to exercise his or her outstanding Option in full or any part thereof within 14 days after the date on which such offer becomes or is declared unconditional. For the purposes of this sub-paragraph, “acting in concert” shall have the meaning ascribed to it under the Takeovers Code.

(l) Rights on a compromise or arrangement

If an application is made to the court (otherwise than where our Company is being voluntarily wound up) in connection with a proposed compromise or arrangement between our Company and our creditors (or any class of them) or between our Company and our Shareholders (or any class of them), a Participant may by notice in writing to our Company, within a period of 21 days after the date of such application, exercise his or her outstanding Option in full extent or to the extent specified in such note. Upon the compromise or arrangement becoming effective, all Options shall lapse except insofar as exercised. Notice of the application referred to herein and the effect thereof shall be given by our Company to all Participants as soon as practicable.

(m) Rights on winding-up

In the event of a notice being given by our Company to our Shareholders to convene a general meeting for the purpose of approving a resolution to voluntarily wind up our Company when our Company is solvent, our Company shall on the day of such notice to each Shareholder or as soon as practicable, give notice thereof to all Participants. Thereupon each Participant shall be entitled to exercise all or any of his or her outstanding Options at any time no later than two business days prior to the proposed general meeting of our Company by giving notice in writing to our Company, accompanied by a remittance for the full amount of the aggregate subscription price for the Shares in respect of which the notice is given, whereupon our Company shall as soon as possible and, in any event, no later than the business day immediately prior to the date of the proposed general meeting referred to above, allot and issue the relevant Shares to the Participant credited as fully paid.

(n) Lapse of Option

An Option shall lapse forthwith and not exercisable (to the extent not already exercised) on the earliest of:

- (i) the date of expiry of the Option as may be determined by the Board;
- (ii) subject to paragraphs (f) and (p), the expiry of the Option Period;
- (iii) the first anniversary of the death of the Participant;
- (iv) in the event that the Participant was an employee or director of any member of our Group on the date of grant of Option to him or her, the date on which such member of our Group terminates the Participant's employment or removes the Participant from his or her office on the ground that the Participant has been guilty of misconduct, has committed an act of bankruptcy or has become insolvent or has made any arrangements or composition with his or her creditors generally, or has been convicted of any criminal offence involving his or her integrity or honesty. A resolution of our Board or the board of directors of the relevant member of our Group to the effect that such employment or office has or has not been terminated or removed on one or more grounds specified in this sub-paragraph shall be conclusive;
- (v) in the event that the Participant was an employee or director of any member of our Group on the date of grant of Option to him or her the date of the Participant ceasing to be an employee or director of such member of our Group by reason of:
 - (1) his or her retirement on or after attaining normal retirement age or, with the express consent of our Board in writing for the purpose of this sub-paragraph, at a younger age;
 - (2) ill health or disability recognised as such expressly by our Board in writing for the purpose of this sub-paragraph;
 - (3) the company by which he or she is employed and/or of which he or she is a director (if not our Company) ceasing to be a subsidiary of our Company;
 - (4) expiry of his or her employment contract or vacation of his or her office with such member of our Group such contract or office is not immediately extended or renewed; or
 - (5) at the discretion of our Board, any reason other than death or the reasons described in sub-paragraph (iv) or (v)(1) to (4);
- (vi) the expiry of any period referred to in paragraphs (k) and (l) above, provided that in the case of paragraph (k), all Options granted shall lapse upon the proposed compromise or arrangement becoming effective; and
- (vii) the date the Participant commits any breach of the provisions of paragraph (h).

(o) Ranking of Shares

Shares allotted and issued upon the exercise of an Option will be subject to our Company's articles of association as amended from time to time and will rank *pari passu* in all respects with the fully paid or credited as fully paid Shares in issue on the date of such allotment or issue and accordingly will entitle the holders to participate in all dividends or other distributions paid or made on or after the date, of allotment and issue 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 date of allotment or issue.

(p) Cancellation of Options granted

Any cancellation of Options granted in accordance with the Post-IPO Share Option Scheme but not exercised must be approved by the grantee concerned in writing. In the event that our Board elects to cancel any Options and issue new ones to the same grantee, the issue of such new Options may only be made with available unissued Options (excluding the cancelled Options) within the Scheme Mandate Limit.

(q) Period of Post-IPO Share Option Scheme

The Post-IPO Share Option Scheme will be valid and effective for a period of ten years commencing on the Listing Date, after which period no further Options may be granted but the provisions of the Post-IPO Share Option Scheme shall remain in full force and effect in all other respects and Options granted during the life of the Post-IPO Share Option Scheme may continue to be exercisable in accordance with their terms of issue.

