

SUMMARY

This summary aims to give you an overview of the information contained in this document. As it is a summary, it does not contain all the information that may be important to you. You should read this document in its entirety before you decide to [REDACTED]. There are risks associated with any investment. Some of the particular risks in [REDACTED] are set out in the section headed “Risk Factors” of this document. You should read that section carefully before you decide to [REDACTED].

BUSINESS MODEL AND OVERVIEW

We were established in 2007 and position as a premium slewing ring manufacturer in the PRC serving our customers in the PRC, Hong Kong and overseas. We are also a “one-stop service” provider for other mechanical parts and components and machineries which are used mainly in construction and mining sites. To expand our business base, since 2020, we have been manufacturing mechanical parts and components as well as sourcing machineries and mechanical parts and components for our customers to seize the business opportunities and cater the need of our customers.

With over 15 years of experience in manufacturing and providing slewing rings related products and services, according to the Industry Report, whilst the slewing rings market is fairly fragmented and the top three manufacturers together accounted for approximately 47.6% of the slewing ring market in terms of sales revenue in 2021, we accounted for approximately 0.5% of the market share. Our Group also ranked fifth among the slewing ring manufacturers in the PRC in 2021 in terms of sales revenue to overseas markets, accounting for approximately 1.5% of the market share in the PRC in 2021 and are the largest slewing ring manufacturer in South China⁽¹⁾ in terms of sales revenue to overseas markets.

A slewing ring is a necessary transmission part for some large-size machineries and equipments, which can ensure the relative rotational motion between objects, as well as bearing the axial force, radial force and tilting moment simultaneously. Generally, it is a rotational rolling-element bearing that typically supports a heavy but slow-turning or slow-oscillating load. It has a wide application in many areas such as construction machineries and equipment, wind turbines, military equipment and machineries, robotics, etc. We pride ourselves in our ability to manufacture slewing rings that conform to premium standard under JIS, which according to the Industry Report, has higher product requirements and level of precision than JB and JB/T standards. The JIS sets out standards on gear with regards to product specification including but not limited to accuracy, shares, profile, dimensions, backlash and measuring method. Our slewing rings which conforms to JIS are in line with the standards required by certain customers which are leading Japanese heavy duty machineries manufacturers or their affiliates, and we are able to offer a long warranty period of up to 3,000 hours of operation or two years (whichever occurs first) for slewing rings manufactured under our OEM basis, which is significantly higher than the usual warranty period of 2,000 hours of operation or one year (whichever occurs first) available in the market.

We are capable of producing a broad spectrum of slewing rings with inner diameter ranging from 125mm to 3.6m for various applications and we manufacture slewing rings on three basis, namely (i) ODM; (ii) OEM; and (iii) OBM. We also source slewing rings which we do not manufacture to cater the needs of our customers. We have a diverse customer base which include customers from the PRC, Hong Kong, Singapore, Japan, the Philippines and other Asian countries/locations. For our OEM business, we manufacture and supply slewing rings for a number of leading Japanese manufacturers or their affiliates, such as (i) Sumitomo Construction Machinery Co., Ltd., a leading heavy duty machinery manufacturer in Japan and a subsidiary of Sumitomo Heavy Industries, Ltd, a company listed on the Tokyo Stock Exchange which is engaged in the manufacture of various machineries, and its subsidiary; (ii) an affiliate of Yutani Industrial Co., Ltd., a leading construction machinery parts supplier in Japan; and (iii) KATO SCE (Xiamen) Construction Machinery Co. Ltd. (formerly known as Ishikawajima SCE (Xiamen) Construction Machinery Co., Ltd), whose shareholder is a leading heavy industry company in Japan.

Since we expanded our production facilities after our GEM Listing, we extended our manufacturing products range to include various mechanical parts and components such as undercarriage parts, long reach arm of excavators and buckets, which are commonly sought by our customers alongside our slewing rings, on ODM basis. We also source other mechanical parts and

Note (1) South China means Guangdong Province, the Guangxi Zhuang Autonomous Region, Hainan Province, Hong Kong and Macau.

