



羅兵咸永道

The Directors
Wing Lee Development Construction Holdings Limited
incorporated in the Cayman Islands with limited liability
89 Nexus Way, Camana Bay,
Grand Cayman, KY1-9009
Cayman Islands

27 September 2024

Dear Sirs

We refer to the prospectus dated 27 September 2024 in connection with the proposed initial listing of shares of Wing Lee Development Construction Holdings Limited (the “Company”) on the Main Board of The Stock Exchange of Hong Kong Limited (the “Prospectus”), a copy of which is attached and initialled by us on its front cover for the purpose of identification.

Our engagement to prepare this letter has been performed in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200, *Accountants’ Reports on Historical Financial Information in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants.

We hereby consent to the inclusion of our accountant’s report and our report on unaudited pro forma financial information, both dated 27 September 2024, in the Prospectus, and the references to our name in the form and context in which they are included.

Yours faithfully

A handwritten signature in black ink, appearing to be 'Robb L.', written over a light blue horizontal line.

PricewaterhouseCoopers
Certified Public Accountants
Hong Kong

Wing Lee Development Construction Holdings Limited

榮利營造控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 9639

SHARE OFFER

Sole Sponsor and Overall Coordinator



Alliance Capital Partners Limited
同人融資有限公司

Joint Bookrunners



Alliance Capital Partners Limited
同人融資有限公司



中國銀河國際
CHINA GALAXY INTERNATIONAL



民銀資本
CIBC CAPITAL HOLDINGS LIMITED



農銀國際
ABC INTERNATIONAL



海通國際 HAITONG



興證國際
XINGZHENG INTERNATIONAL

Joint Lead Managers



農銀國際
ABC INTERNATIONAL



信達國際
CINDA INTERNATIONAL



輝立證券集團
Phillip Securities Group



富途證券



中募金融



高裕證券
Gooyu Securities



利弗莫爾
LEVERMORE



IMPORTANT

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

Wing Lee Development Construction Holdings Limited 榮利營造控股有限公司

(incorporated in the Cayman Islands with limited liability)

SHARE OFFER

Total number of Offer Shares	:	250,000,000 Shares (subject to the Over-allotment Option)
Number of Public Offer Shares	:	25,000,000 Shares (subject to re-allocation)
Number of Placing Shares	:	225,000,000 Shares (subject to re-allocation and the Over-allotment Option)
Offer Price (subject to a Downward Offer Price Adjustment)	:	Not more than HK\$0.73 per Offer Share and expected to be not less than HK\$0.57 per Offer Share, plus brokerage of 1.0%, SFC transaction levy of 0.0027%, AFRC transaction levy of 0.00015% and Stock Exchange trading fee of 0.00565% (payable in full on application and subject to refund) (If the Offer Price is set at 10% below the bottom end of the Offer Price range after making a Downward Offer Price Adjustment, the Offer Price will be HK\$0.513 per Offer Share)
Nominal value	:	HK\$0.01 per Share
Stock code	:	9639

Sole Sponsor and Overall Coordinator



Alliance Capital Partners Limited
同人融資有限公司

Joint Bookrunners



Alliance Capital Partners Limited
同人融資有限公司



中國銀河國際
CHINA GALAXY INTERNATIONAL



民銀資本
CITIC CAPITAL HOLDINGS LIMITED



農銀國際
ABC INTERNATIONAL



海通國際 HAITONG



興證國際
INDUSTRIAL SECURITIES INTERNATIONAL

Joint Lead Managers



農銀國際
ABC INTERNATIONAL



信達國際
CINDA INTERNATIONAL



輝立證券集團
Phillip Securities Group



富途證券



中募金融



高裕證券
Gaoyu Securities



利弗莫尔证券
LEVERMORE HOLDINGS LIMITED

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

A copy of this prospectus, having attached thereto the documents specified in the paragraph headed "Documents delivered to the Registrar of Companies in Hong Kong" in Appendix V to this prospectus, has been registered by the Registrar of Companies in Hong Kong as required under section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The Securities and Futures Commission and the Registrar of Companies in Hong Kong take no responsibility as to the contents of this prospectus or any other documents referred to above.

The Offer Price is expected to be determined by agreement between our Company and the Overall Coordinator (for itself and on behalf of the Underwriters) on the Price Determination Date. The Price Determination Date is expected to be on or before 12:00 noon on Monday, 7 October 2024. The Offer Price will be not more than HK\$0.73 per Offer Share and is expected to be not less than HK\$0.57 per Offer Share, unless otherwise announced. If, for any reason, the Offer Price is not agreed between the Overall Coordinator (for itself and on behalf of the Underwriters) and our Company by 12:00 noon on Monday, 7 October 2024, the Share Offer will not become unconditional and will lapse immediately.

The Overall Coordinator (for itself and on behalf of the Underwriters) may, with the consent of our Company, reduce the number of Offer Shares and/or the indicative Offer Price range stated in this prospectus at any time prior to the morning of the last day for lodging applications under the Public Offer. In such a case, a notice of the reduction in the number of Offer Shares and/or the indicative Offer Price range will be published on our website at www.winglee.com.hk and the Stock Exchange's website at www.hkexnews.hk not later than the morning of the last day for lodging applications under the Public Offer. Further details are set forth in the sections headed "Structure and conditions of the Share Offer" and "How to Apply for Public Offer Shares" in this prospectus.

The Offer Shares have not been and will not be registered under the U.S. Securities Act and may not be offered, sold, pledged or transferred, except pursuant to the exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and in accordance with any applicable United States securities laws. The Offer Shares are being offered and sold only outside the United States in offshore transactions in reliance on Regulation S.

Prior to making an investment decision, prospective investors should consider carefully all the information set out in this prospectus, including risk factors set out in the section headed "Risk factors" in this prospectus. Pursuant to the Public Offer Underwriting Agreement, the Overall Coordinator (for itself and on behalf of the Underwriters) have the right in certain circumstances to terminate the obligations of the Public Offer Underwriters at any time prior to 8:00 a.m. (Hong Kong time) on the Listing Date. Further details of such circumstances are set out in the section headed "Underwriting — Underwriting arrangements and expenses — The Public Offer — Grounds for Termination" in this prospectus.

ATTENTION

We have adopted a fully electronic application process for the Share Offer. We will not provide printed copies of this prospectus to the public in relation to the Share Offer.

This prospectus is available at the website of the Stock Exchange at www.hkexnews.hk and our website at www.winglee.com.hk. If you require a printed copy of this prospectus, you may download and print from the website addresses above.



IMPORTANT

IMPORTANT NOTICE TO INVESTORS OF PUBLIC OFFER SHARES FULLY ELECTRONIC APPLICATION PROCESS

We have adopted a fully electronic application process for the Public Offer and below are the procedures for application.

This prospectus is available at the website of the Stock Exchange at www.hkexnews.hk under the “HKEXnews> New Listings> New Listing Information” section, and our website at www.winglee.com.hk.

To apply for Public Offer Shares, you may use one of the following application channels:

Application Channel	Platform	Target Investors	Application Time
HK eIPO White Form service	Online application via the HK eIPO White Form service at the designated website at www.hkeipo.hk .	Investors who would like to receive a physical Share certificate. Public Offer Shares successfully applied for will be allotted and issued in your own name.	From 9:00 a.m. on Friday, 27 September 2024 to 11:30 a.m. on Friday, 4 October 2024, Hong Kong time. The latest time for completing full payment of application monies will be 12:00 noon on Friday, 4 October 2024, Hong Kong time.
HKSCC EIPO channel	Your broker or custodian who is a HKSCC Participant will submit an EIPO application on your behalf through HKSCC’s FINI system in accordance with your instruction	Investors who would <u>not</u> like to receive a physical Share certificate. Public Offer Shares successfully applied for will be allotted and issued in the name of HKSCC Nominees, deposited directly into CCASS and credited to your designated HKSCC Participant’s stock account.	Contact your broker or custodian for the earliest and latest time for giving such instructions, as this may vary by broker or custodian.

We will not provide any physical channels to accept any application for the Public Offer Shares by the public. The contents of this prospectus are identical to the prospectus as registered with the Registrar of Companies in Hong Kong pursuant to Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

If you are an **intermediary, broker or agent**, please remind your customers, clients or principals, as applicable, that this prospectus is available online at the website addresses above.

Please refer to the section headed “How to apply for Public Offer Shares” in this prospectus for further details of the procedures through which you can apply for the Public Offer Shares electronically.



IMPORTANT

Your application through the **HK eIPO White Form** service or the HKSCC EIPO channel must be for a minimum of 5,000 Public Offer Shares and in one of the numbers set out in the table below. If you are applying through the **HK eIPO White Form** service, you may refer to the table below for the amount payable for the number of Shares you have selected. You must pay the respective maximum amount payable on application in full upon application for Public Offer Shares. If you are applying through the HKSCC EIPO channel, you are required to prefund your application based on the amount specified by your broker or custodian, as determined based on the applicable laws and regulations in Hong Kong.

Maximum Amount payable ⁽²⁾ on		Maximum Amount payable ⁽²⁾ on		Maximum Amount payable ⁽²⁾ on		Maximum Amount payable ⁽²⁾ on	
No. of Hong Kong Offer Shares applied for	application/successful allotment	No. of Hong Kong Offer Shares applied for	application/successful allotment	No. of Hong Kong Offer Shares applied for	application/successful allotment	No. of Hong Kong Offer Shares applied for	application/successful allotment
	HK\$		HK\$		HK\$		HK\$
5,000	3,686.82	60,000	44,241.72	400,000	294,944.82	4,000,000	2,949,448.20
10,000	7,373.62	70,000	51,615.35	450,000	331,812.92	5,000,000	3,686,810.26
15,000	11,060.44	80,000	58,988.97	500,000	368,681.03	6,000,000	4,424,172.30
20,000	14,747.23	90,000	66,362.58	600,000	442,417.24	7,000,000	5,161,534.36
25,000	18,434.05	100,000	73,736.20	700,000	516,153.44	8,000,000	5,898,896.40
30,000	22,120.86	150,000	110,604.31	800,000	589,889.65	9,000,000	6,636,258.46
35,000	25,807.67	200,000	147,472.41	900,000	663,625.85	10,000,000	7,373,620.50
40,000	29,494.48	250,000	184,340.51	1,000,000	737,362.06	11,000,000	8,110,982.56
45,000	33,181.30	300,000	221,208.61	2,000,000	1,474,724.10	12,500,000 ⁽¹⁾	9,217,025.63
50,000	36,868.10	350,000	258,076.72	3,000,000	2,212,086.16		

⁽¹⁾ Maximum number of Public Offer Shares you may apply for and this is 50% of the Public Offer Shares initially offered.

⁽²⁾ The amount payable is inclusive of brokerage, SFC transaction levy, the Stock Exchange trading fee and AFRC transaction levy. If your application is successful, brokerage will be paid to the Exchange Participants (as defined in the Listing Rules) or to the **HK eIPO White Form** Service Provider (for applications made through the application channel of the **HK eIPO White Form** Service Provider) while the SFC transaction levy, the Stock Exchange trading fee and the AFRC transaction levy will be paid to the SFC, the Stock Exchange and the AFRC, respectively.

No application for any other number of Public Offer Shares will be considered and any such application is liable to be rejected.



EXPECTED TIMETABLE ⁽¹⁾

If there is any change in the following expected timetable, our Company will issue an announcement on the websites of the Stock Exchange at www.hkexnews.hk and our Company at www.winglee.com.hk.

Public Offer commences 9:00 a.m. on Friday, 27 September 2024

Latest time to complete electronic applications under
the **HK eIPO White Form** service through the designated
website www.hkeipo.hk ⁽²⁾ 11:30 a.m. on
Friday, 4 October 2024

Application lists of the Public Offer open ⁽³⁾ 11:45 a.m. on
Friday, 4 October 2024

Latest time for (1) completing payment of **HK eIPO White Form**
applications by effecting internet banking transfer(s) or
PPS payment transfer(s); or (2) giving **electronic application**
instructions to HKSCC ⁽⁴⁾ 12:00 noon on
Friday, 4 October 2024

If you are instructing your **broker** or **custodian** who is a HKSCC Participant to submit HKSCC EIPO applications on your behalf through HKSCC's FINI system in accordance with your instruction, you are advised to contact your broker or custodian for the latest time for giving such instructions which may be different from the latest time as stated above.

Application lists of the Public Offer close ⁽³⁾ 12:00 noon on
Friday, 4 October 2024

Expected Price Determination Date ⁽⁵⁾ Monday, 7 October 2024

Where applicable, announcement of the Offer Price being set
below the bottom end of the Offer Price range after making a
Downward Offer Price Adjustment (see the section headed
“Structure and Conditions of the Share Offer — Pricing and
Allocation — Offer Price”) on the website of the Stock
Exchange at www.hkexnews.hk and the Company's website at
www.winglee.com.hk on or before. 11:00 p.m.
Tuesday, 8 October 2024



EXPECTED TIMETABLE ⁽¹⁾

Announcement of the final Offer Price, the level of indication of interest in the Placing, the level of applications in respect of the Public Offer and the results and basis of allocation under the Public Offer to be published on the website of Stock Exchange at www.hkexnews.hk and our Company at www.winglee.com.hk ⁽⁶⁾ no later than 11:00 p.m.
Tuesday, 8 October 2024

Results of allocations in the Public Offer (with successful applicants' identification document numbers, where appropriate) to be available through the **HK eIPO White Form** service or HKSCC EIPO channel:

- in the announcement to be posted on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.winglee.com.hk ⁽⁶⁾ no later than 11:00 p.m.
Tuesday, 8 October 2024
- from the “Allotment Results” page on the designated results of allocations website at www.tricor.com.hk/ipo/result or www.hkeipo.hk/IPOResult with a “search by ID” function from ⁽⁷⁾ 11:00 p.m. on Tuesday, 8 October 2024 to 12:00 midnight on Monday, 14 October 2024
- by telephone enquiry line by calling +852 3691 8488 between 9:00 a.m. and 6:00 p.m. from . . . Wednesday, 9 October 2024 to Tuesday, 15 October 2024 (excluding Saturday, Sunday and public holidays in Hong Kong)
- for those applying through HKSCC EIPO channel, you may also check with your broker or custodian from 6:00 p.m.
Monday, 7 October 2024



EXPECTED TIMETABLE ⁽¹⁾

For applications through the **HK eIPO White Form** service:

- Share certificates to be collected in person at
the Hong Kong Share Registrar, Tricor Investor Services
Limited, at 17/F, Far East Finance Centre,
16 Harcourt Road, Hong Kong for application of
1,000,000 Public Offer Shares or more from ⁽⁸⁾⁽⁹⁾ 9:00 a.m. to 1:00 p.m. on
Wednesday, 9 October 2024
- Share certificates to be sent for application of less than
1,000,000 Public Offer Shares ⁽⁸⁾⁽⁹⁾ Tuesday, 8 October 2024

For applications through HKSCC EIPO channel, Share certificate(s) will be issued in the name of HKSCC Nominees, deposited into CCASS and credited to your designated HKSCC Participant's stock account. ⁽⁸⁾⁽⁹⁾

e-Auto Refund payment instructions/refund cheque(s)
via the **HK eIPO White Form** service to be despatched ⁽¹⁰⁾ Wednesday, 9 October 2024

Dealings in the Shares on the Stock Exchange expected to
commence at ⁽¹¹⁾ 9:00 a.m. on
Wednesday, 9 October 2024

The application for the Share Offer will commence on Friday, 27 September 2024 through Friday, 4 October 2024, being longer than normal market practice of three and a half days. Investors should be aware that the dealings in the Shares on the Stock Exchange are expected to commence on Wednesday, 9 October 2024.

Notes:

- (1) All times and dates refer to Hong Kong local times and dates. Details of the structure of the Share Offer, including its conditions, are set out in the section headed "Structure and Conditions of the Share Offer" in this prospectus.
- (2) You will not be permitted to submit your application under the **HK eIPO White Form** service through the designated website at www.hkeipo.hk after 11:30 a.m. on the last day for submitting applications. If you have already submitted your application and obtained an application reference number from the designated website prior to 11:30 a.m., you will be permitted to continue the application process (by completing payment of application monies) until 12:00 noon on the last day for submitting applications, when the application lists close.
- (3) If there is/are a "black" rainstorm warning or a tropical cyclone warning signal number 8 or above and/or Extreme Conditions in force in Hong Kong at any time between 9:00 a.m. to 12:00 noon on Friday, 4 October 2024, the application lists will not open and close on that day. Particulars of the arrangements are set forth under the paragraph headed "How to Apply for Public Offer Shares — E. Bad Weather Arrangements" in this prospectus.



EXPECTED TIMETABLE ⁽¹⁾

- (4) Applicants who apply for the Offer Shares by giving **electronic application instructions** to HKSCC through HKSCC's FINI system should refer to section headed "How to Apply for Public Offer Shares — A. Applications for Public Offer Shares — 2. Application Channels."
- (5) The Price Determination Date is expected to be on or around Monday, 7 October 2024. If, for any reason, the Offer Price is not agreed between the Overall Coordinator (for itself and on behalf of the Underwriters) and our Company by 12:00 noon on Monday, 7 October 2024, the Share Offer will not proceed and will lapse.
- (6) None of the website of our Company or any of the information contained on the website of our Company forms part of this prospectus.
- (7) The full list of (i) wholly or partially successful applicants using the **HK eIPO White Form** service and HKSCC EIPO channel, and (ii) the number of Public Offer Shares conditionally allotted to them, among other things, will be displayed at www.hkeipo.hk/IPOResult or www.tricor.com.hk/ipo/result.
- (8) Share certificates will only become valid at 8:00 a.m. on the Listing Date provided that the Share Offer has become unconditional and the right of termination described in the section headed "Underwriting — Underwriting Arrangements and Expenses — Public Offer — Grounds for Termination" in this prospectus has not been exercised. Investors who trade the Shares on the basis of publicly available allocation details prior to the receipt of Share certificates or prior to the Share certificates becoming valid evidence of title do so entirely at their own risk.
- (9) If a Bad Weather Signal in force is hoisted on Tuesday, 8 October 2024, the Hong Kong Share Registrar will make appropriate arrangements for the delivery of the Share certificates to the HKSCC Depository's service counter so that they would be available for trading on Wednesday, 9 October 2024.
- (10) Refund mechanism for surplus application monies paid by application via **HKSCC EIPO** channel is subject to the arrangement between applicants and their broker or custodian.

Applicants who have applied for Public Offer Shares through the **HKSCC EIPO** channel should refer to the paragraph headed "How to Apply for Public Offer Shares — D. Despatch of Share Certificates and Refund of Application Monies" in this prospectus for details.

Applicants who have applied through the **HK eIPO White Form** service and paid their applications monies through single bank accounts may have refund monies (if any) despatched to the designated bank account in the form of e-Auto Refund payment instructions. Applicants who have applied through the **HK eIPO White Form** service and paid their application monies through multiple bank accounts may have refund monies (if any) despatched to the address as specified in their application instructions in the form of refund cheques in favour of the applicant (or, in the case of joint applications, the first-named applicant) by ordinary post at their own risk.

Further information is set out in "How to Apply for Public Offer Shares — D. Despatch of Share Certificates and Refund of Application Monies" in this prospectus.

The above expected timetable is a summary only. You should refer to the sections headed "Structure and Conditions of the Share Offer" and "How to Apply for Public Offer Shares" in this prospectus for details of the Public Offer, including the conditions of the Public Offer, and the procedures for application for the Public Offer Shares.

If the Share Offer does not become unconditional or is terminated in accordance with its terms, the Share Offer will not proceed. In such case, our Company will make an announcement as soon as practicable thereafter.



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

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SUMMARY

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 of the information that may be important to you and is qualified in its entirety by, and should be read in conjunction with, the full text of this prospectus. You should read the entire prospectus before you decide to invest in the Offer Shares.

There are risks associated with any investment. Some of the particular risks associated with an investment 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 section are defined in the section headed “Definitions and Glossary of Technical Terms” in this prospectus.

BUSINESS OVERVIEW

We are an established contractor in Hong Kong engaged in civil and electrical cable engineering and solar PV system works. Our civil engineering works specialise in site formation works and road and drainage works, and our electrical cable engineering works specialise in cable trenching, laying and jointing works. For solar PV system works, we specialise in design, installation and maintenance works of solar PV systems. To a lesser extent, during the Track Record Period, we leased machinery and traded construction materials to contractors and subcontractors on an ad hoc basis in a limited number of projects (mainly Project No. #01) in which we participated in.

Our site formation works generally include earthworks, excavation and installation of steel structures. Our road and drainage works mainly include construction and modification of roads, carriageway and pavement, construction of covered walkways, renovation of subways and footbridges, provision of universal accessibility facilities at footbridges, elevated walkways and subways, construction of drainage systems, manholes, cable trenches and installation of water mains and sewerage pipes.

Our electrical cable engineering works generally include cable trenching, laying and jointing, and involve excavation, reinstatement and miscellaneous construction (such as concrete draw) works, traffic impact assessment as well as emergency and cable fault repair. According to the Industry Report, our Group is the largest power cabling and civil pipeline installation subcontractor in Hong Kong in 2023 with the market share of approximately 13.6% based on our revenue for FY2023/24. Our Directors recognised the growing importance of renewable energy and sustainable development which are two of the main drivers for Hong Kong’s future development. Starting from 2019 and during the Track Record Period, our Group also performed design, installation and maintenance works of solar PV systems under our business segment of solar PV systems.

