This summary 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 the Offer Shares. There are risks associated with any investment. Some of the particular risks in investing in the Offer Shares are set out in the section headed "Risk factors" in this prospectus. You should read that section carefully before you decide to invest in the Offer Shares. Various expressions used in this summary are defined in the section headed "Definitions and glossary of technical terms" in this prospectus.

BUSINESS OVERVIEW

We are a structural steelwork contractor in Hong Kong, specialising in the supply, fabrication and installation of structural steel for construction projects in Hong Kong. We were established in 1999 and have since undertaken structural steelwork in the role of subcontractor. With two production facilities in Dongguan, the PRC, we possess our in-house capacity to process and fabricate structural steel tailored to the specifications of our customers. All of our structural steel production capacity is currently used to cater to our own project needs. According to the Industry Report, our Group ranked third in the Hong Kong structural steelwork industry in terms of revenue in 2022, and accounted for approximately 3.4% of the market share in 2022.

Structural steelwork refers to the fabrication and forming of steel structures, typically serving as the backbone of buildings and infrastructure during initial construction stage. Essentially, structural steelwork involves columns and beams which are riveted, bolted or welded together. Structural steelwork providers supply, cut, bend, weld and assemble structural steel frames, trusses and other components into structures in accordance with the specifications provided in the building plans and designs.

We mainly focused on the role of project management and supervision in carrying out our projects, and we have engaged subcontractors to perform a substantial part of the construction site works under our supervision. Typically, our major responsibilities in a project include (i) arranging site preparatory and preliminary works; (ii) engaging and supervising our subcontractors; (iii) maintaining regular communication with our customers; (iv) monitoring the implementation of construction site works; (v) conducting site safety supervision and quality control; and (vi) developing detailed work schedule and work allocation plan. For FY2020, FY2021, FY2022 and the nine months ended 30 September 2023, we incurred subcontracting fees of approximately HK$71.0 million, HK$48.9 million, HK$91.6 million and HK$57.2 million for our construction site works, representing approximately 29.3%, 32.9%, 39.8% and 34.9% of our total purchases, respectively.

Projects undertaken during the Track Record Period

During the Track Record Period, we were mainly engaged in public sector projects in Hong Kong. Our public sector projects mainly involved infrastructure and public facilities as well as public residential developments. The customers of our public sector projects were generally main contractors engaged by different Hong Kong government departments, authorities and statutory bodies. To a lesser extent, we were also engaged in private sector projects in Hong Kong. Our private sector projects mainly involved private commercial, residential and industrial developments. The project owners of our private sector projects were generally property developers, and our customers were main contractors engaged under such projects.

During the Track Record Period, the majority of our revenue was derived from structural steelwork for infrastructure and public facilities. The following table sets forth a breakdown of our revenue during the Track Record Period by reference to project sectors and the types of development involved:

	FY2020			FY2021			FY2022		
	No. of projects	Revenue	% of total revenue	No. of projects	Revenue	% of total revenue	No. of projects	Revenue	% of total revenue
		HK$'000	*%*		*HK$'000*	*%*		*HK$'000*	*%*
Public sector									
– Infrastructure and public facilities	17	117,650	36.2	10	142,717	62.4	18	273,912	81.4
– Residential	5	25,476	7.9	4	8,936	3.9	3	10,721	3.2
Sub-total	22	143,126	44.1	14	151,653	66.3	21	284,633	84.6
Private sector									
– Commercial	12	169,410	52.2	13	76,850	33.6	13	51,741	15.4
– Residential	2	560	0.2	3	237	0.1	1	10	negligible
– Industrial	2	11,196	3.5	1	36	negligible	–	–	–
Sub-total	16	181,166	55.9	17	77,123	33.7	14	51,751	15.4
Total	38	324,292	100.0	31	228,776	100.0	35	336,384	100.0

	For the nine months ended 30 September					
	2022			2023		
	No. of projects	Revenue	% of total revenue	No. of projects	Revenue	% of total revenue
		HK$'000 *(Unaudited)*	*%*		*HK$'000*	*%*
Public sector						
– Infrastructure and public facilities	16	202,523	80.5	19	191,720	81.5
– Residential	3	6,207	2.5	2	3,915	1.7
Sub-total	19	208,730	83.0	21	195,635	83.2
Private sector						
– Commercial	10	42,828	17.0	8	37,053	15.8
– Residential	1	3	negligible	1	2,350	1.0
– Industrial	–	–	–	–	–	–
Sub-total	11	42,831	17.0	9	39,403	16.8
Total	30	251,561	100.0	30	235,038	100.0

Reasons for the decrease in our revenue for FY2021

Our Group's revenue decreased by approximately 29.5% from approximately HK$324.3 million for FY2020 to approximately HK$228.8 million for FY2021, which was mainly attributable to:

(i) Project No. #01, being our top project for FY2020 involving a private sector commercial development located at the Hong Kong International Airport with an estimated contract sum of approximately HK$191.4 million. Project No. #01 contributed revenue of approximately HK$120.7 million to our Group for FY2020, representing approximately 37.2% of our total revenue for the corresponding year. Project No. #01 was completed at the end of FY2020, and no revenue was derived from Project No. #01 for FY2021; and

(ii) the unexpected change to our works schedule of Project No. #02, which involved a public infrastructure development located at Kai Tak with an estimated contract sum of approximately HK$380.2 million. Our Group secured Project No. #02 from Hip Hing Group in late 2019 and started generating revenue from Project No. #02 by October 2019. For FY2020, FY2021, FY2022 and the nine months ended 30 September 2023, our Group recognised revenue of approximately HK$71.3 million, HK$69.5 million, HK$193.2 million and HK$40.9 million, from Project No. #02, respectively. According to the original project schedule, our contract works were supposed to commence in or around late 2019 and complete by mid-2021. In anticipation of the tight project schedule and scale of works under Project No. #02, our Group had started procuring materials and commenced part of the structural steel fabrication works shortly after we secured this project.

By mid-2020, we were informed that our works schedule of Project No. #02 would be revised primarily due to changes in design and drawings of structural steelwork by the project owner and that the substantial part of our construction site works would be rescheduled to 2021.

Being mindful of the revised project schedule of Project No. #02 and in light of the constraint in our available resources, during the second half of 2020, our executive Directors considered that it was vital to temporarily refrain from tendering for sizeable projects which may substantially overlap with the revised project schedule of Project No. #02. Our Group also decided to reserve a substantial amount of our then available resources, including the capacity at our production facilities and manpower of our project management staff, for Project No. #02, taking into consideration (a) the substantial part of our construction site works under Project No. #02 would be rescheduled to 2021; (b) the sizeable scale and amount of works involved under such project; (c) the expected workloads for other ongoing projects; (d) the uncertainty arising from the COVID-19 outbreak and the associated risks of labour shortage and disruption to the transportation between Hong Kong and the PRC; and (e) the need to preserve our industry reputation and business relationship with Hip Hing Group via the satisfactory completion of Project No. #02, which is a landmark sports infrastructure development in Hong Kong.