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components for our customers. Further, leveraging on our long established business relationship with Sumitomo Construction Machinery Co., Ltd. as we have been a supplier of slewing rings under OEM basis to it for over 10 years, we are in a position to source excavators and other heavy duty machineries directly from Sumitomo Construction Machinery Sales Co., Ltd., an affiliate of Sumitomo Construction Machinery Co., Ltd. We also extended our heavy duty machineries offering on other types of machineries such as pile drivers, wheel loaders and trucks.

Our pricing policy

For the slewing rings and mechanical parts and components, we generally determine our pricing on a cost-plus basis taking into consideration factors such as production costs, price of raw materials, technical requirements, level of our value added services and consultation required, timing for the production, market conditions, and our Group's expected profit margins. For machineries, likewise, we typically determine our pricing on a cost-plus basis taking into account primarily the sale price from suppliers, consultation and inspection work required, transportation cost, credit terms, the market price and availability and our Group's expected profit margin.

Our customers

We have an international customer base, and our customers are mainly wholesalers, traders, construction contractors, and heavy duty machinery manufacturers. We are able to seize business opportunities with these customers as (i) wholesalers and traders used to source wide range of products from various suppliers for re-sale to end customers; (ii) construction contractors operate heavy duty machineries during their course of business, and thus have a demand on various kinds of heavy duty machineries and a necessity on related parts and components to carry out maintenance for their machineries; and (iii) our stringent quality assurance and capability to produce and customise slewing rings conforming to JIS, JB and JB/T standards make us eligible to be an OEM manufacturer. During the Track Record Period, we had been supplying slewing rings and heavy duty machineries to contractors working on the Hong Kong International Airport Three Runway System Project as well as a nominated supplier for the supply and use of slewing rings in a theme park and resort in Hong Kong. During the Track Record Period, we derived revenue from 34, 36 and 36 customers, respectively.

For FY2020, FY2021 and FY2022, sales to our top five customers accounted for approximately 63.9%, 58.6% and 55.1% of our revenue, respectively. In the corresponding years, sales to our largest customer were approximately HK\$13.1 million, HK\$23.6 million and HK\$28.9 million, which accounted for approximately 18.8%, 17.9% and 22.6% of our revenue, respectively.

Our suppliers

During the Track Record Period, our major suppliers were raw material provider which we need for our production of slewing rings and mechanical parts and components as well as the suppliers of machineries and finished goods for products we sourced for our customers. Substantially all of our raw materials are supplied by suppliers located in the PRC and Hong Kong and we have established an approved supplier list to ensure the quality of our supplies.

For FY2020, FY2021 and FY2022, our purchases from our five largest suppliers represented approximately 68.3%, 67.0% and 61.1% of our total purchase, respectively, and purchases from our single largest supplier accounted for approximately 23.4%, 22.2% and 16.4%, respectively, of our total purchase in the corresponding years.

During the Track Record Period, two of our top five customers and two of our top five suppliers or their affiliates were also our suppliers and customers, respectively. These overlaps arose due to the broad range in products nature we offer alongside the supply of machineries and the business nature of our customers and suppliers as wholesalers and traders.

OUR PRODUCTION FACILITIES

Our Group's production facility is located in Changping Town of Dongguan City, the PRC and is leased from an Independent Third Party. Our production facilities, office, dormitory and building surrounding land, occupy a total gross floor area of approximately 7,463.9 sq.m. For FY2020, FY2021 and FY2022, the depreciation charged against the right-of-use of such production facility were approximately HK\$0.5 million, HK\$0.6 million and HK\$0.6 million, respectively.