During the Track Record Period, we participated in certain major infrastructure projects in Hong Kong for each of our segments. For example:

- (i) in respect of our site formation works, we were one of the subcontractors participating in the infrastructure project at the third runway of the Hong Kong International Airport (i.e. the Third Runway Projects);
- (ii) in respect of our road and drainage works, we were the main contractor of a Government department for a village sewerage project at Mui Wo with a contract sum of approximately HK\$99.1 million; and
- (iii) in respect of our electrical cable engineering works, we are directly contracted by the CLP Group, being a group of companies providing electricity to more than 80% of the Hong Kong’s population, to provide zonal cable trenching, laying and jointing works as well as emergency and cable fault repair under the Master Agreement A in which we covered the Sham Shui Po and Wong Tai Sin zones. We are also a subcontractor of Shing Construction, which is one of the main contractors of the CLP Group, to provide



SUMMARY

zonal cable trenching, laying and jointing works as well as emergency and cable fault repair under the Master Agreement B in which we cover the Tsuen Wan zone. For the salient terms of the Master Agreement A and the Master Agreement B, please refer to the paragraph headed “Business — Our customers — Master Agreement A and Master Agreement B for electrical cable engineering works” in this prospectus. We are the only direct subcontractor of CLPe Solutions Limited and Kum Shing Construction (both as main contractor) for the scope of works set out in the Master Agreement A and the Master Agreement B (i.e. cable trenching, laying and jointing works as well as emergency and cable fault repair), respectively.

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

	FY2021/22		FY2022/23		FY2023/24	
	HK\$'000	%	HK\$'000	%	HK\$'000	%
Civil engineering:	278,276	53.5	175,411	48.6	365,454	69.5
— Site formation works	263,022	50.6	114,596	31.8	309,429	58.8
— Road and drainage works	15,254	2.9	60,815	16.8	56,025	10.7
Electrical cable engineering	127,638	24.5	125,409	34.7	113,244	21.5
Solar PV system	32,907	6.3	38,043	10.5	44,308	8.4
Total service revenue	438,821	84.3	338,863	93.8	523,006	99.4
Leasing of machinery	37,774	7.3	14,917	4.1	1,029	0.2
Sales of materials	43,756	8.4	7,427	2.1	2,064	0.4
Total other revenue	81,530	15.7	22,344	6.2	3,093	0.6
Total revenue	520,351	100	361,207	100	526,099	100

During the Track Record Period, the Third Runway Projects have been a main driver of our business and financial performance. For instance, the Third Runway Projects in aggregate contributed service revenue of approximately HK\$254.6 million, HK\$92.7 million and HK\$241.2 million for FY2021/22, FY2022/23 and FY2023/24, respectively, representing approximately 96.8%, 80.9% and 80.0% of our service revenue from site formation works and approximately 48.9%, 25.7% and 45.9% of our total revenue for the corresponding financial years.

Notwithstanding it is reported that the third runway of the Hong Kong International Airport is scheduled for completion in 2024, the scope of our Group’s involvement in the Third Runway Projects covers more than just the runway itself. This includes, among others, the passenger terminal building, airport apron, and underground works for cable ducting systems, fire service water plumbing, sewerage, oil separation, and seawater cooling discharge systems which require footings and steel structure works to be performed by our Group which are still under construction. Currently, our Third Runway Projects are expected to complete by mid-2025.

In May 2024, our Group was first included on the List of Pre-Qualified Tenderers for Civil Engineering Works of Hong Kong International Airport, enabling our Group to bid for tender projects as main contractors. It is AAHK’s policy that all projects must go through a robust and prudent procurement process and adoption of the most appropriate procurement strategies and methods. Such procurement methods may include competitive tendering or limited tendering with the objective to identify the best fit suppliers and obtain the best value of money. To the best knowledge of our Directors, (i) the invitation to tender of all AAHK’s projects would be issued and posted on AAHK’s website and be accessible by the public, save for minor civil engineering works with value not exceeding HK\$50 million; and (ii) the invitation to tender for AAHK’s minor civil engineering works with value not exceeding HK\$50 million would only be sent to or be available for downloading at the ePROS (which is an e-tendering system maintained by AAHK to automate the procurement and tendering process) for contractors which have been included on the List of Pre-Qualified Tenderers for Civil Engineering Works. Since the said inclusion, our Group has received three invitations from AAHK to submit tenders for works involving cabling



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infrastructure for enterprise 5G enhancement, enabling works for airside access of transit mail centre, and modification works in North and South Aircraft Recovery Equipment Stores, respectively, in August 2024. As of 21 September 2024, (i) our Group has already submitted tender documents on 9 September 2024 via ePROS for one of the tenders; and (ii) the submission period of the other two tenders has not yet lapsed and our Group is in the process of preparing the tender documents for submission. Hence, upon the expected completion of the Third Runway Projects in mid-2025, our Group will also be eligible to submit tenders for various maintenance and upkeep works at the Hong Kong International Airport. In fact, according to AAHK's Annual Report 2023/24, the expenses related to repairs and maintenance, as well as the costs of outsourcing business operations to third-party contractors was approximately HK\$2.33 billion, accounting for approximately 28.1% of AAHK's total operating expenses in FY2023/24. The said sum has increased by appropriately 19.8% as compared to that of the previous financial year, which shows the trend of AAHK to increase its investment in repairs and maintenance of the Hong Kong International Airport in recent years. In addition, our Group is currently in advanced or final stage of negotiation for some projects for which we have submitted tenders (the details of which are set out in the paragraph headed "Future Plans and Use of Proceeds — Use of proceeds" in this prospectus). Having considered the above, our Directors consider that the completion of the Third Runway Projects by mid-2025 will not have a material adverse impact on our Group's business prospects. Furthermore, as mentioned previously, given that our Group is on the List of Pre-Qualified Tenderers for Civil Engineering Works of Hong Kong International Airport, upon completion of the Third Runway Projects, our Group would be able to free up our capacity (in terms of human resources, working capital, as well as our machinery and equipment, etc.). This would allow us to bid for tender projects for other civil engineering works at the Hong Kong International Airport going forward.

Projects undertaken during the Track Record Period

Revenue by project sectors

During the Track Record Period, we were mainly engaged in public sector projects in Hong Kong. To a lesser extent, we were also engaged in private sector projects in Hong Kong. During the Track Record Period, our key public sector projects mainly included the Third Runway Projects, which contributed approximately HK\$254.6 million, HK\$92.7 million and HK\$241.2 million for FY2021/22, FY2022/23 and FY2023/24, respectively, representing approximately 88.4%, 46.9% and 63.0% of our service revenue from public sector projects for the corresponding years, while our key private sector projects mainly included our projects under the Master Agreement A and the Master Agreement B which in aggregate contributed approximately HK\$113.5 million, HK\$123.6 million and HK\$113.1 million for FY2021/22, FY2022/23 and FY2023/24, respectively, representing approximately 75.3%, 87.6% and 80.8% of our service revenue from private sector projects for the corresponding years.

The following table sets forth a breakdown of our service revenue during the Track Record Period by reference to project sectors:

	FY2021/22		FY2022/23		FY2023/24	
	HK\$'000	%	HK\$'000	%	HK\$'000	%
Public sector	288,036	65.6	197,743	58.4	382,976	73.2
Private sector	150,785	34.4	141,120	41.6	140,030	26.8
Total service revenue	438,821	100	338,863	100	523,006	100

The changes in the contribution of our service revenue from public and private sector projects during the Track Record Period was mainly driven by the fluctuation of service revenue contributed by the Third Runway Projects, which was mainly because one of our Third Runway Projects, namely Project No. #01, was substantially completed towards the end of FY2021/22 and as a result contributed a substantially lower amount of service revenue for FY2022/23, while at the same time the aggregated service revenue contributed by the Master Agreement A and Master Agreement B remained relatively stable during the Track Record Period.



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Revenue by our role

We undertook projects as both main contractor and subcontractor during the Track Record Period. The table below sets forth a breakdown of our service revenue by our role in the projects during the Track Record Period:

	FY2021/22		FY2022/23		FY2023/24	
	HK\$'000	%	HK\$'000	%	HK\$'000	%
Main contractor	17,353	4.0	63,078	18.6	58,136	11.1
Subcontractor	421,468	96.0	275,785	81.4	464,870	88.9
Total service revenue	438,821	100	338,863	100	523,006	100

Reasons for the decrease in our revenue for FY2022/23

Our Group's revenue decreased by approximately 30.6% from approximately HK\$520.4 million for FY2021/22 to approximately HK\$361.2 million for FY2022/23, which was mainly attributable to the decrease in our service revenue derived from site formation works, from approximately HK\$263.0 million for FY2021/22 to approximately HK\$114.6 million for FY2022/23, caused mainly by the completion of Project No. #01 towards the end of FY2021/22 whilst Project No. #07 (with contract sum of approximately HK\$577.1 million) and Project No. #08 (with contract sum of approximately HK\$189.2 million) only commenced in December 2022 and July 2022, respectively. Consequently a significant portion of the revenue from these two projects had not yet been recognised in FY2022/23 but in FY2023/24.

Gross profit and gross profit margin

The following table sets forth a breakdown of our service gross profit and service gross profit margin in respect of our service revenue by types of works for the years indicated:

	FY2021/22		FY2022/23		FY2023/24	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	HK\$'000	%	HK\$'000	%	HK\$'000	%
Civil engineering						
— Site formation works	33,885	12.9	12,783	11.2	61,535	19.9
— Road and drainage works	3,038	19.9	9,401	15.5	10,769	19.2
Electrical cable engineering	25,767	20.2	29,456	23.5	34,148	30.2
Solar PV system	1,324	4.0	7,696	20.2	14,021	31.6
Total service gross profit/gross profit margin	64,014	14.6	59,336	17.5	120,473	23.0

The following table sets forth the breakdown of our service gross profit and service gross profit margin in respect of our service revenue by reference to project sectors during the Track Record Period:

	FY2021/22		FY2022/23		FY2023/24	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	HK\$'000	%	HK\$'000	%	HK\$'000	%
Public sector	36,734	12.8	33,742	17.1	75,331	19.7
Private sector	27,280	18.1	25,594	18.1	45,143	32.2
Total service gross profit/gross profit margin	64,014	14.6	59,336	17.5	120,474	23.0



SUMMARY

The following table sets forth the breakdown of our service gross profit and service gross profit margin in respect of our service revenue by our role as main contractor or subcontractor during the Track Record Period:

	FY2021/22		FY2022/23		FY2023/24	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	HK\$'000	%	HK\$'000	%	HK\$'000	%
Main contractor	3,427	19.7	10,261	16.3	13,204	22.7
Subcontractor	60,587	14.4	49,075	17.8	107,270	23.1
Total service gross profit/gross profit margin	64,014	14.6	59,336	17.5	120,474	23.0

Our service gross profit margin increased from approximately 14.6% for FY2021/22 to approximately 17.5% for FY2022/23, and increased further to approximately 23.0% for FY2023/24. The increase in our service gross profit margin for FY2022/23 was mainly driven by the increase in our service gross profit margin for electrical cable engineering works, which was mainly because during the Track Record Period we deployed more direct labour and reduced the use of subcontractors. The increase in our service gross profit margin for FY2023/24 was mainly driven by the increase in our service gross profit margin for site formation works and electrical cable engineering works. The increase in our service gross profit margin for site formation works was due to the fact that we incurred substantially less machinery and equipment leasing expenses as we deployed our own machinery resulting in overall saving of our cost of services.

Backlog

The following table sets out movement in the number of our projects during the Track Record Period and up to 31 July 2024:

	FY2021/22	FY2022/23	FY2023/24	From 1 April 2024 up to 31 July 2024
Opening number of projects	15	27	32	24
Add: Number of new projects awarded to us	27	32	29	9
Less: Number of projects completed	(15)	(27)	(37)	(6)
Ending number of projects	27	32	24	27

Considering that Project No. #01 would be substantially completed towards the end of FY2021/22, our Company took the view to strive to increase the likelihood of successful tender by adopting a more price competitive approach in respect of the tenders submitted during FY2021/22 thereby strengthening our project portfolio, and as a result the number of our new projects awarded increased from 27 for FY2021/22 to 32 for FY2022/23 (including our key projects, namely Project No. #07 and Project No. #08). In balancing our resources to undertake the abovementioned new key projects and our capacity to take up other additional new projects, we lowered the number of tenders submitted during FY2023/24 resulting in the decrease in the number of projects awarded during the same financial year.



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The following table sets forth the movement in the value of backlog of our projects (excluding the Master Agreement A, the Master Agreement B and the Master Agreement C) during the Track Record Period and up to 31 July 2024:

	FY2021/22	FY2022/23	FY2023/24	From 1 April 2024 up to 31 July 2024
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Opening value of backlog as at the beginning of the relevant year/period	120,651	221,364	722,016	707,582
Add: Total value of contract works awarded during the relevant year/period	414,793	715,962	395,427	340,147
Less: Total service revenue recognised during the relevant year/period	(314,080)	(215,310)	(409,861)	(232,278)
Ending value of backlog to be carried forward to next year/period	<u>221,364</u>	<u>722,016</u>	<u>707,582</u>	<u>815,451</u>

During the Track Record Period, our annual average aggregate revenue derived from the Master Agreement A and the Master Agreement B relating to our electrical cable engineering works for the CLP Group was approximately HK\$116.7 million. Despite the expiry of the original term of the above agreements in November 2023, both the CLP Group and Kum Shing Construction exercised the renewal option for another year, extending the agreements until 30 November 2024.

As at the Latest Practicable Date, we had submitted 51 contract tenders which were still undergoing tender selection process. Of these 51 tenders, we are positive that we shall be able to secure three projects, taking into consideration latest negotiation with the relevant prospective customers. Further details are set out in the section headed “Future Plans and Use of Proceeds”.

Tender success rate

The following table sets forth the number of projects for which we have submitted tenders, the number of projects awarded and the tender success rate during the Track Record Period:

	FY2021/22	FY2022/23	FY2023/24
Number of projects for which we have submitted tenders	56	74	62
— Public sector	54	66	42
— Private sector	2	8	20
Number of projects awarded	19	21	18
— Public sector	19	18	15
— Private sector	—	3	3
Overall tender success rate (%) ^(Note 1)	33.9	28.4	29.0 ^(Note 2)
— Public sector (%)	35.2	27.3	35.7
— Private sector (%)	0.0	37.5	15.0

Notes:

- In the above table, success rate for a financial year is calculated based on the number of projects awarded (whether awarded in the same financial year or subsequently) in respect of the tenders submitted during that financial year.
- Out of the 62 projects tendered during FY2023/24, the tender results of 51 projects were still pending as at the Latest Practicable Date.



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Our tender success rate decreased from approximately 33.9% for FY2021/22 to approximately 28.4% for FY2022/23 and remained relatively stable at approximately 29.0% for FY2023/24. The slight decrease in our overall tender success rate from FY2021/22 to FY2022/23 was mainly because (i) considering that Project No. #01 would be substantially completed towards the end of FY2021/22, we sought to increase the likelihood of successful tender by adopting a more price competitive approach in respect of the tenders submitted during FY2021/22, thereby strengthening our project portfolio; and (ii) during FY2022/23 we submitted more tenders (FY2021/22: 56; FY2022/23: 74) with a view to further build up the number of projects awarded to us.

During the Track Record Period, our service revenue was mainly contributed by public sector projects in terms of amount and number of projects, and our service revenue from private sector projects was mainly contributed by the Master Agreement A and the Master Agreement B which are both fixed-term contracts. Considering the market outlook and competitive landscape of the construction industry in Hong Kong, we took the view to focus more on public sector projects than private sector projects during the Track Record Period. For example, according to the Industry Report, Government spending on infrastructure has demonstrated stability, increasing at a CAGR of approximately 0.7% from approximately HK\$85.6 billion in 2018 to approximately HK\$88.7 billion in 2023, and the Government intends to maintain its commitment to infrastructure investment, as stated in the 2024/2025 Budget Speech, and it is projected that annual capital works expenditures will increase to approximately HK\$106.1 billion in 2024/2025 representing an increase of approximately 13.5% from approximately HK\$93.3 billion in 2018/2019. As such, the number of public sector projects for which we submitted tenders and the number of public sector projects we were awarded during the Track Record Period were greater than that for private sector projects, and our tender success rate for public sector projects was more representative than our private sector projects. Nonetheless, during FY2023/24, we were awarded a key private sector project, namely Project No. #11, with contract sum of approximately HK\$27.4 million, which is one of our material on-going projects as at the Latest Practicable Date.

Business relationship with the CLP Group and Kum Shing Construction under the Master Agreement A and the Master Agreement B

Our Group (as subcontractor) entered into the Master Agreement A and the Master Agreement B on a fixed-term contract basis with CLPe Solutions Limited and Kum Shing Construction (both as main contractor) for the provision of zonal cable trenching, laying and jointing works as well as emergency and cable fault repair, respectively. For FY2021/22, FY2022/23 and FY2023/24, the aggregate revenue contributed by the Master Agreement A and the Master Agreement B amounted to approximately HK\$113.5 million, HK\$123.6 million and HK\$113.1 million respectively, representing (i) approximately 88.9%, 98.5% and 99.9% of our service revenue from electrical cable engineering; (ii) approximately 25.9%, 36.5% and 21.6% of our total service revenue; and (iii) approximately 21.8%, 34.2% and 21.5% of our total revenue for the corresponding financial years. The original term of both the Master Agreement A and the Master Agreement B commenced on 1 December 2020 and expired on 30 November 2023. Upon expiry of the original term, both main contractors had exercised their rights under the Master Agreement A and the Master Agreement B to extend the original term for another year (i.e. until 30 November 2024). Our executive Directors confirm that, as at the Latest Practicable Date, (i) both CLPe Solutions Limited and Kum Shing Construction have not expressed any indication that CLPe Solutions Limited and Kum Shing Construction will not exercise the renewal option for another year; and (ii) we are currently negotiating with CLPe Solutions Limited and Kum Shing Construction on new fixed-term master agreements with a tentative initial term of four years with option to extend the term for up to four years on an annual basis commencing in December 2024.

For the related risk factor on renewal, please refer to the paragraph headed “Risk Factors — We entered into the Master Agreement A and the Master Agreement B on a fixed-term contract basis for the provision of zonal cable trenching, laying and jointing works as well as emergency and cable fault repair and there is no assurance that we will be able to renew the agreements upon expiry at commercially acceptable terms or at all” in this prospectus.



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Our customers

During the Track Record Period, our customers mainly included the CLP Group (a company which provides electricity to more than 80% of the Hong Kong's population) and its main contractors, construction contractors in Hong Kong, joint ventures formed by PRC state-owned enterprises through their subsidiaries, and various Government departments.

For FY2021/22, FY2022/23 and FY2023/24, the revenue derived from our top customer for each year during the Track Record Period amounted to approximately HK\$168.5 million, HK\$86.7 million and HK\$171.6 million, respectively, while the revenue derived from our top five customers for each year during the Track Record Period amounted to approximately HK\$440.7 million, HK\$220.5 million and HK\$380.7 million in aggregate, respectively. For FY2021/22, FY2022/23 and FY2023/24, the percentage of our total revenue attributable to our top customer for each year amounted to approximately 32.4%, 24.0% and 32.6%, respectively. The percentage of our total revenue attributable to our top five customers for each year in aggregate amounted to approximately 84.6%, 61.0% and 72.3%, respectively for the corresponding years. As advised by Frost & Sullivan, client concentration is a common occurrence within the civil engineering sector, in both public and private sectors. Our Directors consider that our Group's business model is sustainable despite such customer concentration. For further details of such customer concentration, please refer to the paragraph headed "Business — Our customers — Customer concentration" in this prospectus.

When we undertake projects for our customers, there may be occasions where our customers procure materials and provide 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 fuel and concrete. For FY2021/22, FY2022/23 and FY2023/24, we incurred approximately HK\$18.3 million, HK\$17.1 million, and HK\$0.8 million, respectively, for the procurement of materials and other services from our customers, representing approximately 4.3%, 6.0% and 0.2% of our total cost of services for the corresponding years, respectively.

Our suppliers

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) subcontractors; (ii) suppliers of materials such as steel, uPVC pipes and solar PV panels; and (iii) suppliers of other miscellaneous services such as machinery rental services, testing services and technical consultancy services.

For FY2021/22, FY2022/23 and FY2023/24, the percentage of our total purchases from our top supplier for each year amounted to approximately 7.7%, 3.7% and 10.6% of our total cost of services, respectively, while the percentage of our total purchases from our top five suppliers for each year in aggregate amounted to approximately 30.3%, 13.5% and 22.3%, respectively.

Licences and registrations

During the Track Record Period and up to the Latest Practicable Date, our Group had obtained the licences and registrations including registration as Registered Electrical Contractor, Contractor on the List of Approved Contractors for Public Works (Roads and Drainage under Group A on probation), Registered Specialist Trade Contractor and Registered Minor Works Contractor as at Latest Practicable Date.

For further details, please refer to the paragraph headed "Business — Licences and registrations" in this prospectus.