Later in mid-2021, our Group was informed that the substantial part of our construction site works under Project No. #02 would be further rescheduled due to the late handover of the relevant work sites to us. While pending instruction from Hip Hing Group for proceeding with our construction site works, we had continued to perform fabrication works in 2021 to ensure we could meet the revised project schedule of Project No. #02. The fabricated items have occupied significant storage space at our production facilities, thereby reducing our production capacity for undertaking other projects in 2021.

Amid the repeated rescheduling of Project No. #02, during the second half of FY2021, we attempted to recoup the expected revenue which would otherwise be generated from Project No. #02 in the absence of such rescheduling. We did this by tendering for new projects that have relatively shorter duration and could readily commence in the near term. Despite our efforts, the revenue generated from the projects we obtained during the second half of 2021 was not sufficient to compensate for the decrease in our revenue due to the lower amount of works performed under Project No. #02. In addition, as mentioned above, during the second half of 2020, we had temporarily refrained from tendering for sizeable projects which may substantially overlap with the revised project schedule of Project No. #02, resulting in lower amount of works performed by us in FY2021. After mid-2021, our Group did not receive any further notice in relation to the rescheduling of Project No. #02 and a substantial part of our construction site works were carried out in 2022 in accordance with the last revised schedule. Pursuant to the contract terms of the service agreement for Project No. #02, in the event our contract works under Project No. #02 was not completed within the original schedule due to reason(s) other than our default, our Group shall be entitled to apply in writing to Hip Hing Group for an extension to project duration and claim for any additional costs reasonably incurred by us arising from the delay. Based on (i) our negotiation with Hip Hing Group; and (ii) the aggregate payment certification certified by Hip Hing Group exceeds the original contract sum of this project, the Directors are of the view that our Group was able to claim for substantial part of the increase in costs incurred by us arising from the rescheduling of Project No. #02 to Hip Hing Group.

Reasons for our relatively lower gross profit margin for FY2021

Our Group recorded a relatively lower gross profit margin of approximately 15.5% for FY2021 as compared to approximately 17.0% and 19.9% for FY2020 and FY2022, respectively, which was mainly due to the unforeseen rescheduling of our construction site works for Project No. #02 in mid-2021 as aforementioned. Due to the unanticipated rescheduling of Project No. #02, a substantial amount of the then available resources of our Group originally reserved for Project No. #02 such as direct labour and structural steel production capacity were rendered idle or not fully utilised during FY2021, resulting in certain direct labour costs, manufacturing overheads and project administrative costs incurred, which amounted to approximately HK$1.9 million during FY2021 (the "**Idle Cost**"). In accordance with the relevant accounting standard, as the Idle Cost did not contribute to our Group's progress in satisfying our performance obligations amid the rescheduling of Project No. #02, our Group did not recognise the corresponding revenue for the Idle Cost by the time they were incurred, and such Idle Cost was not allocated to Project No. #02 or any particular project undertaken by our Group, but were recognised as unallocated costs in our Group's cost of services for FY2021. As a result, our Group's overall gross profit margin for FY2021 was lower as compared to that of FY2020 and FY2022.

Our strategy on public and private sector projects

During the Track Record Period, we identified business opportunities mainly through invitation for tender from customers. As we undertake structural steelwork in the role of subcontractor, all of our revenue generated was derived from projects awarded by construction contractors during the Track Record Period. Therefore, to a significant extent, our tender exposure depends on the types of projects obtained by our construction contractor customers. Our Group has all along remained open to, and possesses substantial track record in undertaking both public sector and private sector projects. Based on our past experience, as far as structural steelwork is concerned, our executive Directors consider that there is no material difference in the expertise and know-how required for public sector and private sector projects. Our Group generally determines whether we should proceed with the preparation of tender based on, amongst others, the scope of services, our capability, the expected complexity, our production capacity of structural steel, the available space at our production facilities for the fabrication process and storage of materials, our available financial and human resources and feasibility and profitability of the project. As long as our capacity and available resources allow, our Group will endeavor to respond to tender invitations received from customers, with little regard to the sector that the relevant projects belong to. Therefore, the proportion of our revenue derived from private and public sector projects may vary from period to period, largely affected by the projects obtained and undertaken by our construction contractor customers at the relevant times, rather than caused by any change in our business focus or strategy.

Private sector projects contributed approximately 55.9%, 33.7%, 15.4% and 16.8% of our total revenue for FY2020, FY2021, FY2022 and the nine months ended 30 September 2023, respectively. Our Group recorded a relatively higher percentage of revenue contribution from private sector projects for FY2020 mainly because we performed a substantial amount of works for Project No. #01 in the same year. Project No. #01 involved a private sector commercial development located at the Hong Kong International Airport with an estimated contract sum of approximately HK$191.4 million. Project No. #01 contributed revenue of approximately HK$120.7 million to our Group for FY2020, representing approximately 37.2% of our total revenue for the corresponding year. Project No. #01 was completed at the end of FY2020 and no revenue was generated therefrom since FY2021.

Gross profit and gross profit margin

							For the nine months ended 30 September			
	FY2020		FY2021		FY2022		2022		2023	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	HK$'000	*%*	*HK$'000*	*%*	*HK$'000*	*%*	*HK$'000* (Unaudited)	*%*	*HK$'000*	*%*
Public sector projects	25,205	17.6	25,989	17.1	59,738	21.0	42,971	20.6	40,989	21.0
Private sector projects	29,833	16.5	9,429	12.2	7,201	13.9	6,311	14.7	6,005	15.2
	55,038	17.0	35,417	15.5	66,939	19.9	49,282	19.6	46,994	20.0

Our gross profit margin for public sector projects remained relatively stable at approximately 17.6% and 17.1% for FY2020 and FY2021, respectively. Our gross profit margin for public sector projects increased to approximately 21.0% for FY2022. The relatively higher gross profit margin for public sector projects for FY2022 was mainly attributable to a substantial amount of works was performed for projects with relatively higher gross profit margin during FY2022, namely (i) Project No. #09; (ii) Project No. #11; and (iii) a public sector project with an estimated contract sum of approximately HK$18.6 million, involving a residential development in Diamond Hill, from Sun Fook Kong Construction Limited. Please refer to the paragraph headed "Financial information – Period-to-period comparison of results of operations –

FY2022 compared with FY2021 – Gross profit and gross profit margin" in this prospectus for further details. Our gross profit margin for public sector projects for the nine months ended 30 September 2022 and 2023 remained relatively stable at approximately 20.6% and 21.0%, respectively.