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COMPETITIVE STRENGTHS

We believe the following competitive strengths contribute to our success and potential for further growth:

- (i) we adhere to high standards of production conforming to JIS.
- (ii) we have international customer base and are able to customise and produce slewing rings adopting both applicable national JB or JB/T standards and JIS.
- (iii) we have a strong focus on stringent quality assurance.
- (iv) we have an experienced and capable management team and technicians.
- (v) our ability to offer comprehensive and new products with value-added services.
- (vi) we can produce multi-units products simultaneously.

IMPLEMENTATION OF BUSINESS STRATEGIES AND USE OF PROCEEDS

Since our GEM Listing, we have been actively implementing our business plans and strategies to leverage on our competitive advantage to expand the scale of our operation, strengthen our market position and increase our profit margin. We pursued the strategies of (i) acquiring and replacing machineries and equipment with an aim to enhance and expand our production capacity at our production facilities in Dongguan City, the PRC; (ii) enlarging our market share and strengthening our marketing efforts; (iii) increasing our level of automation; (iv) establishing our ERP system; (v) expanding our finance department; and (vi) enhancing staff training to achieve our goals. Despite the impact of COVID-19, our Directors consider that our strategies have successfully facilitated the Group to achieve our business plans and increase our competitiveness.

As at 31 December 2022, we had utilised approximately HK\$26.8 million of the net proceeds from the GEM Listing and the balance of approximately HK\$1.6 million is expected to be fully utilised in 2023. The table below sets forth the details of our use of net proceeds from the GEM Listing and the amount utilised up to 31 December 2022:

	Adjusted and intended use of net proceeds from the GEM Listing		Actual use of net proceeds up to 31 December 2022		Amount of net proceeds remaining as at 31 December 2022		Expected timeline of full utilisation of the net proceeds
	(HK\$'000)	%	(HK\$'000)	%	(HK\$'000)	%	
1. To acquire and replace machineries and equipment with an aim to enhance and expand our production capacity at our production facilities in Dongguan, the PRC	17,210	60.6	17,210	60.6	—	—	N/A
2. To enlarge our market share and strengthen our marketing efforts	1,246	4.4	1,246	4.4	—	—	N/A
3. To increase our level of automation	2,158	7.6	2,158	7.6	—	—	N/A
4. To establish our ERP system	1,704	6.0	837	2.9	867	3.1	Q4 of 2023
5. To expand our finance department	1,420	5.0	854	3.0	566	2.0	Q4 of 2023
6. To enhance staff training	227	0.8	16	0.1	211	0.7	Q4 of 2023
7. To maintain sound working capital for operation	4,435	15.6	4,435	15.6	—	—	N/A
Total	28,400	100	26,756	94.2	1,644	5.8	

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KEY OPERATIONAL FINANCIAL DATA

For the three years ended 31 December 2022, our revenue amounted to approximately HK\$69.5 million, HK\$132.3 million and HK\$127.7 million, and our profit for the year attributable to owners of the Company amounted to approximately HK\$13.6 million, HK\$35.1 million and HK\$34.9 million, respectively. The tables below set forth our key operational and financial data during the Track Record Period.

Highlights of consolidated statements of comprehensive income

	For the year ended 31 December		
	2020	2021	2022
	HK\$'000	HK\$'000	HK\$'000
Revenue	69,499	132,250	127,730
Cost of sales	(43,362)	(77,740)	(69,806)
Gross profit	26,137	54,510	57,924
Other income	632	382	567
Other (losses)/gain, net	(1,047)	(465)	1,333
Selling and distribution expenses	(1,080)	(2,106)	(2,687)
Administrative expenses	(8,346)	(10,472)	(15,891)
Operating profit	16,296	41,849	41,246
Finance (cost)/income, net	(44)	17	186
Profit before income tax	16,252	41,866	41,432
Income tax expense	(2,608)	(6,780)	(6,503)
Profit for the year attributable to owners of the Company	13,644	35,086	34,929
Adjusted profit for the year attributable to owners of the Company (<i>Note 1</i>)	13,206	35,086	38,684