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COMPETITIVE LANDSCAPE AND COMPETITIVE STRENGTHS

Civil Engineering Industry in Hong Kong

According to the Census and Statistics Department, the gross value of civil engineering works performed by main contractors in Hong Kong recorded an overall incline from approximately HKD49,356.0 million in 2019 to HKD57,892.0 million in 2023, representing a CAGR of approximately 3.2%. The rollout and commencement of projects such as Kwu Tung North (KTN) and Fanling North (FLN) New Development Area (NDA), Kau Yi Chau Artificial Island under the Lantau Tomorrow Vision, Tung Chung New Town Extension in the coming few years, shall sustain demand for civil engineering works, the gross value of civil engineering works in Hong Kong is expected to increase at a CAGR of 3.5% during 2024 to 2028.

The civil engineering industry in Hong Kong is relatively concentrated. As estimated by Frost & Sullivan, the aggregate market share of top three market participants in civil engineering industry in Hong Kong in 2023 was approximately 22.4%. Our Group recorded revenue of HKD365.5 million, accounting for a market share of approximately 0.6% in the overall civil engineering industry in Hong Kong in 2023.

Electrical Engineering Industry in Hong Kong

Based on Frost & Sullivan's estimate, the market size of overall electrical works in Hong Kong increased from HK\$18.4 billion in 2018 to HK\$22.2 billion in 2023, representing a CAGR of approximately 4.6% during 2018 to 2023, and is projected to further climb to HK\$26.5 billion by 2028, maintaining a CAGR of around 3.9% between 2024 and 2028.

The electrical construction works in Hong Kong is relatively fragmented. According to Construction Industry Council ("CIC"), there were approximately 1,778 subcontractors on the List of Registered Subcontractors under the trade code of "Electrical" of CIC as of April 2024. Among the registered contractors, it is estimated that there were approximately 600 market participants in the power cabling & civil pipeline installation market in Hong Kong in 2023 and there were approximately 300 market participants in the solar system construction and maintenance market in Hong Kong in 2023. According to the Industry Report, our Group is the largest power cabling & civil pipeline installation subcontractor in Hong Kong in 2023 with the market share of 13.6%.

We believe that our competitive strengths include: (i) we have an established track record in the civil and electrical cable engineering industries in Hong Kong; (ii) we have diverse experience and capabilities in a wide spectrum of construction services; (iii) we possess our own labour and own a fleet of machinery and equipment to undertake a wide range of construction projects; and (iv) our management team is experienced, dedicated and is up-to-date with the development of the construction industry.

BUSINESS STRATEGIES

The principal business objective of our Group is to further strengthen our market position, increase our market share and capture the growth in the construction industry in Hong Kong.

We intend to pursue the following key business strategies: (i) acquiring additional electric machinery and equipment to enhance our operational capacity for our ongoing and upcoming projects and to seize the opportunity for sustainable construction; (ii) competing for more sizeable projects; (iii) expanding our manpower for project execution and strengthening the skills of our employees; and (iv) enhancing our occupational safety and project implementation efficiency through information technology.



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SALES AND MARKETING AND PRICING STRATEGY

During the Track Record Period, we secured new business mainly through invitations for tender by customers. For public sector projects in which we act as main contractor, we identify potential projects from publications on the websites of different Government departments. We may also receive invitations from different Government departments to submit tenders since we are registered on the List of Approved Contractors for Public Works maintained by the Development Bureau under Group A on probation of the Roads and Drainage category. Our Directors consider that due to our proven track record and our relationship with our existing customers, we are able to leverage our existing customer base and our reputation in civil and electrical cable engineering industries in Hong Kong such that we do not rely heavily on marketing activities other than 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 price trend for the types of materials and subcontracting services required; (iii) the complexity and the location of the project; (iv) the estimated number and types of machinery required; (v) the completion time requested by customers; and (vi) 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 top five customers and any significant decrease in the number of projects with our top five 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) our revenue is mainly derived from projects which are non-recurrent in nature and there is no guarantee that our customers will provide us with new businesses; and (iv) potential mismatch in time between receipt of payments from our customers, payment of project up-front costs, and payments to our suppliers may adversely affect our cash flows.

IMPACT OF THE OUTBREAK OF COVID-19 ON OUR OPERATIONS

The outbreak of COVID-19 was first reported in December 2019 and has expanded in Hong Kong and globally. From January 2022 and up to April 2022, Hong Kong recorded the fifth wave of the outbreak of COVID-19, as the daily number of confirmed cases increased significantly during that period. In early 2023, the Government gradually relaxed the stringent anti-epidemic measures. During the Track Record Period, we did not encounter prolonged closure of our work sites and there was no substantial delay in our projects in progress. For instance, for the Third Runway Projects, our Group only experienced temporary closure of sites due to the infected cases as informed by our customers. Such temporary closure of work sites lasted for less than 10 days during the Track Record Period. Based on the information available as at the Latest Practicable Date, our Directors confirm that the COVID-19 did not and will not have material adverse impact on our business operations and financial performance.



SUMMARY

SUMMARY OF KEY FINANCIAL INFORMATION

Summary of combined statements of profit or loss

	Year ended 31 March		
	2022	2023	2024
	HK\$'000	HK\$'000	HK\$'000
Revenue	520,351	361,207	526,099
Cost of sales	(426,738)	(285,674)	(404,492)
Gross profit	93,613	75,533	121,607
Profit before income tax	70,510	47,647	92,916
Income tax expenses	(11,455)	(7,082)	(16,009)
Profit for the year	59,055	40,565	76,907

Non-HKFRS financial measure

To supplement our combined financial statements which are presented in accordance with HKFRSs, we also presented the adjusted net profit (Non-HKFRS measure) and adjusted net profit margin (Non-HKFRS measure) as additional financial measures, which are not required by, or presented in accordance with HKFRSs. We believe that the presentation of non-HKFRS financial measures when shown in conjunction with the corresponding HKFRS financial measures provides useful information to potential investors and management in facilitating a comparison of our operating performance from period to period. Such non-HKFRS financial measures allow investors to consider matrices used by our management in evaluating our performance.

The use of non-HKFRS financial measures has limitations as an analytical tool, and investors should not consider these in isolation from, or as a substitute for, or superior to, analysis of our results of operations or financial conditions as reported in accordance with HKFRSs. In addition, the non-HKFRS financial measures may be defined differently from similar terms used by other companies.

We adjusted for certain items as our non-HKFRS financial measures, in order to provide potential investors with an overall and fair understanding of our core operating results and financial performance, especially in making period-to-period comparisons of, and assessing the profile of, our operating and financial performance. Listing expenses are mainly expenses related to the Listing and are added back because they were incurred only for the purposes of the Listing.

Adjusted net profit (Non-HKFRS measure)

We defined adjusted net profit (Non-HKFRS measure) as net profit for the year adjusted by adding back Listing expenses. The table below sets forth the adjusted net profit (Non-HKFRS measure) and the adjusted net profit margin (Non-HKFRS measure) for each respective year during the Track Record Period:

	FY2021/22	FY2022/23	FY2023/24
	HK'000	HK'000	HK'000
Profit for the year	59,055	40,565	76,907
Adjusted:			
Listing expenses	—	—	4,880
Adjusted net profit (Non-HKFRS measure) for the year	59,055	40,565	81,787
Adjusted net profit margin (Non-HKFRS measure) (%)	11.3%	11.2%	15.5%



SUMMARY

Summary of combined statements of financial position

	As at 31 March		
	2022	2023	2024
	HK\$'000	HK\$'000	HK\$'000
Non-current assets	62,052	55,739	92,762
Current assets	206,779	202,646	273,015
Non-current liabilities	17,635	14,509	23,440
Current liabilities	172,745	124,881	186,945
Net current assets	34,034	77,765	86,070
Net assets	78,451	118,955	155,392

Summary of combined statements of cash flows

	FY2021/22	FY2022/23	FY2023/24
	HK\$'000	HK\$'000	HK\$'000
Net cash inflow from operating activities . .	7,919	36,778	69,391
Net cash outflow from investing activities .	(5,493)	(35,872)	(39,608)
Net cash inflow/(outflow) from financing activities	2,000	(8,779)	(7,892)
Net increase/(decrease) in cash and cash equivalents.	4,426	(7,873)	21,891
Cash and cash equivalents at beginning of the financial year.	8,917	13,343	5,470
Cash and cash equivalents at end of the financial year.	13,343	5,470	27,361

During the Track Record Period, we recorded net cash inflow from operating activities and net cash outflow from investing activities for all years presented. On the other hand, we recorded net cash inflow from financing activities for FY2021/2022 and recorded net cash outflow from financing activities for FY2022/23 and FY2023/24.

Key financial ratios

The following table sets forth certain key financial ratios as at/for the years ended 31 March 2022, 31 March 2023 and 31 March 2024:

	As at/For the year ended 31 March		
	2022	2023	2024
Gross profit margin	18.0%	20.9%	23.1%
Net profit margin	11.3%	11.2%	14.6%
Return on equity	75.3%	34.1%	49.5%
Return on assets	22.0%	15.7%	21.0%
Current ratio	1.2	1.6	1.5
Gearing ratio ^(Note)	64.6%	44.7%	34.1%
Interest coverage ratio	53.9	25.9	40.3

Note: Gearing ratio represents total interest-bearing borrowings and lease liabilities, less cash and cash equivalents, divided by total equity as at the end of a year.

For further details of the key financial ratio, please refer to the paragraph headed “Financial Information — Selected financial ratios” in this prospectus.



SUMMARY

CONTROLLING SHAREHOLDERS

Immediately following completion of the Capitalisation Issue and the Share Offer (without taking into account any Shares which may be issued pursuant to the exercise of the Over-allotment Option or any options that may be granted under the Share Option Scheme or any Shares that may be granted under the Share Award Scheme), Wing Lee Green Development will be interested in approximately 75% of the issued share capital of our Company. Wing Lee Green Development is an investment holding company incorporated in the BVI and is owned as to 68% by Mr. Yiu, 17% by Mr. Yiu Wang Lung and 15% by Mr. Chan. On the basis that Mr. Yiu, Mr. Yiu Wang Lung and Mr. Chan hold their respective interests in our Company through a common investment holding company, namely Wing Lee Green Development, which, in turn, will be entitled to exercise 30% or more of the voting power at general meetings of our Company, Wing Lee Green Development, Mr. Yiu, Mr. Yiu Wang Lung and Mr. Chan are regarded as a group of Controlling Shareholders under the Listing Rules. For details of the shareholding interests of the Controlling Shareholders, please refer to the section headed “Substantial Shareholders” in this prospectus.

LITIGATION AND CLAIMS

During the Track Record Period and up to the Latest Practicable Date, our Group were involved in certain litigation and may be subject to certain potential claims in the ordinary and usual course of our business. As at the Latest Practicable Date, we were involved in an ongoing litigation where a third party, who was involved in a traffic accident and sustained personal injuries, commenced a legal action against us. The next hearing of the case is scheduled on 12 February 2025. For further details, please refer to the paragraph headed “Business — Litigation and Claims” in this prospectus.

OFFERING STATISTICS

Number of the Offer Shares:	250,000,000 Shares (subject to the Over-allotment Option)
Offer Price:	Not more than HK\$0.73 per Offer Share and expected to be not less than HK\$0.57 per Offer Share (subject to the Downward Offer Price Adjustment, excluding brokerage, Stock Exchange trading fee, SFC transaction levy and AFRC transaction levy)

	Based on an Offer Price of HK\$0.513 per Offer Share, after a Downward Offer Price Adjustment of 10%	Based on an Offer Price of HK\$0.57 per Share	Based on an Offer Price of HK\$0.73 per Share
	HK\$	HK\$	HK\$
Market capitalisation ^(Note 1)	513,000,000	570,000,000	730,000,000
Unaudited pro forma adjusted combined net tangible assets per Share ^(Note 2)	0.26	0.27	0.31

Notes:

1. The calculation of the market capitalisation of the Shares is based on the 1,000,000,000 Shares in issue and to be issued immediately after completion of the Share Offer, without taking into 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 Incentive Schemes or Shares which may be allotted and issued or repurchased by our Company pursuant to the general mandate and the repurchase mandate.
2. The calculation of the unaudited pro forma adjusted combined net tangible assets per Share was calculated on the basis that 1,000,000,000 Shares were in issue assuming the Capitalisation Issue and the Share Offer had taken place on 31 March 2024, without taking into account of any Shares that may be allotted and issued upon the exercise of the Over-allotment Option, or any Shares that may be allotted and issued or repurchased by our Company pursuant to the general mandates.



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3. The unaudited pro forma adjusted combined net tangible assets does not take into account the HK\$30,000,000 dividend declared on 20 September 2024 which will be paid before the Listing. Had such dividend been taken into account, the unaudited pro forma adjusted combined net tangible assets per Share would be HK\$0.24 per Share and HK\$0.28 per Share, based on the Offer Price of HK\$0.57 per Share and HK\$0.73 per Share, respectively.

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

LISTING EXPENSES

The total amount of Listing expenses represents professional fees, underwriting commission and other fees incurred in connection with the Share Offer, is estimated to be approximately HK\$32.0 million (based on the mid-point of the indicative Offer Price range), representing approximately 19.7% of our estimated gross proceeds from the Share Offer (based on the mid-point of the indicative Offer Price range and assuming the Over-allotment Option is not exercised). We estimate that our listing expenses, comprising (i) underwriting-related expenses, including underwriting commission, of approximately HK\$6.5 million; and (ii) non-underwriting-related expenses of approximately HK\$25.5 million, including (a) fees paid and payable to legal advisers and the Reporting Accountants of approximately HK\$12.5 million; and (b) other fees and expenses of approximately HK\$13.0 million. The Listing expenses of: (i) approximately HK\$12.8 million is directly attributable to the issue of the Offer Shares and is to be accounted for as a deduction from equity in accordance with the relevant accounting standards; and (ii) approximately HK\$19.2 million has been or is to be charged to the combined statements of profit or loss, of which (a) approximately HK\$4.9 million have been charged for FY2023/24; and (b) approximately HK\$14.3 million is expected to be charged prior to or upon Listing. Expenses in relation to the Listing are non-recurring in nature.

DIVIDEND

For FY2021/22, FY2022/23 and FY2023/24, members of our Group declared dividends in aggregate of nil, nil, and approximately HK\$40.5 million, to their then shareholders, respectively. As at the Latest Practicable Date, the dividends were either settled by cash or set off against the amount due from Director. On 20 September 2024, we declared final dividends of approximately HK\$30.0 million in respect of FY2023/24, which will be paid before Listing by our Group's internal source of funding.

We currently have no dividend policy in place and we do not have a predetermined dividend payout ratio after the Listing. The payment and the amount of any future dividends will be at the discretion of our Directors and will depend on our Group's future operations and earnings, capital requirements and surplus, general financial conditions, contractual restrictions and other factors which our Directors deem relevant. Any final dividends for a financial year will be subject to Shareholders' approval. Holders of the Shares will be entitled to receive such dividends pro rata according to the amounts paid up on the Shares. Dividends may be paid only out of our Company's distributable profits as permitted under the relevant laws. There can be no assurance that our Company will be able to declare or distribute in the amount set out in any plan of our Board or at all. Our Group's historical payment of dividends during the Track Record Period may not be used as a reference or basis to determine the level of dividends that may be declared or paid by our Company in the future.

FUTURE PLANS AND USE OF PROCEEDS

We estimate that the net proceeds from the Share Offer (assuming the Over-allotment Option is not exercised) based on the Offer Price of HK\$0.65 per Offer Share, being the mid-point of the indicative Offer Price range of HK\$0.57 to HK\$0.73 per Offer Share, after deducting the related Listing expenses, are estimated to be approximately HK\$130.5 million. We intend to apply such net proceeds as follows: (i) approximately HK\$58.7 million or approximately 45% will be used for acquiring additional electric machinery and equipment comprising, among others, electric



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excavators, portable combo fast charging stations, dump trucks, electric cement mixers and electric crawler cranes required for our site formation works, road and drainage works and electrical cable engineering works; (ii) approximately HK\$45.7 million or approximately 35% will be used for paying upfront costs for our new projects; (iii) approximately HK\$6.5 million or approximately 5% will be used for recruiting new staff members; (iv) approximately HK\$6.5 million or approximately 5% will be used for procuring Smart Site Safety System (4S) and an enterprise resources planning system; and (v) approximately HK\$13.1 million or approximately 10% will be reserved for our general working capital.

RECENT DEVELOPMENT AND MATERIAL ADVERSE CHANGE

We did not experience any significant decrease in revenue or any unexpected increase in the direct costs and other costs subsequent to the Track Record Period and up to the Latest Practicable Date. As far as our Directors are aware, there are no material adverse changes affecting the industry we operate in Hong Kong which could have a material and adverse impact on our business and financial conditions and our operating results. However, (i) the impact of the Listing expenses on our combined statement of profit or loss; and (ii) our Group's legal and professional fees and staff costs are expected to increase after the Listing which has posed or will pose a material adverse change in the financial or trading position or prospects of our Group since 31 March 2024. Prospective investors should be aware of the above impacts on the financial performance of our Group for the year ending 31 March 2025.

Subsequent to the end of the Track Record Period, in May 2024, our Group was first included on the List of Pre-Qualified Tenderers for Civil Engineering Works of Hong Kong International Airport, enabling our Group to bid for tender projects as main contractor. As advised by Frost & Sullivan, AAHK commits to enhancing infrastructure of the Hong Kong International Airport in the foreseeable future. With reference to the annual reports of AAHK, while the Third Runway Projects have progressed significantly in earlier years, the non Third Runway Projects expenditures have notably increased, with the contracted amount for non Third Runway Projects rising from HK\$6,679 million in 2018 to HK\$9,243 million in 2024, representing a CAGR of approximately 5.6%, and the figure of approved non Third Runway Projects that are yet to be formally contracted jumped from HK\$16,231 million in 2018 to HK\$24,708 million in 2024, representing a CAGR of approximately 7.3%, demonstrating AAHK's dedication to ongoing infrastructure development beyond the Third Runway, offering continued opportunities for the construction and engineering sector in the future. In August 2024, we have received three invitations from AAHK to submit tenders.

Save as disclosed above, our Directors confirm that, up to the date of this prospectus, there has been no material change in our financial or trading positions or prospects of our Group since 31 March 2024 (being the date of which our Group's latest audited combined financial statements were made up) and there had been no event since 31 March 2024 which would materially affect the information shown in the Accountant's Report in Appendix I to this prospectus.

As at the Latest Practicable Date, we were involved in an ongoing litigation where a third party, who was involved in a traffic accident and sustained personal injuries, commenced a legal action against us. Our Hong Kong Legal Counsel advised that the amount claimed against us in such legal proceedings shall be covered by the third party insurance. As such, our Directors consider that such ongoing litigation will not have any material adverse impact on our business operations and financial performance. The next hearing in the case is scheduled on 12 February 2025. For further details, please refer to the paragraph headed "Business — Litigation and claims" in this prospectus.



DEFINITIONS AND GLOSSARY OF TECHNICAL TERMS

In this prospectus, unless the context otherwise requires, the following expressions have the following meanings.