(r) Alteration to and termination of Post-IPO Share Option Scheme

The Post-IPO Share Option Scheme may be altered in any respect by resolution of our Board except that, (i) any alteration to the advantage of the Participants or the Eligible Persons (as the case may be) relating to matters contained in Chapter 17 of the Listing Rules; (ii) any alteration to the terms and conditions of the Post-IPO Share Option Scheme which is of material nature or any change to the terms of Options granted, except where the alterations take effect automatically under the existing terms of the Post-IPO Share Option Scheme; and (iii) any change to the authority of the Directors or scheme administration in relation to any alteration to the terms of the Post-IPO Share Option Scheme, must first be approved by the Shareholders in general meeting (with the Eligible Persons, the Participants and their associates abstaining from voting) provided that the amended terms of the Post-IPO Share Option Scheme or Options granted must still comply with the requirements of Chapter 17 of the Listing Rules.

Any alterations to the terms and conditions of Post-IPO Share Option Scheme, which are of material nature, shall first be approved by the Stock Exchange, except where such alterations take effect automatically under the existing terms of the Post-IPO Share Option Scheme.

Our Company may, by ordinary resolution in general meeting, at any time terminate the operation of the Post-IPO Share Option Scheme before the end of its life and in such event no further Options will be offered but the provisions of the Post-IPO Share Option Scheme shall remain in all other respects in full force and effect in respect of Options granted prior thereto but

not yet exercised at the time of termination, which shall continue to be exercisable in accordance with their terms of grant. Details of the Options granted, including Options exercised or outstanding, under the Post-IPO Share Option Scheme, and (if applicable) Options that become void or non-exercisable as a result of termination must be disclosed in the circular to the Shareholders seeking approval for the new scheme to be established after such termination.

(s) Granting of Options to a Director, chief executive or substantial shareholder of our Company or any of their associates

Where Options are proposed to be granted to a director, chief executive or Substantial Shareholder of our Company or any of their respective associates, the proposed grant must be approved by all independent non-executive Directors (excluding any independent non-executive Director who is the grantee of the Options).

If a grant of Options to a Substantial Shareholder or an independent non-executive Director, or any of their respective associates will result in the total number of the Shares issued and to be issued upon exercise of the Options already granted and to be granted (including Options exercised, cancelled and outstanding) to such person under the Post-IPO Share Option Scheme or Other Schemes in any 12-month period up to and including the date of the grant (i) representing in aggregate 0.1% (or such other percentage as may from time to time specified by the Stock Exchange) of the Shares in issue from time to time, and (ii) having an aggregate value, based on the closing price of the Shares at the date of the grant, in excess of HK\$5 million, then the proposed grant of Options must be approved by the Shareholders. Our Company must send a circular to the Shareholders which must contain the information required under the Listing Rules. The grantee, his associates and all core connected persons (as defined in the Listing Rules) of our Company must abstain from voting at such general meeting.

In addition, Shareholders' approval as described above will also be required for any change in terms of the Options granted to an Eligible Person who is a Substantial Shareholder, an independent non-executive Director or any of their respective associates.

The circular must contain the following:

- (i) details of the number and terms (including the exercise price) of the Options to be granted to each Eligible Person, which must be fixed before the relevant Shareholders' meeting, and the date of Board meeting for proposing such further grant is to be taken as the date of grant for the purpose of calculating the exercise price;
- (ii) a recommendation from our independent non-executive Directors (excluding any independent non-executive Director who is a proposed grantee of the Options in question) to independent Shareholders as to voting;
- (iii) the information required under Rules 17.02(2)(c) and (d) and the disclaimer required under Rule 17.02(4) of the Listing Rules; and
- (iv) all other information as required by the Listing Rules (including Rule 2.17).

For the avoidance of doubt, the requirements for the granting of Options to a Director or chief executive (as defined in the Listing Rules) set forth in this paragraph (r) do not apply where the Eligible Person is only a proposed Director or proposed chief executive.

(t) Conditions of Post-IPO Share Option Scheme

The Post-IPO Share Option Scheme is conditional on (i) the passing of a resolution to adopt the Post-IPO Share Option Scheme by the Shareholders in general meeting; and (ii) the Stock Exchange granting approval for the listing of and permission to deal in the Shares which may be issued pursuant to the exercise of Options.

Application has been made to the Stock Exchange for the listing of and permission to deal in the Shares which fall to be issued pursuant to the exercise of Options granted under Post-IPO Share Option Scheme.