Note 1: Non-HKFRS measures: Adjusted profit for the year attributable to owners of the Company

We recognised non-recurring items during the Track Record Period. Therefore, in addition to the HKFRS measures in our consolidated financial statements, we also evaluate our operating performance using the non-HKFRS measures, as it is the belief of our Directors believe that the non-HKFRS measures provide useful information to investors and Shareholders in understanding and evaluating our consolidated results of operation in the same manner as our management and in comparing financial results across accounting periods and to those of our peer companies. For the Track Record Period, our adjusted profit for the year attributable to owners of the Company are determined by eliminating potential impacts of certain non-recurring expenses and income that do not or may not affect our ongoing operating performance, i.e. [REDACTED] expenses and non-recurring other income. Please refer to the paragraph headed “Financial Information — Non-HKFRS: Adjusted profit for the year” in this document for detailed analysis.

The table below set forth the breakdown of our revenue by product category during the Track Record Period:

	For the year ended 31 December					
	2020		2021		2022	
	HK\$'000	%	HK\$'000	%	HK\$'000	%
Slewing rings						
ODM	25,972	37.4	34,473	26.1	56,759	44.4
OEM	421	0.6	525	0.4	362	0.3
OBM	3,534	5.1	1,477	1.1	996	0.8
Sourcing	5,033	7.2	22,481	17.0	17,227	13.5
Sub-total	34,960	50.3	58,956	44.6	75,344	59.0

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	For the year ended 31 December					
	2020		2021		2022	
	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%
Mechanical parts and components						
ODM	5,581	8.0	8,311	6.2	8,950	7.0
Sourcing	<u>11,738</u>	<u>16.9</u>	<u>25,856</u>	<u>19.6</u>	<u>16,116</u>	<u>12.6</u>
Sub-total	<u>17,319</u>	<u>24.9</u>	<u>34,167</u>	<u>25.8</u>	<u>25,066</u>	<u>19.6</u>
Machineries						
Excavators	17,220	24.8	27,167	20.5	16,493	12.9
Others	<u>—</u>	<u>—</u>	<u>11,960</u>	<u>9.1</u>	<u>10,827</u>	<u>8.5</u>
Sub-total	<u>17,220</u>	<u>24.8</u>	<u>39,127</u>	<u>29.6</u>	<u>27,320</u>	<u>21.4</u>
Total	<u><u>69,499</u></u>	<u><u>100.0</u></u>	<u><u>132,250</u></u>	<u><u>100.0</u></u>	<u><u>127,730</u></u>	<u><u>100.0</u></u>

Our revenue increased significantly from HK\$69.5 million in FY2020 to HK\$132.3 million in FY2021 was primarily due to (i) the increase in our sales of slewing rings manufactured under ODM basis and through sourcing, which increased by approximately HK\$8.5 million and HK\$17.5 million, respectively; and (ii) the increase in sales of mechanical parts and components and machineries we sourced.

Our revenue decreased slightly by approximately HK\$4.5 million during FY2022. This was primarily due to the increase in sales of slewing ring manufactured under ODM basis being offsetted by our decrease in sales in slewing rings, mechanical parts and components and excavators we sourced. Revenue generated from our customers in Singapore, Hong Kong and Malaysia remained a significant part of our revenue and accounted for over 70% in aggregate during the Track Record Period.

Please refer to the paragraph headed “Financial information — Principal components of consolidated statements of comprehensive income” in this document for a detailed analysis on our results of operations.