“AAHK”	the Airport Authority Hong Kong
“Accountant’s Report”	the accountant’s report of our Company, the text of which is set forth in Appendix I to this prospectus
“AFRC”	the Accounting and Financial Reporting Council
“Alliance Capital” or “Sole Sponsor”	Alliance Capital Partners Limited, the sole sponsor to our application for the Listing and a licensed corporation under the SFO to engage in type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities
“Articles” or “Articles of Association”	the amended and restated articles of association of our Company adopted on 20 September 2024, a summary of which is set out in Appendix III to this prospectus, as supplemented, amended or otherwise modified from time to time
“Audit Committee”	the audit committee of the Board
“Bad Weather Signal”	a No. 8 typhoon warning signal or above, a black rainstorm warning signal and/or “extreme conditions” as announced by the Government
“BEAM Plus”	Building Environmental Assessment Method Plus
“Board”	the board of Directors
“Buildings Department”	the Buildings Department of the Government
“Business Day” or “business day”	any day (other than a Saturday, Sunday or public holiday in Hong Kong) on which banks in Hong Kong are generally open for normal banking business
“BVI”	the British Virgin Islands
“CAGR”	compound annual growth rate



DEFINITIONS AND GLOSSARY OF TECHNICAL TERMS

“Capitalisation Issue”	the allotment and issue of 749,999,000 new Shares to be made upon capitalisation of certain sums standing to the credit of the share premium account of our Company as referred to in the paragraph headed “A. Further Information about our Group — 5. Written resolutions of our sole Shareholder passed on 20 September 2024” in Appendix IV to this prospectus
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Chairman”	the chairman of our Board, Mr. Yiu
“China Wealth”	China Wealth Hong Kong Machine Limited (中富香港機械有限公司), a company incorporated in Hong Kong with limited liability on 25 August 2014
“Chit Tat Electrical”	Chit Tat Electrical Engineering Limited (捷達機電工程有限公司), a company incorporated in Hong Kong with limited liability on 18 February 2000, which was an overlapping customer of our Group during the Track Record Period
“CLP Group”	CLPe Solutions Limited (中電源動有限公司), together with its group companies, is one of our top customers during the Track Record Period and an independent third party
“Companies Act”	the Companies Act (as revised) of the Cayman Islands, as amended, modified and supplemented from time to time
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, modified and supplemented from time to time
“Companies (WUMP) Ordinance” or “Companies (Winding Up and Miscellaneous Provisions) Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, modified and supplemented from time to time
“Company”	Wing Lee Development Construction Holdings Limited (榮利營造控股有限公司), an exempted company incorporated in the Cayman Islands with limited liability on 17 May 2024



DEFINITIONS AND GLOSSARY OF TECHNICAL TERMS

“Construction Industry Council”	the Construction Industry Council, a body corporate established under the Construction Industry Council Ordinance (Chapter 587 of the Laws of Hong Kong)
“Controlling Shareholder(s)”	has the meaning ascribed to it under the Listing Rules and unless the context otherwise requires, means Mr. Yiu, Mr. Yiu Wang Lung, Mr. Chan and Wing Lee Green Development
“Corporate Governance Code”	the Corporate Governance Code as set out in Appendix C1 to the Listing Rules
“COVID-19”	the coronavirus pandemic, a global pandemic of coronavirus disease 2019 (COVID-19) caused by severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2)
“Creative Sun Engineering”	Creative Sun Engineering Limited (天創工程有限公司), a company incorporated in Hong Kong with limited liability on 14 August 2015, a former subsidiary of our Group, the share capital of which was disposed of by our Group on 13 August 2021
“Deed of Indemnity”	the deed of indemnity dated 20 September 2024 given by our Controlling Shareholders in favour of our Company (for ourselves and as trustee for and on behalf of each of our subsidiaries) regarding certain indemnities, details of which are set out in the paragraph headed “E. Other information — 1. Tax and other indemnities” in Appendix IV to this prospectus
“Deed of Non-competition”	the deed of non-competition dated 20 September 2024 entered into by our Controlling Shareholders in favour of our Company (for ourselves and for the benefit of each of our subsidiaries) regarding the non-competition undertakings, details of which are set out in the paragraph headed “Relationship with Controlling Shareholders — Deed of Non-competition” in this prospectus
“Development Bureau”	the Development Bureau of the Government
“Director(s)”	the director(s) of our Company
“Downward Offer Price Adjustment”	an adjustment that has the effect of setting the final Offer Price up to 10% below the bottom end of the Offer Price range
“EMSD”	the Electrical and Mechanical Services Department of the Government



DEFINITIONS AND GLOSSARY OF TECHNICAL TERMS

“Extreme Conditions”	the “extreme conditions” as announced by the Hong Kong Government due to serious disruption of public transport services, extensive flooding, major landslides, large-scale power outage or any other adverse conditions before Typhoon Signal No. 8 or above is replaced with Typhoon Signal No. 3 or below
“F&S” or “Frost & Sullivan”	Frost & Sullivan Limited, an independent market research agency, which is an independent third party
“FINI”	“Fast Interface for New Issuance”, an online platform operated by HKSCC that is mandatory for admission to trading and, where applicable, the collection and processing of specified information on subscription in and settlement for all new listings on the Stock Exchange
“Forvis Mazars RAS”	Forvis Mazars Risk Advisory Services Limited, an independent internal control adviser, which is an independent third party
“FY2021/22”	the financial year ended 31 March 2022
“FY2022/23”	the financial year ended 31 March 2023
“FY2023/24”	the financial year ended 31 March 2024
“FY2024/25”	the financial year ending 31 March 2025
“Government”	the Government of Hong Kong
“Group”, “we”, “us” or “our Group”	our Company and our subsidiaries at the relevant time or, where the context otherwise requires, in respect of the period prior to our Company becoming the holding company of our present subsidiaries, our present subsidiaries and the businesses operated by such subsidiaries or their predecessors (as the case may be)
“HKD” or “HK\$”	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong



DEFINITIONS AND GLOSSARY OF TECHNICAL TERMS

“HKFRS(s)”	Hong Kong Financial Reporting Standards (including Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants
“HK eIPO White Form”	the application for Public Offer Shares to be issued in the applicant’s own name, submitted online on designated website at www.hkeipo.hk
“HK eIPO White Form Service Provider”	the HK eIPO White Form service provider designated by our Company as specified on the designated website at www.hkeipo.hk
“HKSCC”	Hong Kong Securities Clearing Company Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
“HKSCC EIPO channel”	the application for the Public Offer Shares to be issued in the name of HKSCC Nominees and deposited directly into CCASS to be credited to your or a designated HKSCC Participant’s stock account through causing HKSCC Nominees to apply on your behalf, instructing your broker or custodian who is a HKSCC Participant to submit an EIPO application on your behalf through FINI in accordance with your instruction
“HKSCC Nominees”	HKSCC Nominees Limited
“HKSCC Operational Procedures”	the operational procedures of HKSCC, containing the practices, procedures and administrative or other requirements relating to HKSCC’s services and the operations and functions of the systems established, operated and/or otherwise provided by or through HKSCC (including FINI and CCASS) as from time to time in force
“HKSCC Participant(s)”	participant(s) admitted to participate in CCASS as direct clearing participant(s), general clearing participant(s) or custodian participant(s)
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC



DEFINITIONS AND GLOSSARY OF TECHNICAL TERMS

“Hong Kong Legal Counsel”	Mr. Poon Chi Kin Billy, Hong Kong barrister-at-law
“Hong Kong Share Registrar”	Tricor Investor Services Limited
“independent third party(ies)”	an individual(s) or a company(ies) who or which is/are independent and not connected with (within the meaning of the Listing Rules) any of our Directors, chief executive, substantial shareholders of our Company or any of its subsidiaries, or any of their respective associates
“Industry Report”	a market research report commissioned by us and prepared by F&S on the overview of the industry in which our Group operates in
“ISO”	an acronym for a series of quality management and quality assurance standards published by International Organisation for Standardization, a non-government organisation based in Geneva, Switzerland, for assessing the quality systems of business organisations
“ISO 14001”	an environmental management system standard that maps out a framework that a company or organisation can follow to set up an effective environmental management system, to provide assurance to company management and employees as well as external stakeholders that environmental impact is being measured and improved
“ISO 45001”	an international standard setting out requirements for an occupational health and safety management system developed for managing the occupational health and safety risks associated with a business
“ISO 9001”	a quality management system standard that is based on a number of quality management principles including a strong customer focus, the motivation and implication of top management, the process approach and continual improvement



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“Joint Bookrunners”	Alliance Capital, China Galaxy International Securities (Hong Kong) Co., Limited, CMBC Securities Company Limited, ABCI Capital Limited, Haitong International Securities Company Limited and China Industrial Securities International Capital Limited
“Joint Lead Managers”	ABCI Securities Company Limited, Cinda International Capital Limited, Phillip Securities (Hong Kong) Limited, Futu Securities International (Hong Kong) Limited, ZMF Asset Management Limited, Gaoyu Securities Limited and Livermore Holdings Limited
“Kaiser Construction Engineering”	Kaiser Construction Engineering Company Limited (基碩建築工程有限公司), a company incorporated in Hong Kong with limited liability on 10 February 1999, and an indirect wholly-owned subsidiary of our Company
“Kum Shing Construction”	Kum Shing (K.F.) Construction Company Limited (金城營造有限公司) is one of our top customers during the Track Record Period and an independent third party
“Labour Department”	the Labour Department of the Government
“Latest Practicable Date”	20 September 2024, being the latest practicable date prior to the printing of this prospectus for the purpose of ascertaining certain information in this prospectus prior to its publication
“LEED”	Leadership in Energy and Environmental Design
“List of Approved Contractors for Public Works”	the “List of Approved Contractors for Public Works” maintained by the Development Bureau
“Listing”	listing of the Shares on the Main Board of the Stock Exchange
“Listing Date”	the date, expected to be on or about Wednesday, 9 October 2024, on which dealings in the Shares first commence on the Main Board
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, modified and supplemented from time to time



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“Master Agreement A”	the fixed-term master agreements entered into between CLPe Solutions Limited and our Group in which our Group was contracted to provide cable trenching, laying and jointing works as well as emergency and cable fault repair covering the Sham Shui Po and Wong Tai Sin zones
“Master Agreement B”	the fixed-term master agreement entered into between Kum Shing Construction and our Group in which our Group was contracted to provide cable trenching, laying and jointing works as well as emergency and cable fault repair covering the Tsuen Wan zone
“Master Agreement C”	the fixed-term master agreement entered into between a main contractor and our Group in which our Group was contracted to provide cable trenching, laying and jointing works as well as emergency and cable fault repair covering the Yuen Long zone
“Memorandum of Association” or “Memorandum”	the amended and restated memorandum of association of our Company approved and adopted on 20 September 2024, a summary of which is set out in Appendix III to this prospectus, as supplemented, amended or otherwise modified from time to time
“Mr. Chan”	Mr. Chan Lo Man (陳魯閔), an executive Director and one of our Controlling Shareholders
“Mr. Yiu”	Mr. Yiu Wang Lee (姚宏利), the chief executive officer of our Group, the chairman of our Board, an executive Director and one of our Controlling Shareholders. Mr. Yiu is the brother of Mr. Yiu Wang Lung and the uncle of Mr. Yiu Fai
“Mr. Yiu Wang Lung”	Mr. Yiu Wang Lung (姚宏隆), an executive Director and one of our Controlling Shareholders. Mr. Yiu Wang Lung is the brother of Mr. Yiu, and the father of Mr. Yiu Fai
“Mr. Yiu Fai”	Mr. Yiu Fai (姚輝), the nephew of Mr. Yiu and the son of Mr. Yiu Wang Lung, and a connected person of our Company
“Nomination Committee”	the nomination committee of our Board



DEFINITIONS AND GLOSSARY OF TECHNICAL TERMS

“Offer Price”	the final price per Offer Share in Hong Kong dollars (exclusive of brokerage of 1.0%, SFC transaction levy of 0.0027%, AFRC transaction levy of 0.00015% and the Stock Exchange trading fee of 0.00565%) at which the Offer Shares are to be subscribed for or issued pursuant to the Share Offer/to be determined in the manner described in the paragraph headed “Structure and Conditions of the Share Offer — Pricing and allocation — Offer price” in this prospectus, subject to any Downward Offer Price Adjustment
“Offer Share(s)”	the Public Offer Shares and the Placing Shares
“OHSAS 18001”	an international standard setting out requirements for an occupational health and safety management system developed for managing the occupational health and safety risks associated with a business, which has been replaced by ISO 45001
“OHSAS 18001:2007”	the 2007 version of the OHSAS 18001 standard
“Over-allotment Option”	the option expected to be granted by our Company under the Placing Underwriting Agreement to the Placing Underwriters, which is exercisable in full or in part by the Overall Coordinator (on behalf of the Placing Underwriters), pursuant to which our Company may be required to allot and issue up to an aggregate of 37,500,000 Shares, representing 15% of the initial number of Offer Shares offered under the Share Offer, at the Offer Price to cover over-allocations in the Placing, if any
“Overall Coordinator”	Alliance Capital Partners Limited
“Placing”	the conditional placing of the Placing Shares by the Placing Underwriters at the Offer Price to selected professional, institutional and other investors as set out in the section headed “Structure and Conditions of the Share Offer” in this prospectus



DEFINITIONS AND GLOSSARY OF TECHNICAL TERMS

“Placing Shares”	the 225,000,000 Shares being initially offered by our Company for subscription at Offer Price pursuant to the Placing, subject to re-allocation as described in the section headed “Structure and Conditions of the Share Offer” in this prospectus
“Placing Underwriter(s)”	the underwriters of the Placing, who are expected to enter into the Placing Underwriting Agreement to underwrite the Placing
“Placing Underwriting Agreement”	the conditional underwriting and placing agreement relating to the Placing expected to be entered into on or about 4 October 2024 by, among others, our Company, our Controlling Shareholders, our executive Directors, the Sole Sponsor, the Overall Coordinator, the Joint Bookrunners, the Joint Lead Managers and the Placing Underwriters, particulars of which are summarised in the section headed “Underwriting” in this prospectus
“PRC” or “China”	the People’s Republic of China, which for the purpose of this prospectus, shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan, the PRC
“Price Determination Agreement”	the agreement to be entered into by the Overall Coordinator (for itself and on behalf of the Underwriters) and our Company on the Price Determination Date to record and fix the Offer Price
“Price Determination Date”	the date, expected to be on or before 12:00 noon on Monday, 7 October 2024 on which the Price Determination Agreement is entered into
“Project No. #01 to #08”	our top five projects for each of FY2021/22, FY2022/23 and FY2023/24 in terms of revenue contribution to our Group
“Project No. #06 to #13”	some of our projects on hand (representing projects that have commenced but not completed as well as projects that have been awarded to us but not yet commenced) with estimated revenue of over HK\$10 million to be recognised after the Track Record Period



DEFINITIONS AND GLOSSARY OF TECHNICAL TERMS

“Public Offer”	the offer of the Public Offer Shares for subscription by the members of the public in Hong Kong for cash at the Offer Price (plus brokerage of 1.0%, SFC transaction levy of 0.0027%, AFRC transaction levy of 0.00015% and Stock Exchange trading fee of 0.00565%), payable in full on application, and subject to the terms and conditions described in this prospectus
“Public Offer Shares”	the 25,000,000 Shares initially being offered for subscription under the Public Offer, subject to re-allocation as described in the section headed “Structure and Conditions of the Share Offer” in this prospectus
“Public Offer Underwriters”	the underwriters of the Public Offer whose names are set out in the paragraph headed “Underwriting — Public offer underwriters” in this prospectus
“Public Offer Underwriting Agreement”	the conditional underwriting agreement dated 26 September 2024 relating to the Public Offer entered into by, among others, our Company, our executive Directors, our Controlling Shareholders, the Sole Sponsor, the Overall Coordinator, the Joint Bookrunners, the Joint Lead Managers and the Public Offer Underwriters, particulars of which are summarised in the section headed “Underwriting” in this prospectus
“PV”	Photovoltaic
“Registered Specialist Trade Contractors Scheme”	Registered Specialist Trade Contractors Scheme (formerly known as the Subcontractor Registration Scheme) of the Construction Industry Council
“Regulation S”	Regulation S under the U.S. Securities Act
“Remuneration Committee”	the remuneration committee of the Board
“Reorganisation”	the corporate reorganisation of our Group in preparation for the Listing as described in the paragraph headed “History, Development and Reorganisation — Reorganisation” in this prospectus



DEFINITIONS AND GLOSSARY OF TECHNICAL TERMS

“Sanying Property”	Sanying Property HK Limited (星盈置業香港有限公司) (formerly known as Wing Lee Property Investments (Hong Kong) Limited (榮利置業(香港)有限公司)), a company incorporated in Hong Kong with limited liability on 5 December 2017, a former subsidiary of our Group, the share capital of which was disposed of by our Group on 8 November 2022
“SFC”	the Securities and Futures Commission
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Share(s)”	ordinary share(s) with par value of HK\$0.01 each in the share capital of our Company
“Shareholder(s)”	holder(s) of the Share(s)
“Share Award Scheme”	the share award scheme conditionally approved and adopted by our Company on 20 September 2024, the principal terms of which are summarised in the paragraph headed “D. Share incentive schemes” in Appendix IV to this prospectus
“Share Incentive Schemes”	comprise the Share Option Scheme and the Share Award Scheme, which were conditionally approved and adopted by our Company on 20 September 2024, the principal terms of which are summarised in the paragraph headed “D. Share incentive schemes” in Appendix IV to this prospectus
“Share Offer”	the Public Offer and the Placing
“Share Option Scheme”	the share option scheme conditionally approved and adopted by our Company on 20 September 2024, the principal terms of which are summarised in the paragraph headed “D. Share incentive schemes” in Appendix IV to this prospectus
“sq.ft.”	square foot
“Stabilising Manager”	China Galaxy International Securities (Hong Kong) Co., Limited



DEFINITIONS AND GLOSSARY OF TECHNICAL TERMS

“Stock Borrowing Agreement”	the stock borrowing agreement to be entered into between Wing Lee Green Development and the Stabilising Manager, pursuant to which the Stabilising Manager may borrow up to 37,500,000 Shares to cover any over-allocation in the Share Offer
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“Sum Hing Trading”	Sum Hing Trading Limited (森興貿易有限公司) (formerly known as Sum Hing Engineering Limited (森興工程有限公司)), a company incorporated in Hong Kong with limited liability on 29 August 2005, and an indirect wholly-owned subsidiary of our Company
“Tai Shan Engineering”	Tai Shan Engineering & Construction Co., Limited (泰山建築工程有限公司), a company incorporated in Hong Kong with limited liability on 16 January 2002, and an indirect wholly-owned subsidiary of our Company
“Takeovers Code”	The Codes on Takeovers and Mergers and Share Buy-backs issued by the SFC, as amended, supplemented or otherwise modified from time to time
“Third Runway Projects”	the Third Runway Projects comprised our five projects at the third runway of Hong Kong International Airport within our project portfolio, of which three were our top five projects during the Track Record Period in terms of revenue, namely Project No. #01, Project No. #07 and Project No. #08
“Track Record Period”	FY2021/22, FY2022/23 and FY2023/24
“Underwriters”	the Public Offer Underwriters and the Placing Underwriters, details of which are set out in the section headed “Underwriting” in this prospectus
“Underwriting Agreements”	the Public Offer Underwriting Agreement and the Placing Underwriting Agreement
“United States” or “U.S.”	the United States of America



DEFINITIONS AND GLOSSARY OF TECHNICAL TERMS

“U.S. Securities Act”	the Securities Act of 1933 of the United States, as amended, modified and supplemented from time to time
“US\$”	United States dollars, the lawful currency of the United States of America
“WELL”	The WELL Building Standard
“Wing Lee Construction”	Wing Lee Construction Limited (榮利建築有限公司), a company incorporated in Hong Kong with limited liability on 5 August 2014, and an indirect wholly-owned subsidiary of our Company
“Wing Lee Development”	Wing Lee Development (International) Limited (榮利發展(國際)有限公司), a company incorporated in Hong Kong with limited liability on 10 June 2015, and an indirect wholly-owned subsidiary of our Company
“Wing Lee Green Development”	Wing Lee Green Development Limited (榮利綠色發展有限公司), a company incorporated in the BVI with limited liability on 17 May 2024, and one of our Controlling Shareholders
“Wing Lee Green Technology”	Wing Lee Green Technology Limited (榮利綠色技術有限公司), a company incorporated in the BVI with limited liability on 28 May 2024, and a direct wholly-owned subsidiary of our Company
“Wing Lee Group (Holdings)”	Wing Lee Group (Holdings) Limited (榮利集團(控股)有限公司), a company incorporated in Hong Kong with limited liability on 15 March 2017, and an indirect wholly-owned subsidiary of our Company
“Wing Lee New Energy”	Wing Lee New Energy Limited (榮利新能源有限公司) (formerly known as Sum Hing Construction Limited (森興建築工程有限公司)), a company incorporated in Hong Kong with limited liability on 26 February 2015, and an indirect wholly-owned subsidiary of our Company
“%”	per cent



DEFINITIONS AND GLOSSARY OF TECHNICAL TERMS

Unless otherwise expressly stated or the context otherwise requires, in this prospectus,

- all references to times and dates refer to Hong Kong times and dates;
- the terms “associate(s)”, “close associate(s)”, “connected person(s)”, “core connected person(s)”, “connected transaction(s)”, “subsidiary(ies)” and “substantial shareholder(s)” shall have the meanings ascribed to such terms under the Listing Rules;
- all data in this prospectus is as at the Latest Practicable Date;
- certain amounts and percentage figures included in this prospectus have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them; and
- all relevant information in this prospectus assumes no exercise of the Over-allotment Option.



FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements that are, by their nature, subject to significant risks and uncertainties. In some cases the words such as “aim”, “anticipate”, “believe”, “estimate”, “expect”, “forecast”, “going forward”, “intend”, “may”, “plan”, “potential”, “predict”, “propose”, “seek”, “should”, “will”, “would” and other similar expressions are used to identify forward-looking statements. These forward-looking statements include, without limitation, statements relating to:

- our Group’s business and operating strategies and plans of operation;
- the amount and nature of, and potential for, future development of our Group’s business;
- our Company’s dividend distribution plans;
- the regulatory environment as well as the general industry outlook for the industry in which our Group operates;
- future developments in the industry in which our Group operates; and
- the trend of the economy of Hong Kong, the PRC and the world in general.

These statements are based on various assumptions, including those regarding our Group’s present and future business strategy and the environment in which our Group will operate in the future.

Our Group’s future results could differ materially from those expressed or implied by such forward-looking statements. In addition, our Group’s future performance may be affected by various factors including, without limitation, those discussed in the sections headed “Risk Factors” and “Financial Information” of this prospectus.

Should one or more risks or uncertainties stated in the aforesaid sections materialise, or should any underlying assumptions prove to be incorrect, actual outcomes may vary materially from those indicated. Prospective investors should therefore not place undue reliance on any of the forward-looking statements. All forward-looking statements contained in this prospectus are qualified by reference to the cautionary statements as set out in this section.

In this prospectus, statements of, or references to, our Group’s intentions or those of any of our Directors are made as at the date of this prospectus. Any such intentions may change in light of future developments.



RISK FACTORS

Potential investors should carefully consider all of the information set out in this prospectus and, in particular, should consider the following risks and special consideration associated with an investment in our Company before making any investment decision in relation to the Offer Shares. If any of the possible events as described below materialises, our Group's business, financial position and prospects could be materially and adversely affected and the trading prices of the Shares could decline due to any of these risks, and you may lose all or part of your investments.

This prospectus contains certain forward-looking statements relating to our Group's plans, objectives, expectations and intentions which involve risks and uncertainties. Our Group's actual results may differ materially from those as discussed in this prospectus. Factors that could contribute to such differences are set out below as well as in other parts in this prospectus.