Our gross profit margin for private sector projects decreased from approximately 16.5% for FY2020 to approximately 12.2% for FY2021 and increased to approximately 13.9% for FY2022. The relatively lower gross profit margin for private sector projects for FY2021 and FY2022 was mainly attributable to a a substantial amount of works was performed for a project with relatively lower gross profit margin during FY2021 and FY2022, namely Project No. #07, being a private sector commercial development project located at Quarry Bay and one of our Group's top five projects for FY2021 and FY2022. Subsequent to the commencement of Project No. #07, our Group was informed by Hip Hing Group, being our customer for Project No. #07, that the installation works involved thereunder required steel plates with thinner thickness measurement. Such thinner thickness measurement specifications of the steel plates required higher standards of workmanship as well as more complicated fabrication and installation processes. As a result, to the best estimation of our Directors, our Group had incurred additional costs of approximately HK$3.5 million in aggregate for FY2021 and FY2022 owing to the unexpected complexity encountered from the fabrication and installation of structural steel works involved under Project No. #07. Project No. #07 contributed gross profit of approximately HK$2.0 million and HK$1.9 million to our Group for FY2021 and FY2022, respectively. We prepare our tender price based on a certain percentage of mark-up over our estimated costs and there is no assurance that the actual amount of time and costs incurred during the performance of our projects would not exceed our estimation. Any material inaccurate cost estimation or cost overruns may adversely affect our financial results. For further details, please refer to the paragraph headed "Risk factors – Any material inaccurate cost estimation or cost overruns may adversely affect our financial results" in this prospectus.

Our gross profit margin for private sector projects for the nine months ended 30 September 2022 and 2023 remained relatively stable at approximately 14.7% and 15.2%, respectively.

Backlog

The following table sets out movement in the number of our projects during the Track Record Period and up to the Latest Practicable Date:

	FY2020	**FY2021**	**FY2022**	**For the nine months ended 30 September 2023**	**From 1 October 2023 up to the Latest Practicable Date**
Opening number of projects *(Note 1)*	43	33	39	28	21
Add: Number of new projects awarded to us *(Note 2)*	8	7	10	10	2
Less: Number of projects completed *(Note 3)*	(18)	(1)	(21)	(17)	(1)
Ending number of projects *(Note 4)*	33	39	28	21	22

Notes:

1. Opening number of projects means the number of awarded projects which were not completed as of the beginning of the relevant year/period indicated.

2. Number of new projects means the number of new projects awarded to us during the relevant year/period indicated.

3. Number of projects completed means the number of projects which are practically regarded as completed.

4. Ending number of projects is equal to the opening number of projects plus number of new projects minus number of projects completed during the relevant year/period indicated.

The following table sets out the movement in the value of backlog of our projects during the Track Record Period and up to the Latest Practicable Date:

	FY2020 *HK$'000*	**FY2021** *HK$'000*	**FY2022** *HK$'000*	**For the nine months ended 30 September 2023** *HK$'000*	**From 1 October 2023 up to the Latest Practicable Date** *HK$'000*
Opening value of backlog as at the beginning of the relevant year/period	749,039	505,333	425,866	253,464	668,926
Add: Total value of original estimated contract sum of projects awarded and actual work orders received on re-measurement basis *(Note 1)*	66,081	118,450	108,049	621,552	41,259
Total value of variation orders	14,505	30,859	55,933	28,948	19,814
Less: Total revenue recognised during the relevant year/period	(324,292)	(228,776)	(336,384)	(235,038)	(155,514)
Ending value of backlog to be carried forward to next year/period *(Note 2)*	505,333	425,866	253,464	668,926	574,485

Notes:

1. Total value of original estimated contract sum of projects awarded means the original estimated contract sum of new projects awarded, or where applicable, the amount of actual work orders received by our Group on re-measurement basis.

2. Ending value of backlog means the portion of the total estimated revenue that has not been recognised with respect to our projects which had not been completed as at the end of the relevant year/period indicated.

PRODUCTION FACILITIES AND CAPACITY

Wing Kei Dongguan, our PRC operating subsidiary, operates two production facilities located in Dongguan, the PRC, which process and fabricate structural steel required by our structural steelwork projects. Our Dapianmei Production Facility has a gross floor area of approximately 7,000 sq.m. and our Xinlong Production Facility has a gross floor area of approximately 8,700 sq.m.. For FY2020, FY2021, FY2022 and the nine months ended 30 September 2023, the utilisation rate of our Dapianmei Production Facility was approximately 96.8%, 80.1%, 85.8% and 86.2%, respectively; whereas the utilisation rate of our Xinlong Production Facility was approximately 85.3%, 76.2%, 77.6% and 78.3%, respectively.

Our Group recorded a relatively higher utilisation rate for FY2020 mainly because the production capacity of the Dapianmei Production Facility during its suspension between January to April 2020 in response to the lockdown measures imposed by the PRC Government as a result of the emergence of the COVID-19 pandemic was not taken into account in the calculation of its maximum production capacity for FY2020. Subsequent to the resumption of works at our Dapianmei Production Facility, our Group had optimised our machinery usage and manpower deployment in order to increase our production volume to keep pace with the original production schedule, thereby contributing to the relatively higher utilisation rate for FY2020. For details in relation to the fluctuation of the utilisation rates of our production facilities during the Track Record Period, please refer to the paragraph headed "Business – Production facilities and capacity – Utilisation rate" in this prospectus.

Our principal machinery includes cranes, cutting machines, drilling machines, grinding machines and welding machines. Our machinery is well-equipped to be used for fabricating steel plates into different size and shapes. For further details, please refer to the paragraph headed "Business – Production facilities and capacity" in this prospectus.

As at the Latest Practicable Date, we have entered into agreements in the PRC in relation to (i) a lease of land (the "**Leased Land**") and the property for the Dapianmei Production Facility ("**Leased Property No. 1**") for a term of 50 years from 13 July 1999 to 12 July 2049; and (ii) a lease of the property for the Xinlong Production Facility ("**Leased Property No. 2**", together with the Leased Land and Leased Property No. 1, collectively the "**Leased Properties**") for a term of two years from 23 October 2022 to 22 October 2024.

To the best of our Directors' knowledge and as advised by our PRC Legal Advisers, owing to historical reasons, (i) the landlords of the Leased Land and Leased Property No. 1 failed to obtain the land use right certificate（土地使用權證書）for the Leased Land, and the construction planning permit（建設工程規劃許可證）and property ownership certificate（房屋所有權證）for Leased Property No. 1; whereas (ii) the landlord of Leased Property No. 2 failed to obtain the construction planning permit（建設工程規劃許可證）and property ownership certificate（房屋所有權證）for Leased Property No. 2. In addition, both landlords failed to obtain the consent of over two-thirds of the members or over two-thirds of the representatives of villagers at the villagers' meetings of the relevant collective economic organisations in respect of the leases for the Leased Properties.