Highlights of consolidated statements of financial positions

	As at 31 December		
	2020	2021	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current assets	12,846	19,045	26,422
Current assets	94,741	125,155	122,766
Current liabilities	6,434	14,669	5,544
Non-current liabilities	79	—	79
Net current assets	88,307	110,486	117,222
Net assets/Total equity	101,074	129,531	143,565

Our net current assets increased by approximately HK\$22.2 million or 25.1%, from approximately HK\$88.3 million as at 31 December 2020 to approximately HK\$110.5 million as at 31 December 2021, which was primarily attributable to (i) the increase of approximately HK\$16.9 million in trade receivables; (ii) the increase of approximately HK\$13.3 million in cash and cash equivalents; and partly offset by (iii) the increase of approximately HK\$4.3 million in current income tax liability and (iv) the increase of approximately HK\$3.9 million in trade payables. Meanwhile, our net current assets increased by approximately HK\$6.7 million or 6.1%, from approximately HK\$110.5 million as at 31 December 2021 to approximately HK\$117.2 million as at 31 December 2022 which was primarily attributable to (i) the decrease in trade payables of approximately HK\$7.3 million; (ii) the increase in prepayments, deposits and other receivables of approximately HK\$5.1 million; and (iii) partly offset by the decrease in cash and cash equivalents of approximately HK\$5.4 million. As at 31 December 2020, 2021 and 2022, the Group did not have any bank borrowings. Please refer to the paragraph headed “Financial Information — Analysis of major components of the consolidated balance sheets” in this document for a detailed analysis on our financial positions.

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Highlights of consolidated statement of cash flows

	For the year ended 31 December		
	2020	2021	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Operating cash flow before changes in working capital	18,102	43,706	43,539
Net cash generated from operating activities	11,142	29,051	21,017
Net cash used in investing activities	(5,278)	(7,646)	(10,260)
Net cash used in financing activities	(11,870)	(8,108)	(16,108)
Net increase/(decrease) in cash and cash equivalents	(6,006)	13,297	(5,351)
Cash and cash equivalents as at beginning of year	49,040	43,130	56,387
Currency translation differences	96	(40)	(33)
Cash and cash equivalents as at end of year	<u>43,130</u>	<u>56,387</u>	<u>51,003</u>

For FY2020, our net cash generated from operating activities was approximately HK\$11.1 million, primarily as a result of the combined effects of (i) an operating profit before movements in working capital of approximately HK\$18.1 million; (ii) the increase in trade receivables of approximately HK\$4.4 million; (iii) the increase in prepayments, deposits and other receivables of approximately HK\$0.9 million; (iv) the decrease in inventories of approximately HK\$0.8 million; (v) the increase in trade payables of approximately HK\$2.8 million; (vi) the decrease in accruals and other payables of approximately HK\$0.5 million; and (vii) the payment of income tax of approximately HK\$4.9 million.

For FY2021, our net cash generated from operating activities was approximately HK\$29.1 million, primarily as a result of the combined effects of (i) an operating profit before movements in working capital of approximately HK\$43.7 million; (ii) the increase in trade receivables of approximately HK\$16.5 million; (iii) the decrease in prepayments, deposits and other receivables of approximately HK\$1.4 million; (iv) the increase in inventories of approximately HK\$1.1 million; (v) the increase in trade payables of approximately HK\$3.8 million; (vi) the increase in accruals and other payables of approximately HK\$7,000; and (vii) the payment of income tax of approximately HK\$2.3 million.

For FY2022, our net cash generated from operating activities was approximately HK\$21.0 million, primarily as a result of the combined effects of (i) an operating profit before movements in working capital of approximately HK\$43.5 million; (ii) the increase in trade receivables of approximately HK\$4.3 million; (iii) the net increase in inventories of approximately HK\$2.6 million after the inclusion of increase in prepayment for inventories of approximately HK\$5.4 million; (iv) the decrease in trade payables of approximately HK\$7.3 million; (v) the increase in accruals and other payables of approximately HK\$1.7 million; and (vi) the payment of income tax of approximately HK\$10.3 million. Please refer to the paragraph headed “Financial information — Liquidity and capital structure” in this document for further details on our cash flows.