(u) Administration of the Post-IPO Share Option Scheme

The Post-IPO Share Option Scheme will be administered by our Board whose decision (save as otherwise provided therein) shall be final and binding on all parties.

(v) Present status of the Post-IPO Share Option Scheme

As of the Latest Practicable Date, no Option had been granted or agreed to be granted by our Company under the Post-IPO Share Option Scheme.

(w) Disclosure in annual and interim reports

Our Company will disclose all information in relation to the Post-IPO Share Option Scheme in its annual and interim reports in accordance with the Listing Rules.

F. OTHER INFORMATION

1. Tax and other indemnities

Each of our Controlling Shareholders (collectively, the “**Indemnifiers**”) has entered into the Deed of Indemnity with and in favour of our Company (for itself and as trustee for each of our present subsidiaries) (being one of the material contracts referred in the paragraphs under “B. Further information about the business of our Group — 1. Summary of material contracts” in this appendix) to provide indemnities on a joint and several basis in respect of, among other matters:

- (a) taxation falling on any member of our Group resulting from or by reference to any revenue, income, profits or gains granted, earned, accrued, received or made (or deemed to be so granted, earned, accrued, received or made) on or before the date on which the Share Offer becomes unconditional and dealings in Shares first commence on the Stock Exchange (the “**Effective Date**”) or any transaction, matters, things, event, act or omission occurring or deemed to occur on or before such date, whether alone or in conjunction with any other transaction, matter, thing, event, act, omission or circumstance whenever occurring and whether or not such taxation is chargeable against or attributable to any other person, firm or company; and

- (b) all costs (including all legal costs), expenses, interests, penalties, fines, charges or other liabilities which any member of our Group may reasonably incur in connection with:
 - (i) the investigation, assessment, the contesting of any claim under (a) above;
 - (ii) the settlement of any claim under (a) above;
 - (iii) any legal proceedings in which any member of our Group claims under or in respect of (a) above, and in which judgment is given for any member of our Group; or
 - (iv) the enforcement of any such settlement or judgments.

The Indemnifiers have also, under the Deed of Indemnity, agreed and undertaken to each of the members of our Group and at all times keep the same indemnified on demand from and against any losses, damages, claims or penalties that our Group may suffer or incur, as a result of our Group's outstanding litigations, claims and non-compliance matters, which subsist prior to the Listing Date, whether or not such non-compliance has been disclosed in this prospectus.

The Indemnifiers will, however, not be liable under the Deed of Indemnity for taxation:

- (a) to the extent that provision has been made for such taxation in the consolidated financial statements of our Company or the audited financial statements of the relevant member of our Group up to 30 September 2019;
- (b) to the extent that such taxation arises or is incurred as a result of any change in the law, retrospective effect coming into force after the date on which Share Offer becomes unconditional or to the extent that such taxation arises or is incurred as a result of an increase in rates of taxation after the date on which Share Offer becomes unconditional with retrospective effect (except the imposition of or an increase in the rate of Hong Kong profits tax or any tax of any where else in the world on the profits of companies for the current or any earlier financial period);
- (c) to the extent that such taxation is discharged by another person who is not a member of our Group and that none of the members of our Group is required to reimburse such person in respect of the discharge of the taxation; or
- (d) to the extent of any provision or reserve made for such taxation in the consolidated financial statements referred to in sub-paragraph (a) above is established to be an over-provision or an excessive reserve.

Pursuant to The Revenue (Abolition of Estate Duty) Ordinance 2005 which came into effect on 11 February 2006 in Hong Kong, estate duty ceased to be chargeable in Hong Kong in respect of the estates of persons dying on or after that date. No Hong Kong estate duty is payable and no estate duty clearance papers are needed for an application for a grant of representation in respect of holders of Shares whose death occur on or after 11 February 2006.

Our Directors have been advised that no material liability for estate duty is likely to fall on our Company or any of its subsidiaries in the Cayman Islands or BVI, being jurisdictions in which one or more of the companies comprising our Group were incorporated. There are currently no taxes in the form of estate duties under Cayman Islands law, and no estate tax is currently payable by persons who are not resident in BVI with respect of any shares, debt obligations or other securities of a BVI company.

2. Registers of members and taxation concerning the Shareholders

The principal register of members of our Company in the Cayman Islands will be maintained by Conyers Trust Company (Cayman) Limited, and a branch register of members of our Company in Hong Kong will be maintained by Tricor Investor Services Limited. Save when our Directors otherwise agree, all transfers and other documents of title to Shares must be lodged for registration with, and registered by, Hong Kong Share Registrar and may not be lodged in the Cayman Islands. All necessary arrangements have been made to enable the Shares to be admitted into CCASS as eligible securities.