In the unlikely event of forced relocation due to the title defects in our leased properties as abovementioned, we would migrate our operations to other leased property(ies) in phases to mitigate the risks of complete suspension in our fabrication works and to minimise any potential adverse impact brought by the relocation.

Please refer to the paragraph headed "Business – Properties – Leased land and leased properties which are subject to title defects" in this prospectus.

Our customers

During the Track Record Period, our customers mainly included construction contractors in Hong Kong, being the main contractors engaged by project owners. The number of customers with revenue contribution to our Group was 17, 17, 17 and nine for FY2020, FY2021, FY2022 and the nine months ended 30 September 2023, respectively. During the nine months ended 30 September 2023, our Group secured Project No. #13 from Hip Hing Group with an estimated contract sum of approximately HK$388.0 million, which represents the largest project obtained by us in terms of estimated contract sum during the Track Record Period. Based on our then negotiation with Hip Hing Group prior to the award of Project No. #13, our Directors were positive that we would be able to obtain Project No. #13. Hence, in anticipation of the proposed award of Project No. #13 and taking into consideration the scale and the expected workload involved in Project No. #13 and other ongoing projects, our Group had reserved our resources and capacity for fulfilling the project schedule required by our customers during the nine months ended 30 September 2023. As a result, notwithstanding the number of customers with revenue contribution to our Group decreased from 17 for FY2022 to nine for the nine months ended 30 September 2023, our Group recorded significant increase in backlog value from approximately HK$253.5 million as at 31 December 2022 to approximately HK$668.9 million as at 30 September 2023.

For FY2020, FY2021, FY2022 and the nine months ended 30 September 2023, the revenue derived from our top customer for each year/period during the Track Record Period amounted to approximately HK$126.6 million, HK$151.6 million, HK$237.7 million and HK$118.3 million, respectively, while the revenue derived from our top five customers for each year/period during the Track Record Period amounted to approximately HK$296.6 million, HK$216.4 million, HK$315.6 million and HK$229.9 million in aggregate, respectively. For FY2020, FY2021, FY2022 and the nine months ended 30 September 2023, the percentage of our total revenue attributable to our top customer for each year/period during the Track Record Period amounted to approximately 39.0%, 66.3%, 70.7% and 50.3% respectively, while the percentage of our total revenue attributable to our top five customers for each year/period during the Track Record Period combined amounted to approximately 91.5%, 94.6%, 93.8% and 97.8%, respectively.

Hip Hing Group was our top customer for each year/period during the Track Record Period. For FY2020, FY2021, FY2022 and the nine months ended 30 September 2023, Hip Hing Group contributed revenue of approximately HK$126.6 million, HK$151.6 million, HK$237.7 million and HK$118.3 million to our Group, respectively, which accounted for approximately 39.0%, 66.3%, 70.7% and 50.3% of our total revenue for the relevant year/period. According to the Industry Report, customer concentration is an industry norm in the structural steelwork industry in Hong Kong. As at the Latest Practicable Date, there were in total 50 structural steelwork contractors registered on the List of Approved Specialist Contractors for Public Works and our customers would generally select their structural steelwork subcontractor among the list.

According to the Industry Report, a sizeable structural steelwork project would normally have a contract sum of HK$100 million or above. The top five structural steelwork contractors in Hong Kong had an estimated revenue ranging from approximately HK$200 million to HK$475.5 million for the year of 2022. As such, where a structural steelwork contractor obtains any sizeable projects with contract sum of HK$100 million or above, such projects would likely contribute a significant portion of its revenue in the forthcoming years. Given the fragmented nature of the structural steelwork industry in Hong Kong as well as the business scale of the existing top market players, those structural steelwork contractors who are able to participate in one or more of the sizeable developments would inevitably end up being heavily reliant on the relevant main contractors and hence this may result in customer concentration for such structural steelwork contractor in the relevant periods.

Notwithstanding Hip Hing Group was our top customer in terms of revenue contribution to our Group for each year/period during the Track Record Period, there is no assurance that Hip Hing Group will continue to award projects to us as we undertake structural steelwork on a project-by-project basis.

When we undertake projects for our customers, there may be occasions where our customers procure materials and other services on our behalf and subsequently deduct such amounts in the relevant progress payments to us. The procurement made by our customers on our behalf mainly included materials such as steel and services such as machinery services and subcontracting services. For further details, please refer to the paragraph headed "Business – Top customers who were also our suppliers" in this prospectus.

Our suppliers

Steel is the major material used for structural steel fabrication. For FY2020, FY2021, FY2022 and the nine months ended 30 September 2023, our Group purchased steel material in the amount of approximately HK$150.6 million, HK$62.3 million, HK$73.7 million and HK$85.9 million, representing approximately 55.9%, 32.2%, 27.3% and 45.7% of our cost of services for the corresponding year/period, respectively.

According to the Industry Report, the market price of steel experienced certain level of fluctuation during the Track Record Period. Particularly, the price index of steel plates in Hong Kong increased from 123.1 in 2020 to 196.3 in 2022, which was mainly attributable to the decrease in steel production in the PRC and the impact from the fifth wave outbreak of COVID-19. The price index of steel plates in Hong Kong is expected to decrease to 171.0 in

2023. For further details, please refer to the paragraph headed "Risk factors – Any price fluctuations of materials used for our structural steel fabrication may increase our production costs" in this prospectus. Notwithstanding the increase in market steel price would generally lead to an increase in our Group's costs of materials, we were generally able to mitigate any financial impact brought by the increase in market steel price because we generally obtain pre-bid quotations from our steel suppliers during the tender phase and factor in the price trend of steel when determining our tender price. We may negotiate on the pricing and contract terms with them after we are awarded with the projects. Our Directors consider that we are generally able to pass on the increase in purchase costs to our customers because we generally take into account our overall costs of providing our services to customers when determining our tender price.

Suppliers of goods and services which are specific to our business and are required on a regular basis to enable us to continue carrying on our business mainly include (i) suppliers of materials such as steel; (ii) subcontractors of construction site works; (iii) subcontractors of structural steel fabrication works; and (iv) suppliers of other miscellaneous services such as testing, machinery services, transportation and technical engineering services.

For FY2020, FY2021, FY2022 and the nine months ended 30 September 2023, we incurred subcontracting fees for construction site works and structural steel fabrication works of approximately HK$75.9 million, HK$61.9 million, HK$105.3 million and HK$62.8 million in aggregate, respectively.

Licences, registrations and permits

Our principal operating subsidiary in Hong Kong, Wing Kei Hong Kong, is currently a registered subcontractor under the category of structural steelwork on the Register of Subcontractors maintained by the Construction Industry Council. Wing Kei Hong Kong is also registered on the List of Approved Specialist Contractors for Public Works maintained by the Development Bureau under the category of structural steelwork. For further details, please refer to the paragraph headed "Business – Licences, registrations and permits" in this prospectus.