Summary of financial ratios

	As at/for the year ended 31 December		
	2020	2021	2022
Gross profit margin	37.6%	41.2%	45.3%
Net profit margin	19.6%	26.5%	27.3%
Current ratio	14.7	8.5	22.1
Quick ratio	11.0	6.8	18.4
Gearing ratio	0.2%	0.1%	0.1%
Return on equity	13.5%	27.1%	24.3%
Return on total assets	<u>12.7%</u>	<u>24.3%</u>	<u>23.4%</u>

Please refer to the paragraph headed “Financial information — Key Financial Ratios” in this document for the description of calculations and detailed analysis.

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DIVIDENDS

We declared a total dividend of nil, HK\$16.0 million and HK\$24.0 million for FY2020, FY2021 and FY2022, respectively. Our proposed final dividend of HK\$16.0 million declared for FY2022 is subject to our Shareholders’ approval in the forthcoming annual general meeting. We have adopted a dividend policy but we do not have any predetermined dividend payment ratio. Any future dividend payment will depend on various factors including but not limited to our operation, financial conditions and performance, cash flow, working capital requirements, retained earnings, economic prospects and other factors which our Board may consider appropriate from time to time. Our dividend payment is also subject to approval of our Shareholders as well as all applicable laws, which for instance, PRC laws require that dividends be paid out only from the net profit calculated according to the PRC accounting principles, which differ in many aspects from the generally accepted accounting principles in other jurisdictions, including HKFRS. The historical dividend payments is not indicative of future dividend trends.

REASONS FOR THE [REDACTED] AND RELATED EXPENSES

Our Directors are of the view that the GEM Listing is of assistance to our Group to gain public recognition and profile. With the continuing development and business growth of our Group after the GEM Listing, appreciating the listing on the Main Board is often perceived to enjoy a higher status by investors, the Directors consider that the [REDACTED], if approved, will be beneficial to the future growth, financing flexibility and business development of our Group, and in particular, (i) further promote our corporate profile and recognition among public investors and increase the attractiveness of our Shares to the public investors and thus broaden our investor base and enhance the trading liquidity of our Shares; (ii) increase our bargaining power in negotiations with suppliers and other business associates, who will have more confidence in our Group’s financial strength and credibility; and strengthen our position in the industry and enhance our competitive strengths in recruiting and retaining key management staff and experienced personnel.

As at the date of this document, the Board has no plan to change the nature of the business of our Group following the [REDACTED]. The [REDACTED] by our Company.

We estimate our expense in relation to the [REDACTED] is approximately HK\$[REDACTED], of which HK\$[REDACTED] was charged to our consolidated statement of comprehensive income of our Group for the year ended 31 December 2022. Expense in relation to the [REDACTED] are non-recurring in nature and our Directors are of the view that there has been no fundamental deterioration in the commercial and operational viability in our business despite the expected [REDACTED] expenses.

LEGAL AND COMPLIANCE

Our Directors confirmed that we have complied with all applicable laws and regulations in relation to our business in all material aspects during the Track Record Period and up to the Latest Practicable Date. Our PRC Legal Advisers are of the view that the title defect in the Leased Property in Dongguan City will very unlikely affect the operation of our production facility, and the likelihood that we will be fined or required to make up the social insurance contributions and housing provident fund is remote.

SUMMARY OF MATERIAL RISK FACTORS

Our business is subject to certain major risks, some of which are beyond our control. We have categorised these risks and uncertainties into (i) risks relating to our business and our industry; (ii) risks relating to the People’s Republic of China; (iii) risks relating to our Shares; and risks relating to this document. Among these, certain particular risks factors are as follows:

- Our track record performance may not be indicative of our future revenue and profit.

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- Our profitability may be adversely affected by the fluctuations in the price of raw materials.
- Our five largest customers accounted for an aggregate of 63.9%, 58.6% and 55.1% of our revenue for FY2020, FY2021 and FY2022. If we fail to maintain our business relationship with them or any of them or other key customers, this could adversely affect our business, results of operations, financial condition and prospects.
- Our customers make purchases from us on an order-by-order basis and there is no certainty on the purchase amount and our revenue.
- The market for our products are highly competitive.
- The delay in payments from customers may adversely affect our sufficiency of working capital to support a relatively long aging of trade receivables.
- The global occurrence and possible recurrence of COVID-19 may result in a significant delay in the delivery of our products, thus leading to a possible material and severe disruption on our business, financial condition and operations.