RISKS RELATING TO OUR BUSINESS

Most of our revenue during the Track Record Period was derived from projects awarded by our top five customers and any significant decrease in the number of projects with our top five customers may materially and adversely affect our financial performance

For FY2021/22, FY2022/23 and FY2023/24, the number of our customers was 30, 27 and 30, respectively. A significant portion of our revenue was derived from our top five customers for each year during the Track Record Period. For FY2021/22, FY2022/23 and FY2023/24, our top five customers for each year contributed revenue of approximately HK\$440.7 million, HK\$220.5 million and HK\$380.7 million in aggregate to our Group, respectively, which accounted for approximately 84.6%, 61.0% and 72.3% of our total revenue for the corresponding financial years, respectively. In particular, our top customer for FY2021/22, FY2022/23 and FY2023/24 contributed revenue of approximately HK\$168.5 million, HK\$86.7 million and HK\$171.6 million to our Group, respectively, which accounted for approximately 32.4%, 24.0% and 32.6% of our total revenue for each year during the Track Record Period, respectively. Save for CLPe Solutions Limited which remained as one of our top five customers during FY2021/22, FY2022/23 and FY2023/24, the ranking and composition of our top five customers for each of FY2021/22, FY2022/23 and FY2023/24 were substantially different.

During the Track Record Period, the majority of our total revenue was derived from project-based works. There is no assurance that we will continue to obtain contracts from our major customers in the future. If there is a significant decrease in the number of projects awarded



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by our major customers, and we are unable to secure suitable projects of a comparable size and quantity as replacement from other customers, our financial conditions and operating results would be materially and adversely affected.

Reduction or termination of public and private sector projects in Hong Kong may adversely affect our revenue and results of operations

During the Track Record Period, we were mainly engaged in public sector projects in Hong Kong. Our public sector projects mainly involved site formation works and road and drainage works projects. For FY2021/22, FY2022/23 and FY2023/24, we derived approximately 65.6%, 58.4% and 73.2% of our service revenue from public sector projects, respectively. The nature, extent and timing of available public sector is generally determined by an interplay of a variety of factors, including the Government's policies on infrastructure and public facilities development, its land supply and public housing policy and the general conditions and prospects of the Hong Kong's economy. In the event the Government reduces its expenditure on or changes its policy in relation to infrastructure and public facilities and public residential developments, the number of available public sector projects may decrease and our business, financial conditions and results of operations may be materially and adversely affected.

In the face of the challenges of fiscal deficits and a declining reserve, the Government's ability to allocate funds for infrastructure development may be limited. According to the 2024/25 Budget, the financial secretary of Hong Kong had forecasted a budget deficit of HK\$101.6 billion for the 2023-24 fiscal year, almost doubling its original estimate of HK\$54.4 billion. The financial secretary of Hong Kong expected that the budget deficit for the fiscal year ending 31 March 2025 will further increase from the previous estimation of approximately HK\$48.1 billion. According to Article 107 of the Basic Law, the Government should follow the principle of keeping the expenditure within the limits of revenues in drawing up its budget, and strive to achieve a fiscal balance, avoid deficits and keep the budget commensurate with the growth rate of its gross domestic product. As the Government may need to prioritise spending in areas like education and healthcare and to reduce overall expenditure, infrastructure projects may face budget cuts or delays. This can impact the construction, maintenance and expansion of infrastructure such as roads, bridges, ports, and public transportation systems.

Further, the persisting property market downturn in Hong Kong, delay in infrastructure works, slowdown in economic growth and surging interest rates have resulted in weaker sentiment of property buyers as well as the wait-and-see sentiment of commercial property developers, thereby resulting in a decrease in demand for private construction projects of residential buildings, commercial complexes and offices. In the event there is a significant decrease in the number of



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available private construction projects, resulting in a decrease in demand for civil and electrical cable engineering and solar PV system works associated therefrom, our business, financial conditions and results of operations may be materially and adversely affected.

Our revenue is mainly derived from projects which are non-recurrent in nature and there is no guarantee that our customers will provide us with new businesses

Our revenue is typically derived from projects which are non-recurrent in nature and are awarded only if our tenders submitted are selected and our customers are under no obligation to award projects to us. During the Track Record Period, our service revenue from site formation works was mainly contributed by the Third Runway Projects. For FY2021/22, FY2022/23 and FY2023/24, revenue derived from the Third Runway Projects was approximately HK\$254.6 million, HK\$92.7 million and HK\$241.2 million, respectively, which accounted for approximately 96.8%, 80.9% and 78.0% of our total service revenue from site formation works, respectively. Out of the five projects of the Third Runway Projects which were our major site formation works projects, three were our top five projects during the Track Record Period in terms of revenue, namely Project No. #01, Project No. #07 and Project No. #08. According to the Industry Report, the third runway project is one of the largest public infrastructure projects in Hong Kong in terms of total contract sum at approximately HK\$141.5 billion. Our Group's Third Runway Projects on hand as at the Latest Practical Date will expect to complete in mid-2025. There is no assurance that a project of such scale will recur in Hong Kong or if it does, we will be able to secure new businesses from or participate in such a project.

During the Track Record Period, we secured new businesses mainly through invitations for tender by customers. There is no assurance that we will be able to secure new contracts in the future. Accordingly, the number and scale of projects and the amount of revenue we are able to derive therefrom may vary significantly from period to period, and it may be difficult to forecast the volume of future business. For FY2021/22, FY2022/23 and FY2023/24, we recorded a tender success rate of approximately 33.9%, 28.4% and 29.0%, respectively. Our Directors consider that our success rate on project tendering depends on a range of factors, which primarily include our pricing and tender strategy, competitors' tender and pricing strategy, the availability of our resources and subcontractors, level of competition and our customers' evaluation standards. Furthermore, so far as our Directors are aware, some of our customers have maintained an evaluation system to ensure that the service providers meet certain standards of management, industrial expertise, financial capability, reputation and regulatory compliance which may change from time to time. There is no assurance that our Group could achieve the same or higher tender success rate in the future as we did during the Track Record Period. In the event that our Group fails to secure new contracts or there is a significant decrease in the number of tender invitations or contracts available for bidding in the future, the business, financial position and prospects of our Group could be materially and adversely affected.



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We entered into the Master Agreement A and the Master Agreement B on a fixed-term contract basis for the provision of zonal cable trenching, laying and jointing works as well as emergency and cable fault repair and there is no assurance that we will be able to renew the agreements upon expiry at commercially acceptable terms or at all

We entered into the Master Agreement A and the Master Agreement B on a fixed-term contract basis for the provision of zonal cable trenching, laying and jointing works as well as emergency and cable fault repair. Pursuant to these agreements, we provide services to our customers based on the agreed unit price in the schedule of rates (subject to the adjustment mechanism) as set out in the agreements and the actual amount of work carried out by our Group. For more details of the Master Agreement A and the Master Agreement B, please refer to the paragraph headed “Business — Our customers — Master Agreement A and Master Agreement B for electrical cable engineering works” in this prospectus. For FY2021/22, FY2022/23 and FY2023/24, our service revenue attributable to the Master Agreement A, Master Agreement B and Master Agreement C are approximately HK\$124.7 million, HK\$123.6 million and HK\$113.1 million, respectively, which accounts for 24.0%, 34.2% and 21.5% of our total revenue for the corresponding financial years. The original term of both the Master Agreement A and the Master Agreement B commenced on 1 December 2020 and expired on 30 November 2023. Upon expiry of the original term, both main contractors had exercised their rights under the Master Agreement A and the Master Agreement B to extend the original term for another year (i.e. until 30 November 2024). But there is no assurance that such further extension of the term of the Master Agreement A and the Master Agreement B will take place. There is no assurance that we can renew these fixed-term agreements upon expiry of the original term at commercially acceptable terms, or at all. If we are not able to renew the agreements upon expiry, our revenue mix by project type, financial performance and profitability will be adversely affected.

Potential mismatch in time between receipt of payments from our customers, payment of project up-front costs, and payments to our suppliers may adversely affect our cash flows

Our customers generally make progress payments according to our work progress. We may experience net cash outflows as project up-front costs at the preliminary stage of a project. The up-front costs of our projects generally include subcontracting fees for work done by subcontractors, payment made to suppliers for materials and machinery rental costs.

In addition, our customers may withhold our progress payments as retention monies which may only be released after the expiry of the defects liability period. As at 31 March 2022, 31 March 2023 and 31 March 2024, our gross retention receivables of approximately HK\$7.4 million, HK\$6.4 million and HK\$16.5 million, respectively, were retained by our customers as retention monies.



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Accordingly, our cash flow typically turns from net outflows at the early stage of a project into accumulative net inflows gradually as the project progresses. This results in a cash flow gap and in the event that we have more projects at the initial stage or that a substantial amount of retention monies from various projects are being withheld by our customers at any given point of time, our liquidity may be materially and adversely affected.

We are subject to credit risks in relation to the collectability of our trade receivables and contract assets

A contract asset represents our Group's right to consideration from customers in exchange for our work performed that our Group has transferred to the customers that is not yet unconditional. Contract assets arise when our Group has performed our works under the relevant contracts but the works have yet to be certified by the quantity surveyors or other representatives appointed by the customers and/or our Group's right to payment is still conditional on factors other than passage of time. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point when our Group's right to payment becomes unconditional other than passage of time. Our Group recorded gross contract assets of approximately HK\$127.1 million, HK\$141.4 million and HK\$195.3 million as at 31 March 2022, 31 March 2023 and 31 March 2024, respectively.

There is no assurance that we will be able to bill all or any part of the contract assets for our services completed according to the payment terms of the contracts and there is no assurance that the retention monies will be released by our customers to us on a timely basis and in full accordingly. During the Track Record Period, Customer E had not certified our works as Customer was still in negotiation with the project owner, and as a result we made full provision for impairment in respect of the relevant unbilled revenue amounting to approximately HK\$5.0 million.

Further, there can be no assurance that our customers will settle our invoices on time and in full. As at 31 March 2022, 31 March 2023 and 31 March 2024, we recorded trade receivables (net of provision for impairment) of approximately HK\$60.9 million, HK\$36.9 million and HK\$48.2 million, respectively. In the event that we are unable to collect a substantial portion of our trade receivables in accordance with the payment terms or at all, our cash flows and financial position will be adversely affected.

Any difficulty in collecting a substantial portion of our trade receivables and contract assets could materially and adversely affect our cash flows and financial positions.



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Unsatisfactory performance by or unavailability of our subcontractors may adversely affect our operation and profitability

We have engaged subcontractors to perform some of the site works under our supervision. For further details, please refer to the paragraph headed “Business — Our suppliers — Reasons for subcontracting arrangement” in this prospectus. In order to control and ensure the quality and progress of the works of our subcontractors, our Group selects subcontractors based on their quality of services, skills and techniques, reputation, prevailing market price, delivery time and availability of resources in accommodating our requests.

For FY2021/22, FY2022/23 and FY2023/24, our subcontracting fees amounted to approximately HK\$131.9 million, HK\$97.9 million and HK\$143.4 million, respectively, representing approximately 30.9%, 34.3% and 35.5% of our total cost of services, respectively. There is no assurance that the work quality of our subcontractors can always meet the requirements of our Group and our customers. We may be affected by the non-performance, inappropriate or poor quality of works rendered by our subcontractors. Such events could materially and adversely affect our profitability, financial performance and reputation. In addition, there is no assurance that our Group will always be able to secure services from suitable subcontractors when required, or be able to negotiate acceptable fees and terms of service with subcontractors. In such event, our operation and financial position may be adversely affected.

Any material inaccurate cost estimation or cost overruns may adversely affect our financial results

We prepare our tender price based on a certain percentage of mark-up over our estimated cost. The percentage of mark-up may vary substantially from project to project due to factors such as (i) the size, duration and sector of the project; (ii) credit history and financial track record of the customer; (iii) years of business relationship with the customer; (iv) the prospect of obtaining future contracts from the customer; (v) any possible positive effect of our Group’s reputation in the civil and electrical cable engineering industries; (vi) the likelihood of any material deviation of the actual cost from our estimation having regard to the price trend of key cost components; and (vii) the prevailing market condition. For further details on our pricing strategy, please refer to the paragraph headed “Business — Pricing strategy” in this prospectus.

During the Track Record Period and up to the Latest Practicable Date, there were no cost overruns or loss-making projects. For details, please refer to the paragraph headed “Business — Pricing strategy”. There is no assurance that the actual amount of time and costs incurred during the performance of our projects would not exceed our estimation. The actual amount of time and costs incurred in completing a project may be adversely affected by many factors, including unforeseen site conditions, adverse weather conditions, accidents, non-performance by our



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subcontractors, unexpected significant increase in costs of materials agreed to be borne by us, unexpected increase in the amount of rectification works requested by our customers and other unforeseen problems and circumstances. Any material inaccurate estimation in the time and costs involved in a project may give rise to delays in completion of works and/or cost overruns, which in turn may materially and adversely affect our Group's financial condition, profitability and liquidity. In particular, even though our contracts with the Government and the CLP Group contain contract price adjustment mechanism, which allows for increase in our fees to address the rise in cost of materials and wages for our and our subcontractors' workers, we are typically required to bear some portions of the increase before we can make a claim under such adjustment mechanism. In any event, the adjustment mechanism may not fully cover the increases in our costs.

The total actual value of work done may differ from the original estimated contract sum stated in our contracts with customers

Our customers may request additional, reduction or alteration of works beyond the scope of the contract during project implementation by placing variation orders with us. The aggregate amount of revenue that we are able to derive from a project may be different from the original estimated contract sum specified in the relevant contract due to variation orders placed by our customers. For further details of our variation orders, please refer to the paragraph headed "Business — Our customers — Principal terms of engagement" in this prospectus. As such, there is no assurance that the amount of fees and charges as finally agreed with our customers would be sufficient to recover our costs incurred or provide us with a reasonable profit margin or the amount of revenue derived from our projects will not be substantially different from the original estimated contract sum as specified in the relevant contracts. Our financial condition may be adversely affected by any decrease in our revenue as a result of variation orders. Therefore, there is no assurance that our revenue and profit margin in the future will remain at a level comparable to those recorded during the Track Record Period.

We are subject to stringent measures to protect the occupational health and safety of workers and failure to maintain safe construction sites and/or implement our safety management system may lead to the occurrence of personal injuries, property damages, fatal accidents, suspension or non-renewal of our registrations as an electrical contractor with the EMSD, under the Registered Specialist Trade Contractors Scheme of the Construction Industry Council or on the List of Approved Contractors for Public Works maintained by the Development Bureau or imposition of penalties for liability for workplace accidents that may not be covered by any insurance policies

Due to the nature of works in construction sites, risks of accidents or injuries to workers are inherent. Notwithstanding our occupational health and safety measures that are required to be followed by employees of our Group and our subcontractors, accidents leading to personal injuries,



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property damages and/or fatal accidents remain an inherent risk at work sites. There is no assurance that there will not be any violation of our safety measures or other related rules and regulations by the employees of our Group or our subcontractors. Any such violation may lead to higher probability of occurrences, and/or increased seriousness of personal injuries, property damages and/or fatal accidents at work sites, which may materially and adversely affect our business operations as well as our financial position to the extent not covered by insurance policies. Also, failure to maintain safe construction sites and/or to implement safety management measures resulting in the occurrence of serious personal injuries or fatal accidents may lead to negative publicity and/or suspension or non-renewal of our registrations as registered electrical contractors with the EMSD, under the Registered Specialist Trade Contractors Scheme of the Construction Industry Council or on the List of Approved Contractors for Public Works maintained by the Development Bureau, which in turn adversely affect our reputation, financial position and results of operation.

We are and will continue to be subject to the increasing stringent measures to protect the occupational health and safety of workers under different sets of safety and health legislation in Hong Kong such as the Occupational Safety and Health Ordinance (Cap. 509) and Factories and Industrial Undertakings Ordinance (Cap. 59). For details of the laws and regulations in relation to occupational health and safety, please refer to the section headed “Regulatory Overview — Laws and regulations in relation to labour, health and safety” in this prospectus.

Any occurrence of workplace accidents or breach of the relevant health and safety regulations could subject us to a substantial fine and/or imprisonment, damage our reputation, cause delays in production or result in some or all of our projects being temporarily suspended or permanently shut down. There is no assurance that the Government will not impose more stringent measures to protect the occupational health and safety of workers such as increasing the imposition of penalties on construction contractors for liability for workplace accidents and increasing the required amount and coverage of employees’ compensation insurance policies by enacting additional laws or regulations, amending or enforcing new regulations on occupational health and safety of workers in a more rigorous manner or with stronger deterrent effect of occupational safety and health offences. In case more stringent standards are imposed, we may need to incur additional costs and expenses in order to comply with any amended standards, which could result in increased operating and compliance costs and thus adversely affecting our financial condition and results of operations.

In addition, any personal injuries and/or fatal accidents to the employees of our Group and our subcontractors may lead to claims or other legal proceedings against our Group. Any such claims or legal proceedings could adversely and materially affect our financial position to the extent not covered by insurance policies. Also, notwithstanding the merits of any such claims or



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legal proceedings, we need to divert management resources and incur extra costs to handle these matters. Any such claims or legal proceedings could therefore have a material and adverse impact on our business operations.

During the Track Record Period and up to the Latest Practicable Date, we recorded five accidents involving our employees which arose in the ordinary course of our business and three work-related accidents involving employees of our subcontractors in respect of projects where we were appointed as subcontractor of the main contractors. For further details, please refer to the paragraph headed “Business — Occupational health and work safety” in this prospectus. Such accident record may adversely affect our industry reputation, which may in turn affect our prospects of receiving tender invitations from potential new customers or being awarded with future tenders from both our existing and potential new customers. Furthermore, we may have to incur additional costs to strengthen our safety management measures, such as recruiting additional safety supervision staff, which may have an adverse impact on our profitability.

There is no assurance that we will be able to renew our registrations as registered electrical contractors with the EMSD and under the Registered Specialist Trade Contractors Scheme of the Construction Industry Council

Wing Lee Construction and Wing Lee Development, being two of our principal operating subsidiaries, are currently registered electrical contractors with the EMSD, whose registration will next expire in March 2026 and May 2027, respectively. Pursuant to section 34(1) of the Electricity Ordinance (Chapter 406 of the Laws of Hong Kong), all electrical works shall be conducted by registered electrical contractors. Renewal of registration as a registered electrical contractor is required every three years. Besides, Wing Lee Construction and Tai Shan Engineering, being two of our principal operating subsidiaries, are currently registered specialist trade contractors and registered subcontractors under the Registered Specialist Trade Contractors Scheme (formerly known as the Subcontractor Registration Scheme) maintained by the Construction Industry Council, whose registrations will next expire between October 2024 to March 2026. Subcontractors engaged under public sector projects initiated by the Government are generally required to possess registration under the Registered Specialist Trade Contractors Scheme of the Construction Industry Council. Renewal of registrations under the Registered Specialist Trade Contractors Scheme is required every three or five years and is generally subject to certain technical and relevant industry experience requirements. For details of our registrations with the EMSD and the Construction Industry Council, please refer to the paragraph headed “Business — Licences and registrations” in this prospectus. There is no assurance that we will be able to renew such registrations every time in the future. In the event of non-renewal of such registrations, our reputation, our ability to obtain future businesses, and our business and financial position and prospects could be materially and adversely affected.



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Failure to remain on the List of Approved Contractors for Public Works may result in a decrease in business opportunities and significantly hinder our business and affect our future financial results

Kaiser Construction Engineering, one of our principal operating subsidiaries, is registered on the List of Approved Contractors for Public Works under the category of roads and drainage (Group A) with probationary status. In order to tender for Government contracts, a contractor must be registered on the List of Approved Contractors for Public Works.

The retention on the List of Approved Contractors for Public Works is subject to certain financial, technical and management criteria as stipulated in the Contractor Management Handbook revised and published by the Development Bureau in January 2024. For further details, please refer to the paragraph headed “Regulatory Overview — Laws and regulations in relation to contractor licensing regime and operation — Contractor licensing requirements for public sector projects” in this prospectus. Among all applicable criteria, Kaiser Construction Engineering is required to have at least one technical personnel with the required qualifications. For details of the required qualifications, please refer to the paragraph headed “Business — Licences and registrations” in this prospectus. The Secretary for Development of the Government reserves the right to remove any contractor from the List of Approved Contractors for Public Works or take other regulatory actions against a contractor such as suspension, or where applicable, downgrading from confirmed status to probationary status, or demotion to a lower group in respect of all or any category of works if doubts arise as to the ability of a contractor to meet such criteria.

In the event that Kaiser Construction Engineering fails to fulfill any of the applicable criteria and remain on the List of Approved Specialist Contractors for Public Works under the category of roads and drainage works or if any of the aforesaid regulatory actions is taken against it such as suspension, we will not be able to obtain new public sector projects under the category of roads and drainage works as main contractor, thereby materially and adversely affecting our prospects, business and financial condition.