COMPETITIVE LANDSCAPE AND COMPETITIVE STRENGTHS

According to the Industry Report, the market size of structural steelwork in Hong Kong increased from HK$9,411.0 million in 2018 to approximately HK$9,913.6 million in 2022, representing a CAGR of approximately 1.3%. Driven by various growth drivers including (i) the demand for structural steelwork generated from the planned and ongoing infrastructural and property developments in both public and private sectors in Hong Kong such as the Three Runway System development, Kwu Tung North, Hung Shui Kiu/Ha Tsuen and Yuen Long South New Development Areas, New Central Harbourfront development and the Caroline Hill Road Causeway Bay commercial project; (ii) the increasingly common adoption of structural steelwork for construction in Hong Kong owing to its eco-friendliness nature, flexibility of use and better performance in achieving space efficiency; and (iii) the growing emphasis and continuous support from the Hong Kong government for the development of the structural steelwork industry, including the increase in use of steel structures by the Hong Kong government in major infrastructure projects and the establishment of the Chinese National Engineering Research Centre for Steel Construction at the Hong Kong Polytechnic University ("**PolyU**"), which is likely to improve applied research and technology in structural steel engineering and infrastructure sustainability, as well as strengthen the structural steel engineering industry's productivity, capability and competitiveness. The market size of structural steelwork in Hong Kong is expected to continue to grow from approximately HK$10,409.2 million in 2023 to approximately HK$12,580.1 million in 2027, at a CAGR of approximately 4.8%.

According to the Industry Report, the structural steelwork market in Hong Kong is highly competitive. According to the Development Bureau, there are 50 contractors registered on the List of Approved Specialist Contractors for Public Works maintained by the Development Bureau under the category of structural steelwork, as of February 2024. As estimated, there are more than 500 market participants in the structural steelwork industry in Hong Kong. The top five players in the structural steelwork market in Hong Kong contributed 17.0% of the entire market in terms of revenue for the year ended 31 December 2022. Our Group recorded revenue of approximately HK$336.4 million for the provision of structural steelwork for the year ended 31 December 2022, which accounted for about 3.4% of the total industry revenue in Hong Kong.

We believe that our competitive strengths include: (i) we provide tailored solutions in relation to structural steelwork to our customers; (ii) we have an established track record in the structural steelwork industry in Hong Kong; (iii) our management team is experienced and dedicated; and (iv) we impose stringent quality control systems.

BUSINESS STRATEGIES

We intend to pursue the following key business strategies: (i) competing for structural steelwork projects and expanding our market share; (ii) expanding our production capacity of structural steel; (iii) adhering to prudent financial management to ensure optimal finance costs and capital sufficiency; and (iv) expanding our workforce. For further details, please refer to the paragraph headed "Business – Business strategies" in this prospectus.

SALES AND MARKETING AND PRICING STRATEGY

During the Track Record Period, we secured new business through invitations for tender by customers. Our Directors consider that due to our proven track record and our relationship with existing customers, we are able to leverage our existing customer base and our reputation in the structural steelwork industry in Hong Kong such that we do not rely heavily on marketing activities other than promoting our Group through our corporate website as well as liaising with existing and potential customers from time to time for relationship building and management.

Our pricing is generally determined based on certain mark-up over our estimated costs. Pricing of our services is determined on a case-by-case basis having regard to various factors, which generally include (i) the scope of services; (ii) the complexity of the project; (iii) the estimated number and types of machinery required; (iv) the price trend of the types of materials, manufacturing overheads in the PRC, subcontracting services and machinery services required; (v) our available production capacity of structural steel; (vi) the completion time requested by customers; and (vii) the availability of our labour and financial resources.

RISK FACTORS

Potential investors are advised to carefully read the section headed "Risk factors" in this prospectus before making any investment decision in the Offer Shares. Some of the more particular risk factors include the following: (i) most of our revenue during the Track Record Period was derived from projects awarded by our major customers and any significant decrease in the number of projects with our major customers may materially and adversely affect our financial performance; (ii) reduction or termination of public and private sector projects in Hong Kong may adversely affect our revenue and results of operations; (iii) there is no guarantee that our customers will provide us with new businesses; and (iv) our projects may not proceed according to the original project schedule or budget, which may result in delay in recognition of our revenue and therefore adversely affect our cash flows, financial performance and results of operation.

KEY OPERATIONAL AND FINANCIAL DATA

The following tables set forth our key operational and financial data during the Track Record Period.

Consolidated statements of comprehensive income

	FY2020	FY2021	FY2022	For the nine months ended 30 September 2022	2023
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (Unaudited)	*HK$'000*
Revenue	324,292	228,776	336,384	251,561	235,038
Cost of services	(269,254)	(193,359)	(269,445)	(202,279)	(188,044)
Gross profit	55,038	35,417	66,939	49,282	46,994
Profit before income tax expense	43,427	20,935	46,456	34,485	20,771
Income tax expense	(6,721)	(3,599)	(7,191)	(5,629)	(5,656)
Profit for the year/period attributable to owners of the Company	36,706	17,336	39,265	28,856	15,115
Other comprehensive (losses)/income	(1,149)	(636)	1,482	1,829	826
Total comprehensive income for the year/ period attributable to owners of the Company	35,557	16,700	40,747	30,685	15,941

Our revenue decreased by approximately HK$95.5 million or 29.5% from approximately HK$324.3 million for FY2020 to approximately HK$228.8 million for FY2021 which was mainly attributable to: (i) Project No. #01, with substantial amount of works performed during FY2020 and was completed at the end of FY2020. Project No. #01 contributed revenue of approximately HK$120.7 million for FY2020 while no revenue was derived from Project No. #01 for FY2021; and (ii) the rescheduling of our construction site works for Project No. #02. For details, please refer to the paragraph headed "Financial information – Period-to-period comparison of results of operations – FY2021 compared with FY2020" in this prospectus.

Our revenue increased by approximately HK$107.6 million or 47.0%, from approximately HK$228.8 million for FY2021 to approximately HK$336.4 million for FY2022 which was mainly attributable to the unexpected change to our works schedule of Project No. #02, which contributed revenue of approximately HK$193.2 million for FY2022 and approximately HK$69.5 million for FY2021. For details, please refer to the paragraph headed "Financial information – Period-to-period comparison of results of operations – FY2022 compared with FY2021" in this prospectus.