Dealings in Shares registered on the register of members of our Company held by the Hong Kong Share Registrar will be subject to stamp duty. The current rate charged on each of the purchase and seller is 0.1% of the consideration of, if higher, of fair value of our Shares being sold or transferred. Profits from dealings in Shares arising in or derived from Hong Kong may also be subject to the profits tax in Hong Kong. Under the present Cayman Islands law, there is no stamp duty payable in the Cayman Islands on transfer of shares of companies incorporated in the Cayman Islands, except those companies which hold interests in land in the Cayman Islands. No stamp duties or similar documentary taxes imposed by or in BVI are payable by our Company and our Company will not be required by any laws of BVI to make any deduction or withholding from any payment it may make. Notwithstanding any provision of the Income Tax Ordinance of BVI, (a) our Company; (b) all dividends, interest, rents, royalties, compensations and other amounts paid by our Company; and (c) capital gains realised with respect to any shares, debt obligations or other securities of our Company, are exempt from all provisions of the Income Tax Ordinance of BVI. BVI currently levies no estate, inheritance, succession or gift tax with respect to any shares, debt obligations or other securities of our Company.

Intending holders of the Shares are recommended to consult their professional advisers if they are in any doubt as to the taxation implications of subscribing for, purchasing, holding or disposing of or dealing in the Shares. None of our Company, our Directors or parties involved in the Share Offer accepts responsibility for any tax effect on, or liabilities of holders of Shares resulting from their subscription for, purchase, holding or disposal or dealing in Shares.

3. Litigation

Save as disclosed in the paragraphs under “Business — Non-compliance with laws and regulations” and “Business — Litigations” in this prospectus, as of the Latest Practicable Date, neither our Company nor any of our subsidiaries was engaged in any litigation or claims or arbitration of material importance and no litigation or claims of material importance is known to our Directors to be pending or threatened against our Company or any of our subsidiaries.

4. Sole Sponsor

The Sole Sponsor has made an application for and on behalf of our Company to the Listing Committee for the listing of, and permission to deal in, all the Shares in issue and to be issued as mentioned in this prospectus, including the Offer Shares and any Shares which may fall to be allotted and issued pursuant to the Capitalisation Issue, the exercise of the Over-allotment Option and the exercise of any options which may be granted under the Post-IPO Share Option Scheme.

The Sole Sponsor satisfies the independence criteria applicable to sponsors as set forth in Rule 3A.07 of the Listing Rules. The Sole Sponsor’s fee in relation to the Listing is HK\$5.0 million.

5. Compliance adviser

In accordance with the requirements of the Listing Rules, our Company has appointed Innovax Capital Limited as our compliance adviser to ensure compliance with Rule 3A.19 of the Listing Rules for a period commencing on the Listing Date and ending on the date on which our Company complies with Rule 13.46 of the Listing Rules in respect of our financial results for the first full year commencing after the Listing Date and such appointment may be subject to extension by mutual agreement.

6. Preliminary expenses

The preliminary expenses incurred and paid by our Company were HK\$43,797.

7. Promoters

- (a) Our Company has no promoter for the purposes of the Listing Rules.
- (b) Within the three years immediately preceding the date of this prospectus, no cash, securities or other benefit has been paid, allotted or given nor are any proposed to be paid, allotted or given to any promoters in connection with the Share Offer and the related transactions described in this prospectus.

8. Qualifications of experts

The qualifications of the experts who have given reports, letter or opinions (as the case may be) in this prospectus are as follows:

Name	Qualification
Innovax Capital Limited	A corporation licenced to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
Conyers Dill & Pearman	Cayman Islands attorney-at-law
Deloitte Touche Tohmatsu	Certified public accountants
RSM Consulting (Hong Kong) Limited	Internal control consultant
Ipsos Limited	Industry consultant
Chan Chung	Barrister-at-law in Hong Kong

9. Consents of experts

Each of the experts named in the paragraph under “F. Other Information — 8. Qualifications of experts” in this appendix has given and has not withdrawn its respective written consent to the issue of this prospectus with the inclusion of their reports, letters, opinions or summaries of opinions (as the case may be) and the references to their names included in this prospectus in the form and context in which it is respectively included.

10. 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 penalty provisions) of sections 44A and 44B of the Companies Ordinance so far as applicable.

11. No material adverse change

Our Directors confirmed that, up to the Latest Practicable Date, there had been no material adverse change in financial or trading position or prospects of our Group since 30 September 2019, being the date on which the latest financial information of our Group was reported in the Accountants’ Report set forth in Appendix I to this prospectus.