We may be required to be vacated from our leased premises which are used as warehouse/open storage and we may not be able to secure suitable and immediately available alternative premises or at a reasonably commercial price

As at the Latest Practicable Date, we leased parcels of land as warehouse/open storage, namely (i) the Remaining Portion of Lot No. 1211, The Remaining Portion of Lot No. 1215, Lots Nos. 40, 41 and 42 all in Demarcation District No. 451 (now known as No. 50 Lo Wai, Tsuen Wan, New Territories, Hong Kong) together with Warehouse; and (ii) Land in Ngau Tam Mei, Yuen Long, New Territories, Hong Kong on DD104 Lot 795, 796, 798, 799, Remaining Portion of 797, Remaining Portion of 800, Remaining Portion of 4179, Remaining Portion of 4187



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(collectively, the “**Relevant Land**”). Under the Government lease in respect of the Relevant Land, the land use of the Relevant Land is restricted to agricultural or garden ground use. For details, please refer to the paragraph headed “Business — Properties” in this prospectus. Notwithstanding our Group is not the registered owner of the Relevant Land and the Hong Kong Legal Counsel opined that our Group has not breached the Government lease of the Relevant Land (the basis of which is set out in the paragraph headed “Business — Properties” in this prospectus), there is no assurance that the relevant Government authorities will take the same view. If we are required to be vacated from the Relevant Land, our Directors expect that the relocation cost to be approximately HK\$1.0 million, and it would take around one month for such relocation. As warehouse/open storage have to be located on premises which meet zoning and permitted land use requirements, such premises may not be immediately available when needed. Further, the time and cost of relocation are based on our Directors’ current estimation. We cannot assure you that we will be able to secure suitable alternative premises for our use within our expected timeframe and at a commercially reasonable price. If we cannot find suitable alternative sites that are immediately available or at a commercially reasonable price, it may result in disruptions to our operations which may in turn adversely affect our operating results.

We may be a party to legal proceedings from time to time and we cannot assure you that such legal proceedings will not have a material adverse impact on our business. In particular, there may be potential employees’ compensation claims and personal injury claims

We may be involved in claims and litigations in respect of various matters from our customers, subcontractors, workers and other parties concerned with our works from time to time. Such claims may include in particular employees’ compensation claims and personal injury claims in relation to personal injuries suffered by workers as a result of accidents arising out of and in the course of employment of the injured workers. During the Track Record Period and up to the Latest Practicable Date, we were involved in certain employees’ compensation claims and personal injury claims which arose in the ordinary course of our business. Please refer to the paragraph headed “Business — Litigation and claims” in this prospectus for further details.

There is no assurance that we will not be involved in any further claims or legal proceedings, nor can we assure you that any such claims or legal proceedings would not have a material adverse impact on our business. Should any claims against us fall outside the scope and/or limit of insurance coverage, our financial position may be adversely affected. Regardless of the merits of any outstanding and potential claims, we need to divert management resources and incur extra costs to handle these claims, which could affect our corporate image and reputation if they are published by the press. If the aforesaid claims are successfully made against our Group and are not covered by insurance policies, we may need to pay damages and legal costs, which in turn could adversely affect our results of operations and financial position.



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Our company names may be identical or similar to other companies in the construction industry in Hong Kong. We may be involved in intellectual property disputes and claims of infringement, which may divert our management’s attention and harm our reputation and profitability

The company names of our Company and four of our subsidiaries contain “榮利” and “Wing Lee”. In particular, Wing Lee Construction, one of our operating subsidiaries, has been using “榮利” and “Wing Lee” in its name since 2014. As at the Latest Practicable Date, we have applied to register six trademarks containing the words “榮利” or “Wing Lee” in Hong Kong. For more information on our intellectual property rights, please refer to the paragraph headed “B. Further information about the business of our Group — 2. Intellectual property rights” in Appendix IV to this prospectus. With more than 18 years of operating history, we believe that the reputation and brand name that we have built up play a significant role in enabling us to attract customers and secure projects. Meanwhile, there are a number of companies in Hong Kong operating under the trade name(s) “榮利” and/or “Wing Lee” engaging in construction-related works.

As the general public may not be able to differentiate us and other companies whose names contain “榮利” and/or “Wing Lee”, if these companies are subject to any complaint, litigation, regulatory action or other negative publicity, our reputation, market recognition, business, growth prospect, results of operation and financial condition could be adversely affected.

We may also be subject to litigation regarding infringement of intellectual property rights and/or passing off commenced by companies whose names contain “榮利” and/or “Wing Lee”, whether with merits or not. If we are found to have violated the intellectual property rights of others, we may be subject to liability for infringement or may be prohibited from using such intellectual property, and we may incur licensing fees or be forced to develop alternatives of our own. Any legal proceedings, litigation or claim, brought by us or against us, can incur additional costs, divert our management’s attention and resources and hence may undermine our profitability. In case of unfavourable determination of any legal proceedings, litigation or claim, our business, financial condition and results of operations could be adversely affected. If any third party commences litigation against us claiming for infringement of their intellectual property rights and/or passing off, even if groundless, our reputation could be adversely affected.

Our historical revenue, gross profit and gross profit margin may not be indicative of our future performance

For FY2021/22, FY2022/23 and FY2023/24, our gross profit amounted to approximately HK\$93.6 million, HK\$75.5 million and HK\$121.6 million, respectively; while our gross profit margin was approximately 18.0%, 20.9% and 23.1%, respectively. However, such trend of historical financial information of our Group is a mere analysis of our past performance only and



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does not have any positive implication or may not necessarily reflect our financial performance in the future which will depend on our capability to secure new business opportunities and to control our costs. There is no assurance that our operating and financial performance in the future will remain at a level comparable to those recorded during the Track Record Period.

There is an inherent risk in using our historical financial information to project our future financial performance, as they do not have any positive implication or may only reflect on our past performance under certain conditions. Our future performance will depend on, among others, our ability to secure new contracts, control our costs, market conditions in Hong Kong, and competition among contractors. All these may reduce the number of projects awarded to us and/or limit profit margin of our projects.

In addition, our profit margin may also fluctuate from period to period due to factors such as, among others, the work progress and stage of the projects, the proportion of works performed by our subcontractors and our direct labour, the deployment of leased or our own machinery and the cost of the materials required for the projects. There is no assurance that our profit margin will remain stable in the future and that we can maintain our current level of performance.

Our Group is dependent on key management personnel and technical personnel and our business and operations could be materially affected if our Group cannot retain them

Our Directors believe that our success, to a large extent, is attributable to, among other things, the contribution of Mr. Yiu, Mr. Yiu Wang Lung and Mr. Chan, each being our executive Directors. Our executive Directors are supported by our senior management team and technical personnel, who possess practical skills and experience as required in handling our projects. Details of their expertise and experience are set out in the section headed “Directors and Senior Management” in this prospectus. Our key personnel as well as their management experience in the civil and electrical cable engineering industries in Hong Kong are crucial to our operation and financial performance. There could be an adverse impact on our operation should any of them cease to serve our Group and appropriate persons could not be found to replace them on a timely basis, or at all. There is no assurance that we will be able to attract and retain capable staff in the future. In such event, the business and financial position and prospects of our Group could be materially and adversely affected.

Our ability to successfully tender for and undertake new projects is limited by the availability of our project management staff and subcontractors

During the Track Record Period, we mainly focused on the roles of project management and/or carrying out our projects in our capacities as main contractor or subcontractor. Therefore, our services capacity in undertaking several and sizeable civil and electrical cable engineering



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works and solar PV system works projects is largely limited by the availability of our in-house project management staff and our subcontractors. According to the Industry Report, shortage of labour is a prolonged issue in the civil and electrical engineering industries in Hong Kong. In view of the aforesaid, we may encounter difficulties in maintaining and recruiting a sufficient number of project management staff or engaging suitable subcontractors for undertaking additional projects in the future.

Therefore, our ability to successfully tender for new projects may be affected by the availability of our project management staff and subcontractors. There is a risk that we may not be awarded with new contracts by our customers as our tenders may become relatively less competitive due to limitations in our service capacity.

Failure to complete our projects on a reliable and timely basis could materially affect our reputation, our financial performance or may subject us to claims

The contracts with our customers generally contain a liquidated damages clause under which we are liable to pay liquidated damages to our customers if we are unable to deliver or perform the contractual works within the time specified in the contract. Liquidated damages are generally determined on the basis of a fixed sum per day or a fixed proportion of the total contract sum.

Delay in a project may occur from time to time due to various unforeseen factors such as shortage of manpower, delays by subcontractors, industrial accidents, and delay in delivery of materials. If there is any delay on our part in completion of a project, we may be liable to pay liquidated damages under the contract. There is no assurance that there will not be any delay in our existing and future projects resulting in claims in relation to liquidated damages, which in turn will have adverse impact on our reputation, business, financial condition and results of operations.

We are exposed to claims arising from latent defects liability

We do not maintain any defects liability insurance and we may face claims arising from latent defects that are existing but not yet active, developed or visible, found in the works which are constructed by us or our subcontractors. If there is any significant claim against us for latent defects liability of any default or failure of our services by our customers or other parties, our profitability may be adversely affected.

Our contracts generally include a defects liability period of 12 months, following completion of the relevant works. During the defects liability period, we are typically required to rectify any defect without delay at our own cost if the defect is due to our non-conformance of works performed, or due to our negligence or failure to comply with our contractual obligations.



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obligation will be recognised as liability in the statement of financial position if the obligation is considered highly probable and the obliged amount can be reliably measured. Otherwise, such claim will be disclosed as contingent liability.

Our insurance coverage may not be adequate to cover potential liabilities

Certain risks disclosed elsewhere in this section such as risks in relation to customer concentration, our ability to obtain new contracts, our ability to retain and attract personnel, availability and performance of subcontractors, project and cost management, our ability to maintain and renew our registrations, credit risk and liquidity risk, are generally not covered by insurance because they are either uninsurable or it is not cost justifiable to insure against such risks. Insurance policies covering losses from acts of war, terrorism, or natural catastrophes are also either unavailable or cost prohibitive.

Further, we may be subject to liabilities which we are not insured adequately or at all or liabilities which cannot be insured. Should any significant liabilities arise due to accidents, natural disasters, or other events which are not covered or are inadequately covered by our insurance, our business may be adversely affected, potentially leading to a loss of assets, lawsuits, employee compensation obligations, or other forms of economic loss.

We cannot guarantee that our current levels of insurance are sufficient to cover all potential risks and losses. In addition, we cannot guarantee that we can renew our policies on similar or other commercially acceptable terms, or at all. If we suffer from severe unexpected losses or losses that far exceed the policy limits, it could have a material and adverse effect on our business, financial position, results of operations and prospects.

Failure to invest in suitable machinery may adversely affect our market competitiveness and any failure, damage or loss of our machinery may adversely affect our operations and financial performance

Our capacity to carry out works for our customers depends on, among other things, the availability of machinery that we own or lease from other third parties. Please refer to the paragraph headed “Business — Machinery” in this prospectus for the details relating to our machinery. If we fail to stay abreast of market trends and invest in suitable machinery to cope with changing customer demands and specifications, our overall competitiveness, financial position and operation results may be adversely affected. For details about our plans on acquiring machinery, please refer to the section headed “Future Plans and Use of Proceeds” in this prospectus.



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There is also no assurance that our machinery will not be damaged or lost as a result of, among others, improper operation, accidents, fire, adverse weather conditions, theft or robbery. In addition, machinery may break down or fail to function normally due to wear and tear or mechanical or other issues. If any failed or damaged machinery cannot be repaired or if any lost machinery cannot be replaced in a timely manner, our operations and financial performance could be adversely affected.

We rely on our suppliers for construction materials, and any shortage or delay of supply, or deterioration in the quality, of the same could materially and adversely affect our operations, and we may not be able to identify an alternative source of stable supply with acceptable quality and price

We rely on our suppliers for stable and timely delivery of construction materials which should meet our customers' specifications. For FY2021/22, FY2022/23 and FY2023/24, we incurred approximately HK\$57.2 million, HK\$43.9 million and HK\$66.3 million on materials costs, respectively, representing approximately 13.4%, 15.4% and 16.4% of our cost of services, respectively. If there is any shortage of such materials, or material delay in delivery by our suppliers, or the delivered materials fail to comply with our customers' specifications, we may fail to complete our projects on time or at all. There is no guarantee that we would be able to identify suitable alternative sources of supply with acceptable quality and price. Further, even if we could do so, there can be no assurance that we would not encounter similar problems with them in the future. In such event, our reputation, business operations and financial results may be adversely affected. If there is any deterioration in the quality of construction materials from our suppliers, and we are unable to detect the defective materials or identify suitable alternative sources, the progress and quality of our works could be materially and adversely affected, thereby damaging our reputation and adversely affecting our financial results.

Our performance depends on market conditions and trends in the civil and electrical cable engineering industries and in the overall economy

All our businesses and operations have been and will continue to be located in Hong Kong. The future growth and level of profitability of the civil and electrical cable engineering industries in Hong Kong depend primarily upon the continued availability of large scale projects. The nature, extent and timing of such projects will, however, be determined by the interplay of a variety of factors. These factors include, in particular, the Government's spending patterns on the civil and electrical cable engineering industries in Hong Kong and its public facilities policies, speed of approval of the relevant budgets and/or projects, the investment of property developers and the general conditions and prospects of the Hong Kong economy. They may affect the availability of projects from the public sector, private sector or institutional bodies. Apart from the public spending of the Government, other factors also affect the civil and electrical cable engineering



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industries. These other factors include cyclical trends in the economy as a whole, fluctuations in interest rates and the availability of new projects in the private sector. If there is any recurrence of recession in Hong Kong, deflation or any changes in Hong Kong's currency policy, or if the demand for civil and electrical cable engineering works in Hong Kong deteriorates, our operations and profitability could be adversely affected.

Any significant resurgence of COVID-19 outbreak may adversely affect our operation and financial condition

The outbreak of COVID-19 was first reported in December 2019 and has expanded in Hong Kong and globally. Details of the impact of the outbreak of COVID-19 on our operations are set out in the paragraph headed "Business — Impact of the outbreak of COVID-19 on our operations". There is no assurance that there will be no resurgence of COVID-19 in the future, which may result in material disruption or delay in construction works, which in turn could have an adverse impact on our ability to deliver works on time and hence jeopardise our reputation, business, financial conditions and our relation with our customers.

Further, any recurrence of COVID-19 pandemic in Hong Kong may have a material adverse impact on the Hong Kong economy, which may result in a slowdown in the construction industry and lower the availability of civil and electrical cable engineering works projects in Hong Kong. Any deterioration in the outbreak of COVID-19 may also lead to labour shortage, increase in wages of the workers and/or interruption of our business operations, temporary suspension or delay in the work progress of our projects. We cannot assure you that we will not experience any project delays or failure to complete our project according to the planned specifications, schedule and budget as a result of the recurrence of COVID-19, which may expose us to potential claims from customers for liquidated damages and result in adverse impact on our reputation, business, financial condition and results of operations.

In addition, if the Government re-launch measures to combat the spread of COVID-19 including import controls or lockdown policy on a city-wide scale, there is no assurance that our suppliers would be able to (a) maintain their normal business operation without disruptions; and/or (b) deliver the services, materials or subcontracting services to us without delay, and there is no guarantee that we would be able to source the services, materials or subcontracting services from alternative suppliers in time if such measures persist for a substantial period.



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Events such as epidemics, natural disasters, adverse weather conditions, political unrest and terrorist attacks could significantly delay, or even prevent us from completing, our projects

Our operations are subject to uncertainties and contingencies beyond our control that could result in material disruptions in our operations and adversely affect our business. These include epidemics, natural disasters, fire, adverse weather conditions, political unrest, wars and terrorist attacks. Any such events could cause us to reduce or halt our operation, adversely affect our business operation, increase our costs and/or prevent us from completing our projects, any one of which could materially and adversely affect our business, financial condition and results of operations.

In such event, our business operations may also be severely disrupted due to a negative impact on investor confidence and risk appetites, the fund-raising activities of issuers and proposed listing applicants, the macroeconomic condition as well as the financial conditions in Hong Kong. Our business operations, financial condition as well as our fund-raising activities as contemplated by this prospectus may be materially and adversely affected as a result.

We received Government grants, which are non-recurring in nature, and there is no guarantee that we will continue to receive Government grants at a similar level or at all

For FY2021/22, FY2022/23 and FY2023/24, our Group received Government grants from the Government of approximately HK\$0.1 million, HK\$4.8 million and HK\$1.6 million, respectively. Of which, approximately HK\$0.1 million, HK\$4.2 million and HK\$0.3 million was the Government's subsidies under the Employment Support Scheme of the Anti-Epidemic Fund of the Government for FY2021/22, FY2022/23 and FY2023/24, respectively. For further details on the Government grants received by our Group, please refer to the paragraph headed "Financial Information — Principal components of the combined statements of profit or loss — Other income" in this prospectus.

As those Government's relief measures on COVID-19 pandemic are non-recurring in nature, we cannot guarantee that we will continue to receive the aforesaid Government grants at a similar level or at all. In the event of any changes in Government measures or policies, resulting in any suspension, material reduction or termination of Government grants received by our Group, our profitability, financial conditions and results of operations may be materially and adversely affected.



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Our profitability may be affected by the potential increase in depreciation expenses upon our planned acquisition of additional machinery

It is one of our business strategies to acquire additional machinery by utilising a portion of the net proceeds from the Share Offer so as to cope with our business development, increase our overall efficiency, capacity and technical capability in performing civil and electrical cable engineering works as well as our ability to cater for different needs and requirements of different customers. Please refer to the section headed “Future Plans and Use of Proceeds” in this prospectus for further details.

As a result of the acquisition of additional machinery, it is expected that additional depreciation will be charged to our profit and loss account and may therefore affect our financial performance and operating results. Based on the accounting policies adopted by our Group, depreciation on machinery is calculated using the straight-line method. Therefore, it is estimated that additional depreciation expenses on plant and machinery of approximately HK\$5.9 million will be incurred per annum after we have acquired all the machinery that we intend to purchase under our business expansion plan, with the proceeds from the Share Offer.

Our planned investments in machinery will increase our depreciation expenses and costs but there is no assurance that there will be a satisfactory increase in our operational and financial performance as a result. Should we be unable to obtain more projects and increase our profitability after such planned investments, our business and financial position and prospects may be adversely affected.

Our business plans and strategies may not be successful or be achieved within the expected time frame or within the estimated budget

We intend to deploy our business strategies to further strengthen our market position, increase our market share and capture the growth in the construction industry in Hong Kong. For details, please refer to the paragraph headed “Business — Business strategies” in this prospectus for further details. However, our business plans and strategies may be hindered by risks including but not limited to those mentioned elsewhere in this section. There is no assurance that we will be able to successfully maintain or increase our market share or grow our business successfully after deploying our management and financial resources. Any failure in maintaining our current market position or implementing our plans could materially and adversely affect our business, financial condition and results of operations.



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We may be unable to prevent or detect corruption, bribery or other misconducts committed by our employees or third parties. If we fail to comply with the applicable anti-corruption and anti-bribery laws, our reputation may be harmed and we could be subject to penalties and significant expenses that may have a material adverse effect on our business, financial condition and results of operations

We may be exposed to corruption, bribery and other misconducts including, among other things, acceptance, offering or solicitation of kickbacks, bribes or other illegal benefits or gains by our employees or third parties (including our customers, main contractors, subcontractors or the project owners). Our risk management and internal control systems are designed to monitor our operations and ensure overall compliance and we have implemented anti-corruption and anti-bribery measures (the details of which are set out in the paragraph headed “Business — Environmental, social and governance matters — G. Anti-corruption and whistleblowing” in this prospectus), however, their effectiveness depends on the implementation and adherence by our employees. There can be no assurance that all of our employees will adhere to such policies and measures, and the implementation of such policies and measures may involve human errors. There can also be no assurance that our risk management and internal control systems and anti-corruption and anti-bribery measures will be effective in preventing corruption, bribery or other illegal activities.

We are subject to the anti-corruption and anti-bribery laws of Hong Kong, which include but are not limited to the Prevention of Bribery Ordinance (Chapter 201 of the Laws of Hong Kong). Our procedures and controls to monitor anti-corruption and anti-bribery compliance may not shield us from reckless or criminal acts committed by our employees. If we, due to either our own deliberate or inadvertent acts or those of others, fail to comply with applicable anti-corruption and anti-bribery laws, our reputation could be harmed and we could incur criminal or civil penalties, other sanctions and/or significant expenses, which could have a material adverse effect on our business, including our financial condition, results of operations, cash flows and prospects.

RISKS RELATING TO THE INDUSTRY IN WHICH WE OPERATE IN

We operate in a competitive industry

Some of our competitors may have certain advantages, including but not limited to having long operating history, better financing capabilities and well developed technical expertise. New participants may wish to enter the industry provided that they have the appropriate skills, local experience, necessary machinery, capital and they are granted the requisite licences or approvals by the relevant regulatory bodies. Any significant increase in competition may result in lower profit margins and loss of market share, which may adversely affect our profitability and operating results.



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The solar PV systems works industry may be volatile

In addition to civil engineering works (specialising in site formation works and road and drainage works) and electrical cable engineering works, starting from 2019 and during the Track Record Period, our Group also performed design, installation and maintenance works of solar PV systems under our business segment of solar PV systems. According to Frost & Sullivan, the solar PV systems works industry is relatively new within the construction industry in Hong Kong and thus may be more volatile in terms of the prices of solar panels and related components as well as the technology development. The market volatility of the solar PV systems works industry may result in significant fluctuation of our revenue and profit margin in respect of our solar PV systems business segment.

Any future changes in existing laws, regulations and Government policies, including but not limited to the introduction of more stringent laws and regulations on licensing, environmental protection, labour safety, etc. may cause us to incur substantial additional expenditure

Many aspects of our business operation are governed by various laws and regulations and Government policies. There is no assurance that we will be able to respond to any such changes in a timely manner. Such changes may also increase our costs and burden in complying with them, which may materially and adversely affect our business, financial condition and results of operation. If there are any changes to and/or imposition of requirements for qualification in the civil and electrical cable engineering industries in relation to environmental protection and labour safety, and we fail to meet the new requirements in a timely manner or at all, our business operation will be materially and adversely affected.