Our revenue decreased by approximately HK$16.5 million or 6.6%, from approximately HK$251.6 million for the nine months ended 30 September 2022 to approximately HK$235.0 million for the nine months ended 30 September 2023 which was mainly due to the combined effect of: (i) Project No. #02 contributed a relatively lower revenue of approximately HK$40.9 million for the nine months ended 30 September 2023 as compared to approximately HK$153.0 million for the nine months ended 30 September 2022, as substantial amount of construction site works was performed by our Group under the project in FY2022; (ii) Project No. #12 commenced works in April 2023 and contributed revenue of approximately HK$37.5 million for the nine months ended 30 September 2023 while no revenue was recognised for the nine months ended 30 September 2022; (iii) Project No. #11 contributed revenue of approximately HK$34.3 million for the nine months ended 30 September 2023 while revenue of approximately HK$1.4 million was recognised for the nine months ended 30 September 2022; (iv) Project No. #13 commenced works in September 2023 which contributed revenue of approximately HK$20.8 million for the nine months ended 30 September 2023 while no revenue was recognised for the nine months ended 30 September 2022; and (v) some new projects were awarded in 2023 while the purchase of materials, fabrication works and/or substantial site works are expected to be performed in or after the third quarter of 2023. For details, please refer to the paragraph headed "Financial information – Period-to-period comparison of results of operations – For the nine months ended 30 September 2023 compared with the nine months ended 30 September 2022" in this prospectus.

Our profit for the year attributable to owners of our Company decreased by approximately HK$19.4 million or 52.8%, from approximately HK$36.7 million for FY2020 to approximately HK$17.3 million for FY2021, which was mainly attributable to (i) the decrease in gross profit by approximately HK$19.6 million resulting from the decrease in revenue as discussed above; (ii) decrease in other income and other gain/(loss), net by approximately HK$1.1 million resulting from the decrease in government grants received by our Group from the Employment Support Scheme under Anti-Epidemic Fund; and (iii) increase in administrative expenses by approximately HK$2.0 million owing to the increase in staff costs and decrease in exchange gain recognised in relation to our PRC operation; and partially offset by (iv) the decrease in our income tax expense by approximately HK$3.1 million.

Our profit for the year attributable to owners of our Company increased by approximately HK$21.9 million or 126.5%, from approximately HK$17.3 million for FY2021 to approximately HK$39.3 million for FY2022 which was mainly attributable to (i) the increase in gross profit by approximately HK$31.5 million resulting from the increase in revenue as discussed above; (ii) increase in other income and other gain/(loss), net by approximately HK$2.4 million resulting from the increase in government grants received by our Group from the Employment Support Scheme in 2022 under Anti-Epidemic Fund; and partially offset by the (iii) increase in administrative expenses by approximately HK$4.4 million due to exchange losses in relation to our PRC operation; (iv) increase in income tax expense by approximately HK$3.6 million; and (v) recognition of impairment losses on financial assets and contract assets of approximately HK$3.8 million for FY2022. For further details, please refer to the paragraph headed "Financial information - Period-to-period comparison of results of operations" in this prospectus.

Our profit for the period attributable to owners of our Company decreased from approximately HK$28.9 million for the nine months ended 30 September 2022 to approximately HK$15.1 million for the nine months ended 30 September 2023 which was mainly attributable to the listing expenses of approximately HK$12.2 million incurred during the nine months ended 30 September 2023. For further details, please refer to the paragraph headed "Financial information - Period-to-period comparison of results of operations" in this prospectus.

Highlights of our consolidated statements of financial position

	As at 31 December			As at 30 September
	2020	2021	2022	2023
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Non-current assets	22,268	17,521	22,653	20,093
Current assets	141,269	135,123	174,800	203,504
Non-current liabilities	2,575	501	4,192	458
Current liabilities	79,821	54,302	62,673	96,610
Net current assets	61,448	80,821	112,127	106,894
Net assets	81,141	97,841	130,588	126,529

Our net current assets increased from approximately HK$61.4 million as at 31 December 2020 to approximately HK$80.8 million as at 31 December 2021. The increase in our net current assets was mainly due to the decrease in current liabilities by approximately HK$25.5 million or 32.0%, in particular, the decrease in trade and retention payables of approximately HK$12.4 million and the decrease in bank borrowings of approximately HK$6.5 million for the repayments of bank borrowings by our Group for FY2020. Such increase was partially offset by the decrease in current assets by approximately HK$6.1 million or 4.4%.

Our net current assets further increased to approximately HK$112.1 million as at 31 December 2022. The increase in our net current assets was mainly due to the increase in current assets by approximately HK$39.7 million or 29.4%, in particular, the increase in cash and cash equivalents by approximately HK$59.2 million mainly attributable to our profitable operation. Our cash generated from operations amounted to approximately HK$82.2 million for FY2022. Such increase was partially offset by the increase in current liabilities by approximately HK$8.4 million or 15.4%.

Our net current assets decreased to approximately HK$106.9 million as at 30 September 2023. In particular, the increase in trade and retention payables by approximately HK$32.4 million outweigh the increase in current assets by approximately HK$28.7 million. Such difference was due to the difference in timing between the procurement of materials and services from our suppliers and subcontractors and the certification of our Group's payment application by the respective customers as at 30 September 2023. In addition, our Group recorded the decrease in cash and cash equivalents by approximately HK$51.8 million, which was mainly attributable to HK$20.0 million dividend paid.

Our net assets increased from approximately HK$81.1 million as at 31 December 2020 to approximately HK$97.8 million as at 31 December 2021, which was mainly attributable to the recognition of the profit for the year attributable to owners of our Company of approximately HK$17.3 million for FY2021.

Our net assets increased from approximately HK$97.8 million as at 31 December 2021 to approximately HK$130.6 million as at 31 December 2022, which was mainly attributable to the net effect of the recognition of the profit for the year attributable to owners of our Company of approximately HK$39.3 million for FY2022 and our dividends declared of approximately HK$8.0 million during FY2022.

Our net assets decreased from approximately HK$130.6 million as at 31 December 2022 to approximately HK$126.5 million as at 30 September 2023, which was mainly attributable to the net effect of the recognition of the profit for the period attributable to owners of our Company of approximately HK$15.1 million for the nine months ended 30 September 2023 and our dividends declared of approximately HK$20.0 million during the nine months ended 30 September 2023.

Highlights of consolidated statements of cash flows

				For the nine months ended 30 September	
	FY2020	**FY2021**	**FY2022**	**2022**	**2023**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (Unaudited)	*HK$'000*
Net cash generated from/ (used in) operating activities	8,475	11,455	79,007	68,650	(14,773)
Net cash used in investing activities	(4,200)	(1,157)	(6,549)	(6,580)	(3,931)
Net cash used in financing activities	(7,919)	(13,129)	(15,414)	(10,754)	(30,786)
Net (decrease)/increase in cash and cash equivalents	(3,644)	(2,831)	57,044	51,316	(49,490)
Cash and cash equivalents at beginning of the year/period	18,148	14,536	11,729	11,729	68,696
Exchange difference on cash and cash equivalents	32	24	(77)	(115)	(85)
Cash and cash equivalents at end of the year/period	14,536	11,729	68,696	62,930	19,121

For the nine months ended 30 September 2023, we recorded net cash flows used in operating activities of approximately HK$14.8 million, which was mainly resulted from the negative adjustment to our profit before income tax expense due to (i) increase in contract assets by approximately HK$69.1 million; (ii) increase in trade and other receivables, deposits and prepayments by approximately HK$10.5 million; and partly offset by the positive adjustment due to (i) increase in trade payables, accruals and other payables by approximately HK$36.7 million; and (ii) the depreciation of right-of-use assets of approximately HK$3.1 million.