12. Miscellaneous

- (a) Within the two years preceding the date of this prospectus:
 - (i) save as disclosed in the paragraph under “A. Further information about our Company and our subsidiaries — 5. Further information about our subsidiaries” in this appendix and the section headed “History, Development, and Reorganisation” in this prospectus, no share or loan capital of our Company or any of our subsidiaries has been issued or agreed to be issued fully or partly paid either for cash or for a consideration other than cash;

- (ii) no share 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;
 - (iii) 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 capital of our Company or any of our subsidiaries; and
 - (iv) save as disclosed in the section headed “Underwriting” in this prospectus, no commission has been paid or is payable for subscription, agreeing to subscribe, procuring subscription or agreeing to procure subscription for any Shares in our Company or any of our subsidiaries.
- (b) No founder, management or deferred shares nor any debentures in our Company or any of our subsidiaries have been issued or agreed to be issued.
 - (c) There has not been any interruption in the business of our Group which may have or has had a material adverse effect on the financial position of our Group in the 12 months preceding the date of this prospectus.
 - (d) None of the persons named in the paragraph under “F. Other Information — 8. Qualifications of experts” in this appendix:
 - (i) is interested beneficially or non-beneficially in any shares in any member of our Group; or
 - (ii) has any right or option (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any shares in any member of our Group.
 - (e) No company within our Group is presently listed on any stock exchange or traded on any trading system.
 - (f) Our Company had no outstanding convertible debt securities as of the Latest Practicable Date.
 - (g) The principal register of members of our Company will be maintained in the Cayman Islands by Conyers Trust Company (Cayman) Limited and a branch register of members of our Company will be maintained in Hong Kong by Tricor Investor Services Limited. Unless our Directors otherwise agree, all transfer and other documents of title of Shares must be lodged for registration with and registered by Hong Kong Share Registrar and may not be lodged in the Cayman Islands. All necessary arrangements have been made to enable the Shares to be admitted into CCASS for clearing and settlement.
 - (h) Our Directors have been advised that, under the laws of Cayman Islands, the use of a Chinese name pre-approved by the Registrar of Companies of the Cayman Islands by our Company in conjunction with the English name, does not contravene the laws of Cayman Islands.

- (i) There are no arrangements in existence under which future dividends are to be or agreed to be waived.

13. Bilingual prospectus

Pursuant to the exemption provided by 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. In case of any discrepancies between the English language version and Chinese language version, the English language version shall prevail.

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

The documents attached to a copy of this prospectus and delivered to the Registrar of Companies in Hong Kong for registration were:

- (a) copies of each of the **WHITE, YELLOW** and **GREEN** Application Forms;
- (b) copies of the material contracts referred to in the paragraphs under “B. Further information about the business of our Group — 1. Summary of material contracts” in Appendix IV to this prospectus; and
- (c) the written consents referred to in the paragraph under “F. Other information — 9. Consents of experts” in Appendix IV to this prospectus.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the office of Stevenson, Wong & Co., 39/F, Gloucester Tower, The Landmark, 15 Queen’s Road Central, Hong Kong during normal business hours up to and including the date which is 14 days from the date of this prospectus:

- (a) the amended and restated Memorandum and Articles;
- (b) the Accountants’ Report of our Group prepared by Deloitte Touche Tohmatsu, the text of which is set forth in Appendix I to this prospectus;
- (c) the consolidated audited financial statements of our Group for each of the three years ended 31 March 2019 and the six months ended 30 September 2019;
- (d) the assurance report from Deloitte Touche Tohmatsu on the compilation of the unaudited pro forma financial information, the text of which is set forth in Appendix II to this prospectus;
- (e) the letter of advice prepared by Conyers Dill & Pearman, our Cayman Islands legal advisers, summarising certain aspects of the Cayman Islands company law referred to in Appendix III to this prospectus;
- (f) the Companies Law;
- (g) the legal opinion prepared by Mr. Chan Chung, the Compliance Counsel to our Company;
- (h) the Ipsos Report;
- (i) the material contracts referred to in the paragraphs under “B. Further information about the business of the Group — 1. Summary of material contracts” in Appendix IV to this prospectus;
- (j) the written consents referred to in the paragraph under “F. Other information — 9. Consents of experts” in Appendix IV to this prospectus;

- (k) the service contracts and letters of appointment with each of our Directors referred to in the paragraphs under “C. Further information about our Directors — 1. Particulars of Directors’ service contracts and letters of appointment” in Appendix IV to this prospectus; and
- (l) the rules of the Post-IPO Share Option Scheme.

Lotus Horizon Holdings Limited
智中國際控股有限公司