RISKS RELATING TO THE SHARE OFFER

Investors will experience immediate dilution

Given the Offer Price of our Shares is higher than the combined net tangible assets per Share immediately prior to the Share Offer, investors of our Shares in the Share Offer will experience an immediate dilution in the unaudited pro forma adjusted combined net tangible assets value to approximately HK\$0.27 per Share and HK\$0.31 per Share, respectively, based on the indicative Offer Price range of HK\$0.57 per Offer Share to HK\$0.73 per Offer Share. The unaudited pro forma adjusted combined net tangible assets value will be further diluted to HK\$0.26 per Share if we make a Downward Offer Price Adjustment to set the final Offer Price at HK\$0.513 per Offer Share.



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Possible setting of the Offer Price after making a Downward Offer Price Adjustment

We have the flexibility to make a Downward Offer Price Adjustment to set the final Offer Price at up to 10% below the bottom end of the Offer Price range per Offer Share. It is therefore possible that the final Offer Price will be set at HK\$0.513 per Offer Share upon the making of a full Downward Offer Price Adjustment. In such a situation, the Share Offer will proceed and the requirements under Rule 11.13 of the Listing Rules will not apply. If the final Offer Price is set at HK\$0.513, the estimated net proceeds we will receive from the Share Offer will be reduced to approximately HK\$97,620,000 and such reduced proceeds will be used as described in the paragraph headed “Future Plans and Use of Proceeds — Use of Proceeds” in this prospectus.

There has been no prior public market for the Share and the liquidity, market price and trading volume of the Share may be volatile

Prior to the Listing, there is no public market for the Shares. The Listing of, and the permission to deal in, the Shares on the Stock Exchange do not guarantee the development of an active public market or the sustainability thereof following completion of the Share Offer. Factors such as variations in our Group’s revenues, earnings and cash flows, acquisitions made by our Group or our competitors, industrial or environmental accidents suffered by our Group, loss of key personnel, litigations or fluctuations in the market prices for the services provided or supplies required by our Group, the liquidity of the market for the Shares, and the general market sentiment regarding the construction industry in Hong Kong could cause the market price and trading volume of the Shares to change substantially. In addition, both the market price and liquidity of the Shares could be adversely affected by factors beyond our Group’s control and unrelated to the performance of our Group’s business, especially if the financial market in Hong Kong experiences a significant price and volume fluctuation. In such cases, investors may not be able to sell their Shares at or above the Offer Price or at all.

Granting options under the Share Option Scheme and Shares under the Share Award Scheme may affect our Group’s result of operation and dilute Shareholders’ percentage of ownership

Our Company may grant share options under the Share Option Scheme and Shares under the Share Award Scheme in the future. The fair value of the options on the date on which they are granted with reference to the valuer’s valuation will be charged as share-based compensation, which may adversely affect our Group’s results of operation. Issuance of Shares for the purpose of satisfying any award made under the Share Option Scheme and the Share Award Scheme will also increase the number of Shares in issue after such issuance and thus may result in the dilution to the percentage of ownership of the Shareholders and the net asset value per Share. No option has been granted pursuant to the Share Option Scheme and no Share has been awarded under the Share



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Award Scheme as at the Latest Practicable Date. For a summary of the terms of the Share Option Scheme and the Share Award Scheme, please refer to the paragraph headed “D. Share incentive schemes” in Appendix IV to this prospectus.

Any disposal by our Controlling Shareholders of a substantial number of Shares in the public market could materially and adversely affect the market price of the Shares

There is no guarantee that our Controlling Shareholders will not dispose of their Shares following the expiration of their respective lock-up periods after the Listing. Our Group cannot predict the effect, if any, of any future sales of the Shares by any Controlling Shareholders, or that of the availability of the Shares for sale by any Controlling Shareholders may have on the market price of the Shares. Sale of a substantial number of Shares by any Controlling Shareholders or the market perception that such sale may occur could materially and adversely affect the prevailing market price of the Shares.

The Overall Coordinator is entitled to terminate the Underwriting Agreements

Prospective investors should note that the Overall Coordinator (for itself and on behalf of the Underwriters) is entitled to terminate its obligations under the Underwriting Agreements by giving notice in writing to us upon the occurrence of any of the events set out in the paragraph headed “Underwriting — Underwriting arrangements and expenses — The Public Offer — Grounds for termination” in this prospectus at any time prior to 8:00 a.m. (Hong Kong time) on the Listing Date. Such event may include, without limitation, any act of God, military action, riot, public disorder, civil commotion, fire, flood, tsunami, explosion, epidemic, terrorism, strike or lock-out.

The interests of our Controlling Shareholders may not always coincide with the interests of our Group and those of our other 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 options that may be granted under the Share Option Scheme or any Shares that may be granted under the Share Award Scheme), our Controlling Shareholders will be interested in 75% of our Shares. Our Controlling Shareholders will therefore, have a significant influence over the operations and business strategies of our Group, and may have the ability to require our Group to effect corporation actions according to their own desires. The interests of our Controlling Shareholders may not always coincide with the best interests of other Shareholders. If the interests of any of our Controlling Shareholders conflict with the interests of other Shareholders, or if any of our Controlling Shareholders chooses to cause our Group’s business to pursue strategic objectives that conflict with the interests of other Shareholders, our Group or those other Shareholders may be adversely affected as a result.



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Future issues, offers or sales of Shares may adversely affect the prevailing market price of the Shares

Future issue of Shares by our Company or the disposal of Shares by any of the Shareholders or the perception that such issue or sale may occur, may negatively impact the prevailing market price of the Shares. We cannot give any assurance that such event will not occur in the future.

There can be no assurance that we will declare or distribute any dividends in the future

For FY2021/22, FY2022/23 and FY2023/24, our Group declared and paid out dividends of approximately nil, nil and approximately HK\$40.5 million, respectively, to our then shareholders. On 20 September 2024, we declared final dividends of approximately HK\$30.0 million in respect of FY2023/24, which will be paid to our then shareholders before Listing by our Group's internal source of funding.

Subject to the Companies Act and the Articles, our Company in general meetings may declare dividends in any currency but no dividends shall exceed the amount recommended by our Board. Our Board may also from time to time pay to our Shareholders such interim dividends as appear to our Board to be justified by the financial conditions and the profits of our Company, and may in addition from time to time declare and pay special dividends of such amounts and on such dates and out of such distributable funds of our Company as it thinks fit. 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 dividends. Our future declarations of dividends will be at the absolute discretion of our Board.

RISKS RELATING TO THIS PROSPECTUS

No representation is given as to the accuracy of the information from official government sources

The information and statistics set out in the section headed "Industry Overview" and other sections of this prospectus were extracted from the report prepared by Frost & Sullivan, which was commissioned by us, and from various official government publications and other publicly available publications. We engaged Frost & Sullivan to prepare the Industry Report, an independent industry report, in connection with the Share Offer. However, the information from official government sources has not been independently verified by us, the Sole Sponsor, the



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Overall Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of their respective directors and advisers, or any other persons or parties involved in the Share Offer except for Frost & Sullivan, and no representation is given as to its accuracy.

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

There may be press and media coverage regarding us or the Share Offer, which may include certain events, financial information, financial projections and other information about us and the Share Offer. We have not authorised the disclosure of any such information in the press or other media and do not accept responsibility for the accuracy and completeness of such press and media coverage and we make no representation as to the appropriateness, accuracy, completeness or reliability of any such information or publication. To the extent that any such information appearing in publications other than this prospectus is inconsistent or conflicts with the information contained in this prospectus, we disclaim responsibility for them. Accordingly, prospective investors should not rely on any such information. In making your decision as to whether to subscribe for and/or purchase our Shares, you should rely only on the information included in this prospectus in making your investment decision regarding our Shares. By applying to purchase our Shares in the Share Offer, you will be deemed to have agreed that you will not rely on any information other than those contained in this prospectus.

Our Group's future results could differ materially from those expressed or implied by the forward-looking statements

Included in this prospectus are various forward-looking statements that are based on various assumptions. Our Group's future results could differ materially from those expressed or implied by such forward-looking statements. For details of these statements and the associated risks, please refer to the section headed "Forward-looking Statements" in this prospectus. Investors should read this entire prospectus carefully and we strongly caution you not to place any reliance on any information (if any) contained in press articles or other media regarding us and the Share Offer including, in particular, any financial projections, valuations or other forward-looking statements.

Prior to the publication of this prospectus, there may be press or other media which contains information referring to us and the Share Offer that is not set out in this prospectus. We wish to emphasise to potential investors that neither we nor any of the Sole Sponsor, the Overall Coordinator, the Joint Bookrunners, the Joint Lead Managers and the Underwriters, or the directors, officers, employees, advisers, agents or representatives of any of them, or any other parties (collectively, the "**Professional Parties**") involved in the Share Offer has authorised the disclosure of such information in any press or media, and neither the press reports, ^{any future} press reports nor any repetition, elaboration or derivative work were prepared by, ^{any future} ~~any future~~



RISK FACTORS

authorised by us or any of the Professional Parties. Neither we nor any Professional Parties accept any responsibility for any such press or media coverage or the accuracy or completeness of any such information. We make no representation as to the appropriateness, accuracy, completeness or reliability of any such information or publication. To the extent that any such information is not contained in this prospectus or is inconsistent or conflicts with the information contained in this prospectus, we disclaim any responsibility and liability whatsoever in connection therewith or resulting therefrom. Accordingly, prospective investors should not rely on any such information in making your decision as to whether to invest in the Offer Shares. You should rely only on the information contained in this prospectus.



INFORMATION ABOUT THIS PROSPECTUS AND THE SHARE OFFER

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

This prospectus, for which our Directors (including any proposed director who is named as such in this prospectus) collectively and individually accept full responsibility, includes particulars given in compliance with the Companies (WUMP) Ordinance, the Securities and Futures (Stock Market Listing) Rules (Chapter 571V of the Laws of Hong Kong) and the Listing Rules for the purpose of giving information with regard to our Company. Our Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this prospectus is accurate and complete in all material respects and not misleading or deceptive and there are no other matters the omission of which would make any statement in this prospectus misleading.

UNDERWRITING

This prospectus is published solely in connection with the Share Offer. Details of the terms of the Share Offer are described in the section headed "Structure and Conditions of the Share Offer" in this prospectus.

The Listing is sponsored by the Sole Sponsor. The Public Offer is fully underwritten by the Public Offer Underwriters and the Placing is expected to be fully underwritten by the Placing Underwriters.

RESTRICTIONS ON OFFER OF THE OFFER SHARES

No action has been taken to permit a public offering of the Offer Shares in any jurisdiction other than in Hong Kong, or the distribution of this prospectus in any jurisdiction other than Hong Kong. Accordingly, and without limitation to the following, this prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in any jurisdiction or in any circumstances in which such offer or invitation is not authorised or to any person to whom it is unlawful to make such an offer or invitation.

The distribution of this prospectus and the offering and sale of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorisation by the relevant securities regulatory authorities or an exemption therefrom. In particular, the Offer Shares have not been offered and sold, and will not be offered or sold, directly or indirectly, in the PRC or the United States, except in compliance with the relevant laws and regulations of each of such jurisdictions.



INFORMATION ABOUT THIS PROSPECTUS AND THE SHARE OFFER

The Offer Shares are offered solely on the basis of the information contained and the representations made in this prospectus. No person is authorised in connection with the Share Offer to give any information or to make any representation not contained in this prospectus, and any information or representation not contained in this prospectus must not be relied upon as having been authorised by our Company, any of its respective directors, agents or advisers or any other person or party involved in the Share Offer.

No action has been taken to register or qualify the Offer Shares or the Share Offer, or otherwise to permit a public offering of the Offer Shares, in any jurisdiction outside Hong Kong. The distribution of this prospectus in jurisdictions outside Hong Kong may be restricted by law and therefore persons who come into possession of this prospectus should inform themselves about, and observe, any such restrictions. Any failure to comply with these restrictions may constitute a violation of the applicable securities laws.

Each person or body corporate acquiring the Offer Shares will be required to confirm, or be deemed by his or her or its acquisition of the Offer Shares to have confirmed, that he or she or it is aware of the restrictions on offer of the Offer Shares described in this prospectus.

Prospective applicants for the Offer Shares should consult their financial advisers and seek legal advice, as appropriate, to inform themselves of, and to observe, all applicable laws, rules and regulations of any relevant jurisdiction. Prospective applicants for the Offer Shares should also inform themselves as to the relevant legal requirements and any applicable exchange control regulations and applicable taxes in the countries of their respective citizenship, residence or domicile.

APPLICATION FOR LISTING ON THE STOCK EXCHANGE

Our Company has applied to the Stock Exchange for the listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Share Offer (including any Shares which may be issued pursuant to the exercise of the Over-allotment Option, any option which may be granted under the Share Option Scheme and any Shares that may be granted under the Share Award Scheme).

No part of the share or loan capital of our Company is listed, traded or dealt in on any stock exchange and save as disclosed herein, no such listing or permission to deal is being or proposed to be sought.



INFORMATION ABOUT THIS PROSPECTUS AND THE SHARE OFFER

Under section 44B(1) of the Companies (WUMP) Ordinance, any allotment made in respect of any application will be invalid if the listing of, and permission to deal in, the Offer Shares on the Stock Exchange is refused before the expiration of three weeks from the date of the closing of the application lists, or such longer period (not exceeding six weeks) as may, within the said three weeks, be notified to our Company by the Stock Exchange.

SHARE REGISTRARS AND STAMP DUTY

All the Offer Shares will be registered on the Hong Kong register of members to be maintained by Hong Kong Share Registrar, Tricor Investor Services Limited, in Hong Kong. Dealings in the Offer Shares registered on our Company's register of members maintained in Hong Kong will be subject to Hong Kong stamp duty. Dealings in the Shares registered on the principal share register of our Company maintained by Ogier Global (Cayman) Limited in the Cayman Islands will not be subject to the Cayman Islands stamp duty.

PROFESSIONAL TAX ADVICE RECOMMENDED

Potential applicants for the Share Offer are recommended to consult their professional advisers if they are in doubt as to the taxation implications of the subscription for, holding, purchase, disposal of or dealing in the Shares or exercising their rights thereunder. It is emphasised that none of our Company, our Directors, the Sole Sponsor, the Underwriters, the Overall Coordinator, their respective directors or any other person or party involved in the Share Offer accepts responsibility for any tax effects on, or liabilities of, holders of Shares resulting from the subscription for, holding, purchase, disposal of or dealing in the Offer Shares or the exercise of their rights thereunder.

STABILISATION AND OVER-ALLOTMENT OPTION

In connection with the Share Offer, the Stabilising Manager, or any person acting for it, may over-allot Shares or effect any other transactions with a view to stabilising and maintaining the market price of the Offer Shares at a level higher than that which might otherwise prevail for a limited period after the date of Listing. However, there is no obligation on the Stabilising Manager or any person acting for it to conduct any such stabilising action.

In connection with the Share Offer, our Company is expected to grant to the Placing Underwriters the Over-allotment Option, which is exercisable in full or in part by the Overall Coordinator (on behalf of the Placing Underwriters) up to (and including) the date which is the 30th day after the last day for lodging applications under the Public Offer (being Sunday, 3



INFORMATION ABOUT THIS PROSPECTUS AND THE SHARE OFFER

November 2024). Pursuant to the Over-allotment Option, our Company may be required to issue at the Offer Price up to an aggregate of 37,500,000 Shares, representing 15% of the total number of Offer Shares initially available under the Share Offer, to cover over-allocations in the Placing, if any.

For further details on the stabilisation and the Over-allotment Option, please refer to the paragraph headed “Structure and Conditions of the Share Offer — Stabilisation and over-allotment” in this prospectus.

ROUNDING

Any discrepancies in any table between totals and sum of amounts listed therein are due to rounding.

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

Details of the structure of the Share Offer are set out in the section headed “Structure and Conditions of the Share Offer” in this prospectus.

Downward Offer Price Adjustment

We have reserved the right to make a Downward Offer Price Adjustment to provide flexibility in pricing the Offer Shares. The ability to make a Downward Offer Price Adjustment does not affect our obligation to cancel the offer and relaunch it with a supplemental prospectus or a new prospectus if there is a material change in circumstances not disclosed in the prospectus and we decide to proceed with the offer.

If it is intended to set the final Offer Price at more than 10% below the bottom end of the Offer Price range, we will first cancel the Share Offer and then relaunch it at the revised offer price and the requirements under Rule 11.13 of the Listing Rules will apply if the Share Offer is to proceed.

PROCEDURES FOR APPLICATION FOR PUBLIC OFFER SHARES

The procedure for applying for the Public Offer Shares is set out in the section headed “How to Apply for Public Offer Shares” in this prospectus.



INFORMATION ABOUT THIS PROSPECTUS AND THE SHARE OFFER

OFFER SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

Subject to the approval of the listing of, and permission to deal in, the Shares on the Stock Exchange and the Company's compliance with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the Listing Date or, under contingent situation, any other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second settlement day after any trading day.

All activities under CCASS are subject to the General Rules of HKSCC and HKSCC Operational Procedures in effect from time to time.

All necessary arrangements have been made for the Shares to be admitted into CCASS. If investors are unsure about the details of CCASS settlement arrangement and how such arrangements will affect their rights and interests, they should seek the advice of their stockbroker or other professional adviser.

COMMENCEMENT OF DEALINGS IN THE SHARES

Dealings in the Shares on the Stock Exchange are expected to commence on or about Wednesday, 9 October 2024. The Shares will be traded in board lots of 5,000 Shares each.

LANGUAGE

If there is any inconsistency between the English version of this prospectus and the Chinese translation of this prospectus, the English version of this prospectus shall prevail.

CURRENCY TRANSLATIONS

Unless otherwise specified, conversion of US\$ into HK\$ (or vice versa) and RMB into HK\$ (or vice versa) in this prospectus is based on the exchange rate set out below (for illustration purposes only):

US\$1.00: HK\$7.80

HK\$1.00: RMB0.920

No representation is made that any amounts in US\$, RMB and HK\$ can be or could have been converted at the relevant dates at the above exchange rate or any other rate or at all.



DIRECTORS AND PARTIES INVOLVED IN THE SHARE OFFER

DIRECTORS

Name	Residential address	Nationality
Executive Directors		
Mr. Yiu Wang Lee (姚宏利)	Flat A, 22/F Tower 1, City Point 48 Wing Shun Street Tsuen Wan New Territories Hong Kong	Chinese
Mr. Yiu Wang Lung (姚宏隆)	Flat F, 17/F Skyline Plaza 88 Tai Ho Road Tsuen Wan New Territories Hong Kong	Chinese
Mr. Chan Lo Man (陳魯閔)	Flat D, 10/F Block 7, The Cairnhill 108 Route Twisk Tsuen Wan New Territories Hong Kong	Chinese
Ms. Tse Ka Wing (謝嘉穎)	Flat 4, 7/F, Block F Chun Tai House, Ching Tai Court Tsing Yi New Territories Hong Kong	Chinese

Independent non-executive Directors

Mr. Shang Hailong (尚海龍)	Flat B, 31/F Hilary Court 63G Bonham Road Sai Ying Pun Hong Kong	Chinese



DIRECTORS AND PARTIES INVOLVED IN THE SHARE OFFER

Name	Residential address	Nationality
Mr. Fu He (符合)	Room 11B, Tower 2 Yasongju No. 1008 Haitian Road Futian District, Shenzhen PRC	Chinese
Mr. Leung Wai Hung (梁偉雄)	Flat A, 12/F The Java 98 Java Road North Point Hong Kong	Chinese

Please refer to the section headed “Directors and senior management” in this prospectus for further details of our Directors.