Key financial ratio

	FY2020 or as at 31 December 2020	FY2021 or as at 31 December 2021	FY2022 or as at 31 December 2022	Nine months ended 30 September 2023 or as at 30 September 2023
Gross profit margin	17.0%	15.5%	19.9%	20.0%
Net profit margin	11.3%	7.6%	11.7%	6.4%
Return on equity	45.2%	17.7%	30.1%	11.9%
Return on total assets	22.4%	11.4%	19.9%	6.8%
Current ratio	1.8 times	2.5 times	2.8 times	2.1 times
Quick ratio	1.8 times	2.5 times	2.8 times	2.1 times
Trade receivables turnover days	25.0 days	26.3 days	19.8 days	19.9 days
Trade payables turnover days	49.0 days	48.0 days	26.2 days	53.6 days
Gearing ratio	41.3%	21.7%	19.3%	10.7%
Net debt to equity ratio	23.4%	9.7%	(35.0%)	(4.4%)
Interest coverage	92.8 times	44.0 times	138.0 times	58.4 times

Our gearing ratio decreased from approximately 41.3% as at 31 December 2020 to approximately 21.7% as at 31 December 2021, which was mainly due to the repayment of bank borrowings during FY2021. Our gearing ratio subsequently decreased to approximately 19.3% as at 31 December 2022. Such decrease was mainly because of the increase in total equity during FY2022. Our gearing ratio further decreased to approximately 10.7% as at 30 September 2023. Such decrease was mainly due to the decrease in total borrowings.

For further details of the key financial ratio, please refer to the paragraph headed "Financial information – Key financial ratio" in this prospectus.

CONTROLLING SHAREHOLDERS

Immediately after the completion of the Capitalisation Issue and the Share Offer (without taking into account any Share that may be allotted and issued upon the exercise of the Over-allotment Option or any option which may be granted under the Share Option Scheme), our Company will be owned as to 75% by WK (BVI). WK (BVI) is an investment holding company incorporated in BVI and is owned as to 30% by Mr. Kelvin Chan, 30% by Mr. Eddie Chan, 15% by Mr. WH Chan, 15% by Ms. Choi and 10% by Ms. Karen Chan. On the basis that Mr. Kelvin Chan, Mr. Eddie Chan, Mr. WH Chan, Ms. Choi and Ms. Karen Chan hold their respective interests in our Company through a common investment holding company, i.e. WK (BVI), which in turn will be entitled to exercise 30% or more of the voting power at general meetings of our Company. WK (BVI), Mr. Kelvin Chan, Mr. Eddie Chan, Mr. WH Chan, Ms. Choi and Ms. Karen Chan are regarded as a group of Controlling Shareholders under the Listing Rules.

LEGAL COMPLIANCE

During the Track Record Period, we had certain non-compliance incidents relating to the laws and regulations in the PRC. We failed to make adequate social insurance and housing provident fund contributions for all our employees in accordance with certain legal and statutory requirements in the PRC during the Track Record Period. For further details, please refer to the paragraph headed "Business – Legal compliance – The PRC" in this prospectus.

LITIGATIONS AND CLAIMS

During the Track Record Period and up to the Latest Practicable Date, our Group had been involved in certain claims, litigations and potential claim against our Group in the ordinary and usual course of our business. During the Track Record Period and up to the Latest Practicable Date, our Group was involved in certain settled or discontinued litigations including two duplicated contractual dispute claims, one employees' compensation claim, nine personal injury claims and three labour tribunal claims. As at the Latest Practicable Date, there was one ongoing civil litigation involving our Group in relation to a winding-up petition filed by us against a customer on insolvency grounds relying on its debts owed to our Group arising from balance of unpaid contract price under a subcontract entered into between our Group and the customer. For further details, please refer to the paragraph headed "Business – Litigations and claims" in this prospectus.

OFFERING STATISTICS

Number of the Offer Shares	:	500,000,000 Shares (subject to the Over-allotment Option)
Offer Price	:	Not more than HK$0.27 per Offer Share and expected to be not less than HK$0.25 per Offer Share (excluding brokerage, Stock Exchange trading fee, SFC transaction levy and AFRC transaction levy)

	Based on an Offer Price of HK$0.25 per Share *HK$*	**Based on an Offer Price of HK$0.27 per Share** *HK$*
Market capitalisation *(Note 1)*	500,000,000	540,000,000
Unaudited pro forma adjusted consolidated net tangible assets per Shares *(Note 2)*	0.12	0.12

Notes:

1. The calculation of the market capitalisation of the Shares is based on 2,000,000,000 Shares in issue and to be issued immediately after completion of the Share Offer and taking no account of any Shares which may be issued pursuant to the exercise of the Over-allotment Option or any options which may be granted under the Share Option Scheme or Shares which may be allotted and issued or repurchased by our Company pursuant to the general mandate and the repurchase mandate.

2. The unaudited pro forma adjusted net tangible assets have not been adjusted for dividends of HK$26,586,000 declared in January 2024. Had the dividends, totaling HK$26,586,000, been taken into account, the unaudited pro forma adjusted net tangible asset per Share would have been reduced to HK$0.10 and HK$0.11 based on the Offer Price of HK$0.25 and HK$0.27 per Share respectively.

   Please refer to Appendix II to this prospectus for the bases and assumptions in calculating the figures.

LISTING EXPENSES

Our Directors estimate that the total amount of expenses in relation to the Listing is approximately HK$34.0 million, comprising (i) underwriting-related expenses, including underwriting commission, of approximately HK$7.8 million; and (ii) non-underwriting-related expenses of approximately HK$26.2 million, including (a) fees paid and payable to legal advisers and reporting accountant of approximately HK$14.7 million; and (b) other fees and expenses, including sponsor fees, of approximately HK$11.5 million. Out of the amount of approximately HK$34.0 million, approximately HK$13.5 million is directly attributable to the issue of the Shares and is expected to be accounted for as a deduction from equity upon Listing. The remaining amount of approximately HK$20.5 million, which cannot be so deducted, shall be charged to profit or loss. Of the approximately HK$20.5 million that shall be charged to profit or loss, nil, nil, nil and approximately HK$12.2 million has been charged for FY2020, FY2021, FY2022 and the nine months ended 30 September 2023. The listing expenses are expected to represent approximately 26.2% of the gross proceeds of the Share Offer, assuming an Offer Price of HK$0.26 per Offer Share (being the mid-point of the indicative Offer Price range) and the Over-allotment Option is not exercised. Our Group's financial performance and results of operations for FY2023 and FY2024 will be adversely affected by the estimated expenses in relation to the Listing.