Investors should read the section headed “Risk factors” in this document before making any investment decision related to our Shares.

RECENT DEVELOPMENT AND NO MATERIAL ADVERSE CHANGE

Subsequent to the Track Record Period and up to the Latest Practicable Date, our business operations remained stable and continued to grow steadily. During this period, we received two orders for large size slewing rings of 2.4m in diameter, which were the largest slewing rings in terms of inner diameter we manufactured since our establishment and we utilised our proceeds from the GEM Listing to acquire new machineries which enable us to quench slewing rings of up to 3.6m in diameter (being the inner diameter of slewing rings).

We were also awarded “A Caring Company” by the Hong Kong Council of Social Services in 2023. We had also been supplying slewing rings to a nominated supplier for the supply and use of slewing rings in another theme park and resort in Hong Kong and received an order from a new customer located in Canada.

Our Directors confirm that, save for the expenses in connection with the [REDACTED], as far as they are aware, since 31 December 2022 and up to the date of this document, there has been no material adverse change in our financial or trading position or prospect or adverse event to the overall economic and market conditions in the industries where we operate which had materially affected our business, results or operations or the information shown in our consolidated financial information included in the Accountant’s Report set forth in Appendix I to this document.

OUR CONTROLLING SHAREHOLDERS

Immediately following the completion of the [REDACTED] (without taking into account of any Shares which may be allotted and issued pursuant to the exercise of any options that may be granted under the Share Option Scheme), [REDACTED] of the issued share capital of our Company will continue to be held by C Centrum, which is wholly-owned by Mr. YP Chan. On this basis, Mr. YP Chan and C Centrum are our Controlling Shareholders within the meaning of the Listing Rules. There has been no change in our Controlling Shareholders since the GEM Listing and up to the Latest Practicable Date. Please refer to the section headed “Relationship with our Controlling Shareholders” in this document for further details.

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SHAREHOLDER DISTRIBUTION

Based on the results of enquiries made by us and to the best knowledge of our Directors having made [reasonable] enquiries, as at 31 December 2022 (being the latest practicable date for ascertaining the shareholding structure of our Company prior to the [REDACTED]), our Company had at least 300 public Shareholders. Excluding Mr. YP Chan and C Centrum, our Controlling Shareholders, which held [REDACTED] Shares, representing [REDACTED] of the issued share capital of our Company, our top 30 Shareholders held an aggregate of [REDACTED] Shares, representing [REDACTED] of the issued share capital of our Company. [REDACTED] Shares, representing [REDACTED] of the issued share capital of our Company were held by other Shareholders. Please refer to the paragraph headed “Share capital — Shareholder distribution” in this document for further details.

SHARE PRICE AND TRADING VOLUME

Share price

The chart below shows the daily closing price of the Shares since the day of the GEM Listing and up to the Latest Practicable Date:



Since the GEM Listing and up to the Latest Practicable Date, the highest closing price of the Share was HK\$1.58 on 9 August 2022 and the lowest closing price of the Share was HK\$0.405 recorded on 19 March 2020 and 20 March 2020. Set out below are the quantitative information and explanations on material fluctuations in our Company’s share price during this period:

- The closing price of our Shares maintained a relatively stable trend from the day of the GEM Listing on 15 November 2019 of HK\$0.56 per Share to HK\$0.48 per Share on 6 November 2020.
- The closing price of our Shares then highly fluctuated and increased substantially to HK\$0.8 per Share on 1 December 2020 and decreased sharply to HK\$0.465 per Share on 5 January 2021. Our Directors confirmed that they are not aware of any reason that caused the fluctuation in the share price over this period.
- From 5 January 2021 to 3 March 2021, the closing price of our Shares fluctuated and traded in a range from the lowest of HK\$0.46 per Share on 18 January 2021 and 19 January 2021 to the highest of HK\$0.69 per Share on 3 March 2021.
- The closing price of our Shares decreased from HK\$0.69 per Share on 3 March 2021 to HK\$0.48 on 31 March 2021. Our Directors believed that such decrease might be triggered by the publication of the consultation paper on Main Board profit requirement by the Stock Exchange on 27 November 2020. The proposed increase in the minimum profit requirement under such consultation paper has created uncertainty on GEM listed companies ability to

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fulfil the new Main Board profit requirement, and hence, from the view of the public investors, the prospect in [REDACTED] from GEM to the Main Board in the future. This may dampen the public investors’ interest in our Shares, despite a strong improvement in our growth and net profit during such period.

- From 31 March 2021 to 15 February 2022, the closing price of our Shares fluctuated and traded in a range from the lowest of HK\$0.48 per Share on 31 March 2021 to the highest of HK\$0.7 per Share on 9 June 2021 and 16 June 2021. Our Directors confirmed that they are not aware of any reason that caused the fluctuation in the share price over this period.
- The closing price of our Shares then increased significantly from HK\$0.54 per Share on 15 February 2022 to HK\$1.25 per Share on 1 April 2022. Our Directors believed that such increase might be caused by the public investors’ perception of the improvement in our Group’s operating performance as reflected in (i) positive profit alert announcement for the annual results for FY2021 published on 8 March 2022; (ii) the annual results announcement for FY2021 published on 22 March 2022; and (iii) the declaration of final dividend notice published on 22 March 2022. Our Group’s revenue increased significantly by approximately 90.3% or HK\$62.8 million from approximately HK\$69.5 million in FY2020 to approximately HK\$132.3 million in FY2021. Profit attributable our shareholders was approximately HK\$35.1 million in FY2021, as compared to approximately HK\$13.6 million in FY2020.
- From 1 April 2022 to 13 July 2022, the closing price of our Shares fluctuated and traded in a range from the lowest of HK\$1.02 per Share on 18 May 2022 to the highest of HK\$1.25 per Share on 1 April 2022.
- The closing price of our Shares then increased from HK\$1.05 per Share on 13 July 2022 to HK\$1.58 per Share on 9 August 2022. Our Directors believed that such increase might be caused by the public investors’ perception of the improvement in our Group’s operating performance as reflected in the interim results announcement for the six months ended 30 June 2022 published on 8 August 2022. Our Group’s revenue increased by 44.6% or HK\$21.3 million from HK\$47.5 million for the six months ended 30 June 2021 to HK\$68.8 million for the six months ended 30 June 2022. Profit attributable to our Shareholders was approximately HK\$21.6 million for the six months ended 30 June 2022, as compared to approximately HK\$10.3 million for the six months ended 30 June 2021.
- From 9 August 2022 to 22 March 2023, the closing price of our Shares fluctuated and traded in a range from the lowest of HK\$1.23 per Share on 1 March 2023 to the highest of HK\$1.58 per Share on 9 August 2022.

Having made reasonable enquiries, our Directors confirm, and the Sole Sponsor concurs, that our Directors were not aware of any reason for the price movement of the Shares or of any information that had to be disclosed under Part XIVA of the SFO.

Trading Volume

Our Group recorded the highest average daily trading volume of approximately 97,660,000 Shares on 20 November 2019, representing approximately 24.4% of the total number of our Shares. Our Group recorded the lowest average daily trading volume of nil Shares on various dates. The average daily trading volume of our Shares since the GEM Listing Date and up to the Latest Practicable Date amounted to approximately 646,488 Shares, representing approximately 0.2% of the total number of our Shares. Our Directors confirmed that they are not aware of any change in our Company’s circumstances leading to the fluctuation of the trading volume of our Shares.