IMPACT OF THE OUTBREAK OF COVID-19 ON OUR OPERATIONS

Our operations in the PRC

Due to the emergence of the COVID-19 pandemic in the PRC in early 2020, the PRC Government imposed lockdown measures in Dongguan, the PRC in the first quarter of 2020. Transport was restricted, major roads and highways were closed and factories were ordered to suspend operations. In response to the requirements of the local government authorities, our production facilities suspended from operations during the lockdown period.

Our Directors consider that impact of the lockdown on our business and financial performance for FY2020 was mitigated taking into consideration the suspension was only temporary and the operations of our production facilities resumed normal since May 2020; while the temporary suspension in our PRC production facilities hindered the progress of our fabrication works, the overall impact on us was partly mitigated as the structural steel required in some projects were already delivered to Hong Kong by the end of 2019 in view of the forthcoming Chinese New Year holiday in early 2020, and hence we were able to continue with our installation works for such projects during the first quarter of 2020. Once our production facilities resumed normal operations in May 2020, our Group had made efforts to fulfil the project schedule required by our customers. During the Track Record Period and up to the Latest Practicable Date, our Group did not experience any material delay in fulfilling the project schedule required by our customers. As at the Latest Practicable Date, our Group also did not experience any material delay requested by our customers in relation to our projects on hand.

Subsequent to the withdrawal of the "zero-COVID-19" policy by late 2022, a number of our staff based in the PRC experienced infection which resulted in temporary loss of manpower for our structural steel fabrication and temporary disruption to the operation of our production facilities between November to December 2022. Our business operations in the PRC had resumed to normal by early 2023.

Our operations in Hong Kong

From January 2022 and up to April 2022, Hong Kong recorded the fifth wave of the outbreak of COVID-19 attributable to the SARS-CoV-2 Omicron variant (the "**Fifth Wave Outbreak**"), as the daily number of confirmed cases increased significantly during the period. Our Group experienced temporary disruption to the transportation of materials from Hong Kong to the PRC and finished products from the PRC to Hong Kong during 2022 since cross-border transportation was significantly disrupted. Our Directors consider that the temporary disruption to the transportation of materials and finished products did not have long-lasting adverse impact on our operation, taking into consideration that (i) cross-border transportation have gradually resumed to normal level as the pandemic came under control in 2022; and (ii) as contingency measures, our Group had engaged third party logistics services providers to deliver materials and finished products between Hong Kong and the PRC by sea instead of by road at that time to minimise the impact of such disruption on the supply of raw materials to our production facilities and structural steel to our work sites; and (iii) we were generally able to pass on part of the increase in logistics costs incurred by us from the delivery of materials and finished products between Hong Kong and the PRC by sea to our customers.

Save as disclosed above and based on information available as at the Latest Practicable Date, our Directors confirm that the COVID-19 pandemic did not and will not have material adverse impact on our business operations and financial performance.

FUTURE PLANS AND USE OF PROCEEDS

The net proceeds to be received by us from the Share Offer (assuming the Over-allotment Option is not exercised) based on the Offer Price of HK$0.26 per Offer Share, being the mid-point of the indicative Offer Price range of HK$0.25 per Offer Share to HK$0.27 per Offer Share, after deducting related expenses in connection with the Share Offer, are estimated to be approximately HK$96.0 million. Our Directors presently intend that the net proceeds will be applied as follows: (i) approximately HK$59.0 million, representing approximately 61.5% of the estimated net proceeds, will be used for financing the up-front costs of our projects; (ii) approximately HK$35.0 million, representing approximately 36.4% of the estimated net proceeds, will be used for acquiring a piece of land within or in proximity to Dongguan, the PRC and setting up a new production facility; and (iii) approximately HK$2.0 million, representing approximately 2.1% of the estimated net proceeds, will be used for further expanding and strengthening our manpower by recruiting three project managers and one engineer.

DIVIDEND

No dividend has been paid or declared by our Company for the Track Record Period.

Dividends of HK$8.2 million, nil, HK$8.0 million and HK$20.0 million were declared and settled by the companies now comprising our Group to their then shareholders, during each of FY2020, FY2021, FY2022 and the nine months ended 30 September 2023, respectively. In January 2024, the Company declared dividends of approximately HK$26.6 million of which approximately HK$10.0 million will be settled by cash before the Listing and approximately HK$16.6 million was offset against the aggregate amounts due from the Directors and the related company.

Any decision to pay dividends will be made having regard to factors such as the results of operation, financial condition and position, and other factors deemed relevant by our Board. Any distributable profits that are not distributed in any given year may be retained and available for distribution in subsequent years. To the extent profits are distributed as dividends, such portion of profits will not be available to be reinvested in our operation. There can be no assurance that we will be able to declare or distribute any dividend. Our future declarations of dividends will be at the absolute discretion of our Board. We do not have any pre-determined dividend payout ratio.

PROFIT ESTIMATE FOR THE YEAR ENDED 31 DECEMBER 2023

Our Directors estimate, on the bases as set out in Appendix III to this prospectus and in the absence of unforeseen circumstances, that our estimated consolidated profit attributable to owners of our Company for the year ended 31 December 2023 to be as follows:

Estimated consolidated profit attributable to owners of our Company for the year ended 31 December 2023	not less than approximately HK$23.0 million

Note: The estimated consolidated profit attributable to owners of our Company for the year ended 31 December 2023 has taken into account of our estimated listing expenses of approximately HK$16.0 million incurred during the year ended 31 December 2023.

The profit estimate, for which our Directors are solely responsible, has been prepared by them based on the audited consolidated results of our Group for the nine months ended 30 September 2023 as set out in the Accountant's Report in Appendix I to this prospectus and the unaudited consolidated results based on the management accounts of our Group for the three months ended 31 December 2023.

RECENT DEVELOPMENT

As at the Latest Practicable Date, we had 22 projects on hand with an aggregate of approximately HK$574.5 million yet to be recognised as revenue. For further details, please refer to the paragraph headed "Business – Projects on hand" in this prospectus.

Our Directors confirm that, save for the expenses in connection with the Listing, up to the date of this prospectus, there has been no material adverse change in our financial or trading position or prospects since 30 September 2023, and there had been no events since 30 September 2023 which would materially affect the information shown in our consolidated financial statements included in the Accountant's Report. It is expected that our Group's net profit will decrease for FY2023 primarily attributable to the incurrence of listing expenses which is non-recurring in nature in FY2023.