PARTIES INVOLVED

Sole Sponsor

Alliance Capital Partners Limited

A licensed corporation under the SFO to engage in type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities
Unit 03, 7/F, Worldwide House
19 Des Voeux Road Central
Hong Kong

Overall Coordinator

Alliance Capital Partners Limited

A licensed corporation under the SFO to engage in type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities
Unit 03, 7/F, Worldwide House
19 Des Voeux Road Central
Hong Kong



DIRECTORS AND PARTIES INVOLVED IN THE SHARE OFFER

Joint Bookrunners

Alliance Capital Partners Limited

A licensed corporation under the SFO to engage in type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities
Unit 03, 7/F, Worldwide House
19 Des Voeux Road Central
Hong Kong

China Galaxy International Securities (Hong Kong) Co., Limited

A licensed corporation under the SFO to engage in type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities
20/F Wing On Centre
111 Connaught Road Central
Hong Kong

CMBC Securities Company Limited

A licensed corporation under the SFO to engage in type 1 (dealing in securities) and type 4 (advising on securities) regulated activities
45/F, One Exchange Square
8 Connaught Place Central
Hong Kong

ABCI Capital Limited

A licensed corporation under the SFO to engage in type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities
11/F, Agricultural Bank of China Tower
50 Connaught Road Central
Hong Kong



DIRECTORS AND PARTIES INVOLVED IN THE SHARE OFFER

Haitong International Securities Company Limited

A licensed corporation under the SFO to engage in type 1 (dealing in securities) and type 4 (advising on securities) regulated activities

22/F, Li Po Chun Chambers
189 Des Voeux Road Central
Hong Kong

China Industrial Securities International Capital Limited

A licensed corporation under the SFO to engage in type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities

32/F, Infinitus Plaza
199 Des Voeux Road Central
Sheung Wan, Hong Kong

Joint Lead Managers

ABCI Securities Company Limited

A licensed corporation under the SFO to engage in type 1 (dealing in securities) and type 4 (advising on securities) regulated activities

10/F, Agricultural Bank of China Tower
50 Connaught Road Central
Hong Kong

Cinda International Capital Limited

A licensed corporation under the SFO to engage in type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities

45/F, COSCO Tower
183 Queen's Road Central
Hong Kong

Phillip Securities (Hong Kong) Limited

A licensed corporation under the SFO to engage in type 1 (dealing in securities), type 4 (advising on securities), type 7 (providing automated trading services) and type 9 (asset management) regulated activities

11-12/F, United Centre
95 Queensway
Hong Kong



DIRECTORS AND PARTIES INVOLVED IN THE SHARE OFFER

Futu Securities International (Hong Kong) Limited

A corporation licenced under the SFO to carry on type 1 (dealing in securities), type 2 (dealing in futures contracts), type 3 (leveraged foreign exchange trading), type 4 (advising on securities), type 5 (advising on futures contracts), type 7 (providing automated trading services) and type 9 (asset management) regulated activities

34/F, United Centre
No. 95 Queensway
Admiralty, Hong Kong

ZMF Asset Management Limited

A corporation licenced under the SFO to carry on type 1 (dealing in securities), type 4 (advising on securities) and type 9 (asset management) regulated activities

Unit 2502, 25/F
World Wide House
19 Des Voeux Road Central
Central, Hong Kong

Gaoyu Securities Limited

A licensed corporation under the SFO to engage in type 1 (dealing in securities), type 4 (advising on securities) and type 9 (asset management) regulated activities

Suite 4409, 44/F, COSCO Tower
183 Queen's Road Central
Hong Kong

Livermore Holdings Limited

A licensed corporation under the SFO to engage in type 1 (dealing in securities) and type 4 (advising on securities) regulated activities

Unit 1214A, 12/F, Tower II
Cheung Sha Wan Plaza
833 Cheung Sha Wan Road
Kowloon, Hong Kong



DIRECTORS AND PARTIES INVOLVED IN THE SHARE OFFER

Legal advisers to our Company

As to Hong Kong law
Kwok Yih & Chan
Suite 1501, 15th Floor
Bank of America Tower
12 Harcourt Road
Central
Hong Kong

Mr. Poon Chi Kin Billy
Hong Kong barrister-at-law
Room 1406
China Insurance Group Building
141 Des Voeux Road Central
Hong Kong

As to Cayman Islands law
Ogier
11th Floor Central Tower
28 Queen's Road Central
Central
Hong Kong

Legal advisers to the Sole Sponsor, the Overall Coordinator, the Joint Bookrunners, the Joint Lead Managers and the Underwriters

As to Hong Kong law
ONC Lawyers
19th Floor, Three Exchange Square
8 Connaught Place
Central
Hong Kong

Reporting accountant and auditor

PricewaterhouseCoopers
Certified Public Accountants
Registered Public Interest Entity Auditor
22/F, Prince's Building
Central
Hong Kong

Compliance adviser

Alliance Capital Partners Limited
Unit 03, 7/F, Worldwide House
19 Des Voeux Road Central
Hong Kong



DIRECTORS AND PARTIES INVOLVED IN THE SHARE OFFER

Industry consultant

Frost & Sullivan Limited

Unit 3006, 30/F
Two Exchange Square
8 Connaught Place Central
Hong Kong

Receiving bank

Bank of Communications (Hong Kong) Limited

Unit B B/F & G/F, Unit C G/F, 1-3/F,
16/F Room 01 & 18/F, Wheelock House
20 Pedder Street
Central
Hong Kong



CORPORATE INFORMATION

Registered office	89 Nexus Way Camana Bay Grand Cayman KY1-9009 Cayman Islands
Headquarters and principal place of business in Hong Kong registered under Part 16 of the Companies Ordinance	Room A6, 16th Floor TML Tower No. 3 Hoi Shing Road Tsuen Wan Hong Kong
Company's website	<u>www.winglee.com.hk</u> <i>(Note: Information contained in this website does not form part of this prospectus.)</i>
Company secretary	Ms. Tse Ka Wing (<i>Certified Public Accountant</i>) Flat 4, 7/F, Block F Chun Tai House, Ching Tai Court Tsing Yi New Territories Hong Kong
Authorised representative(s) <i>(for the purposes of the Listing Rules)</i>	Mr. Yiu Wang Lee Flat A, 22/F Tower 1, City Point 48 Wing Shun Street Tsuen Wan New Territories Hong Kong Ms. Tse Ka Wing (<i>Certified Public Accountant</i>) Flat 4, 7/F, Block F Chun Tai House, Ching Tai Court Tsing Yi New Territories Hong Kong



CORPORATE INFORMATION

Audit Committee	Mr. Leung Wai Hung (<i>Chairperson</i>) Mr. Shang Hailong Mr. Fu He
Remuneration Committee	Mr. Shang Hailong (<i>Chairperson</i>) Mr. Leung Wai Hung Mr. Yiu Wang Lee
Nomination Committee	Mr. Yiu Wang Lee (<i>Chairperson</i>) Mr. Shang Hailong Mr. Fu He
Principal share registrar	Ogier Global (Cayman) Limited 89 Nexus Way Camana Bay Grand Cayman KY1-9009 Cayman Islands
Hong Kong Share Registrar	Tricor Investor Services Limited 17/F, Far East Finance Centre 16 Harcourt Road Hong Kong
Principal banker	Bank of China (Hong Kong) Limited Bank of China Tower 1 Garden Road Hong Kong



INDUSTRY OVERVIEW

The information contained in this section, unless otherwise indicated, have been derived from various official government publications and other publications generally believed to be reliable and the market research report prepared by Frost & Sullivan which we commissioned. We believe that the sources of such information are appropriate sources for such information and have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading in any material respect or that any fact has been omitted that would render such information false or misleading in any material respect. None of our Company, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers and the Underwriters or any of our or their respective directors, officers or representatives or any other person involved in the Share Offer, except for Frost & Sullivan, has independently verified such information nor give any representation as to the accuracy or completeness of such information. As such, you should not unduly rely upon such information in making, or refraining from making, any investment decision.

SOURCE OF INFORMATION

We have commissioned Frost & Sullivan, an independent market research and consulting company, to conduct an analysis of, and to prepare a report on the civil and electrical engineering industries in Hong Kong. The report prepared by Frost & Sullivan for us is referred to in this listing document as Industry Report. We agreed to pay Frost & Sullivan a fee of HK\$350,000 which we believe reflects market rates for reports of this type.

Founded in 1961, Frost & Sullivan has 40 offices with more than 2,000 industry consultants, market research analysts, technology analysts and economists globally. Frost & Sullivan's services include technology research, independent market research, economic research, corporate best practices advising, training, client research, competitive intelligence and corporate strategy.

We have included certain information from the Industry Report in this listing document because we believe this information facilitates an understanding of the civil and electrical engineering industries in Hong Kong for the prospective investors. The Industry Report includes information of the civil and electrical engineering industries in Hong Kong as well as other economic data, which have been quoted in the listing document. Frost & Sullivan's independent research consists of both primary and secondary research obtained from various sources in respect of the civil and electrical engineering industries in Hong Kong. Primary research involved in-depth interviews with leading industry participants and industry experts. Secondary research involved reviewing company reports, independent research reports and data based on Frost & Sullivan's own research database. Projected data were obtained from historical data analysis plotted against macroeconomic data with reference to specific industry-related factors. Except as otherwise noted, all of the data and forecasts contained in this section are derived from the Industry Report, various official government publications and other publications.

In compiling and preparing the research, Frost & Sullivan assumed that the social, economic and political environments in the relevant markets are likely to remain stable in the forecast period, which ensures the steady development of the civil and electrical engineering industries in Hong Kong.



INDUSTRY OVERVIEW

MACRO ECONOMY OVERVIEW IN HONG KONG

Nominal GDP

Attributed to the increase in domestic demand and trade performance featured with recovery of economy in Europe and North America, the nominal GDP in Hong Kong has registered steady growth, from HK\$2,835.4 billion in 2018 to HK\$3,003.0 billion in 2023. Owing to the outbreak and resurgence of COVID-19 in 2020 and 2022, the Nominal GDP plunged from HK\$2,844.8 billion in 2019 to HK\$2,675.3 billion in 2020, representing a CAGR of approximately 1.2% was recorded from 2018 to 2023. Moving forward, according to International Monetary Fund (“IMF”), Hong Kong’s economy is set to regain its momentum along with the recovery of tourism and consumption, the nominal GDP of Hong Kong is expected to recover and grow from HK\$3,108.1 billion in 2024 to HK\$3,894.7 billion in 2028, representing a CAGR of approximately 5.8%.

Gross Value of Construction Work Performed

According to Census and Statistics Department, the gross value of construction works performed in Hong Kong by broad trade group has slightly increased from approximately HKD252.2 billion in 2018 to approximately HKD271.0 billion in 2023, representing a CAGR of 1.5%. However, a recession during 2019 and 2020 contributed by the social unrest and COVID-19 pandemic has occurred which led to (i) the suspension of construction work; and (ii) worldwide lockdowns, thus affecting the supply of raw materials, resulting in delay to progress of the ongoing projects and commencement of new projects in Hong Kong. Nevertheless, the Government is keen to promote economic growth through infrastructural development, namely Kwu Tung North (KTN) and Fanling North (FLN) New Development Area (NDA) development, Kau Yi Chau Artificial Island under the Lantau Tomorrow Vision, which will foster the construction industry development in the future.

Government Expenditure on Infrastructure

By 2023, the government’s expenditure on infrastructure had increased to HK\$88.6 billion, from HK\$66.8 billion in 2019. The upward trajectory in spending demonstrates the government’s commitment to enhancing the region’s infrastructure and addressing the evolving needs of the population. It is important to note that the COVID-19 pandemic, which emerged in 2020, had an impact on economic activities and supply chains in the region. However, despite these challenges, the Government remained focused on infrastructure development and continued to allocate substantial funds to such projects such as the Northern Metropolis Development, Hung Shui Kiu/Ha Tsuen New Development Area, Hong Kong-Shenzhen Innovation and Technology Park, Tung Chung Line Extension, site formation and infrastructure works for public housing development in Wang Chau etc. outlined in the Policy Address 2023 and the 2024/2025 Budget. Looking ahead, the government’s commitment to infrastructure investment is expected to persist. Annual capital works expenditure is anticipated to rise, with an expenditure of HKD106.1 billion to be recorded in 2024 according to the Government Budget.



INDUSTRY OVERVIEW

OVERVIEW OF CIVIL ENGINEERING MARKET IN HONG KONG

Definition and Segmentation of Civil Engineering

Civil engineering encompasses a wide variety of works that include the design, construction and maintenance of infrastructure, namely roads, bridges, tunnel, dams and power plants. According to Development Bureau, civil engineering works are generally classified into four segments, namely (i) ports works; (ii) roads and drainage; (iii) site formation; and (iv) waterworks. In particular,

- Roads works are usually grouped into two types, namely (i) construction of new roads, such as expressways, trunk roads, primary distributor roads, district distributor roads and local distributor roads, and (ii) maintenance of existing roads. Drainage and other works refer to construction, improvement and maintenance of sewage treatment facilities, storm water drainage facilities, as well as waste management and power plants.
- Site formation works include excavations on sloping land, filling, landslip preventive works, landslip remedial works, and ground water drainage works. These works are necessary to prepare a piece of land for foundation works and the subsequent construction of buildings and other structures through preparation of land with required orientation, shape or levels that can accommodate particularly buildings and facilities.

Value Chain Analysis

Below sets out the value chain of civil engineering works, comprising upstream raw materials and equipment supplier, midstream contractors and engineering consultancy and downstream clients such as government departments, public organisations and private project owners.



Source: Frost & Sullivan

Subcontracting is a common practice in civil engineering industry whereby main contractors subcontract the large scale projects to other contractors with specialist licences or capabilities in certain areas, including road and drainage works and site formation works, based on the track records, business relationship and capital requirements. In public sector, leading main contractors tender for the projects from the Government and government related organisations, which are then assigned to one or more subcontractors.



INDUSTRY OVERVIEW

Joint venture, which refers to a business form that two or more person or entity engaged in a single defined project, is generally adopted by contractors for sizable civil engineering works. Key benefits of joint venture include enhancement of resources (e.g. capital and equipment) and technical expertise, as well as share the risk and costs involved. Establishment of joint venture is required for some large-scaled infrastructure projects by public owners.

Client concentration is a common occurrence within the civil engineering sector, in both public and private sector. The availability of construction works in Hong Kong depends on the Hong Kong Government's spending on construction and infrastructure in Hong Kong and its land supply policy, the approval of the Legislative Council of Hong Kong, and the investment plans and strategies of property developers.

Gross Value of Civil Engineering Works

Since the completion of large scale infrastructure projects in 2018, such as Hong Kong–Zhuhai–Macau Bridge and Express Rail Link (Hong Kong section), along with the social unrest and the outbreak of COVID-19, the civil engineering industry in Hong Kong has become temporarily sluggish since 2019. However, the backlog of construction demand from previous years has been largely released in the last two years. According to the Census and Statistics Department, the gross value of civil engineering works performed by main contractors in Hong Kong recorded an overall incline from approximately HKD49,356.0 million in 2019 to HKD57,892.0 million in 2023, representing a CAGR of approximately 3.2%. The increase in 2023 was due to the Commencement of stage 2 of phase 2 of Improvement works at Mui Wo and Phase 2 of Site Formation and Infrastructure Works for the Development of ex-Cha Kwo Ling Kaolin Mine Site.

The rollout and commencement of projects such as Kwu Tung North (KTN) and Fanling North (FLN) New Development Area (NDA), Kau Yi Chau Artificial Island under the Lantau Tomorrow Vision, Tung Chung New Town Extension in the coming few years, shall sustain demand for civil engineering works, the gross value of civil engineering works in Hong Kong is expected to increase at a CAGR of 3.5% during 2024 to 2028.

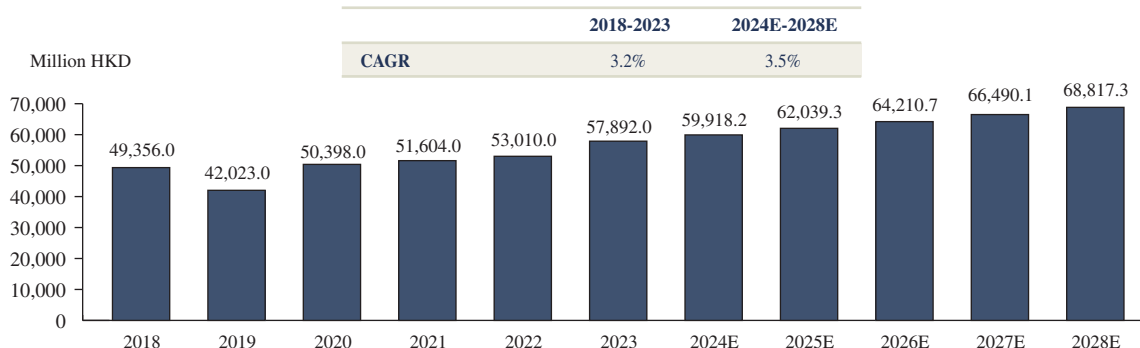
The Northern Metropolis development will have a significant impact on the civil engineering and construction sector in Hong Kong. In particular, the development of the “Northern Metropolis University Town” will require the construction of new campuses and facilities, with the government reserving more than 60 hectares of land in Hung Shui Kiu/Ha Tsuen, Ngau Tam Mei, and New Territories North New Town for this purpose. The construction of the Hong Kong-Shenzhen Innovation and Technology Park (HSITP) in the Loop and the adjacent Shenzhen I&T Zone will also involve substantial civil engineering work to develop the necessary infrastructure and buildings. Furthermore, the development of the four major zones, namely High-end Professional Services and Logistics Hub, I&T Zone, Boundary Commerce and Industry Zone, and Blue and Green Recreation, Tourism and Conservation Circle will necessitate the construction of various commercial, industrial, and recreational facilities. Lastly, the planned transport infrastructure projects, such as the Hong Kong-Shenzhen Western Rail Link (Hung Shui Kiu — Qianhai), Northern Metropolis Highway, and Route 11, will require extensive civil engineering work, contributing to the growth of the sector. As estimated by the Development Bureau, the total cost of projects in the Northern Metropolis will exceed HK\$224.7 billion. The majority of this expenditure, HK\$121.5 billion, is allocated for land resumption in four key areas: Kwu Tung North (古洞北), Fanling North, San Tin, and the San Tin Technopole. Site formation



INDUSTRY OVERVIEW

and infrastructure development make up a significant portion of the total cost, amounting to approximately HK\$99.3 billion or 44% of the overall expenditure. Additionally, HK\$3.1 billion has been set aside for detailed design work, while studies account for a further HK\$610 million.

Gross Value of Civil Engineering Works by Main Contractors (Hong Kong), 2018-2028E

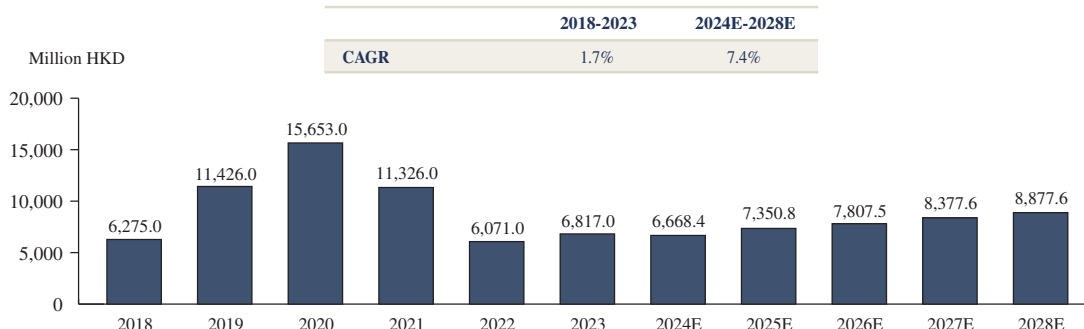


Source: Census and Statistics Department, Development Bureau, Chief Executive's Policy Address, Frost & Sullivan

Gross Value of Site Formation and Clearance Works

According to the Census and Statistics Department, the gross value of site formation and clearance works registered an overall growth from approximately HKD6,275.0 million in 2018 to HKD6,817.0 in 2023, representing a CAGR of 1.7%. The robust growth during 2019 and 2020 was mainly attributable to the tender award and commencement of site formation and associated infrastructural works for new development areas, such as Kwu Tung North and Fanling North New Development Area. The drop in 2022 and 2023 was due to the completion of site formation and infrastructure works at Yau Yue Wan and Pak Shing Kok, Columbarium Development at Sham Shui Kok and Public Housing Development at Cheung Muk Tau and ex-Mount Davis Cottage Area in Kennedy Town. The commencement of development projects and construction works, namely the Development of ex-Cha Kwo Ling Kaolin Mine Site, Queen's Hill Extension, Tuen Mun Central Phase 2, Kwok Shui Road, Choi Shun Street, Development of ex-Cha Kwo Ling Kaolin Mine Site (Phase 2) and Public Housing Developments at Chak On Road South, supports the market demand for site formation works. Attributable to the planned infrastructure development projects, the gross value of site formation and clearance works is forecasted to increase at a CAGR of 7.4% during the period from 2024 to 2028.

Gross Value of Site Formation and Clearance Works by Main Contractors (Hong Kong), 2018-2028E

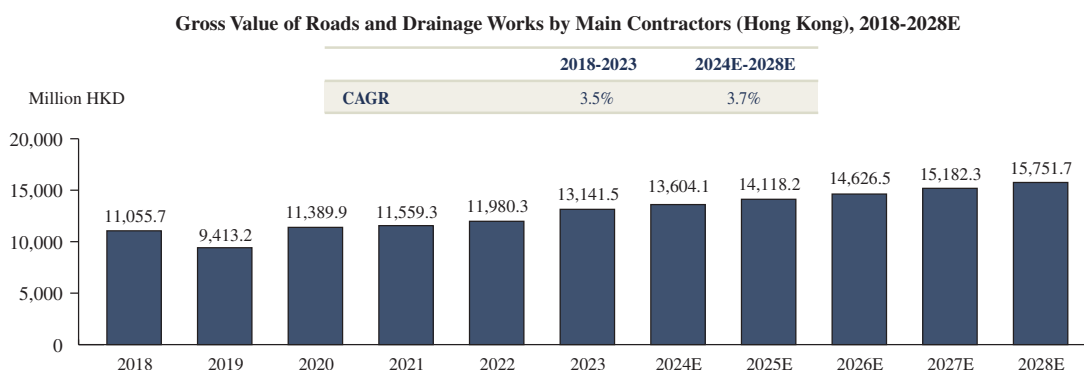


Source: Census and Statistics Department, Development Bureau, Chief Executive's Policy Address, Frost & Sullivan

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Gross Value of Construction Works for Roads and Drainage

The gross value of roads and drainage in Hong Kong has witnessed a moderate increase from HKD11,055.7 million in 2018 to HKD13,141.5 million in 2023, mainly attributed to large-scale road construction and improvement projects, including the Central Kowloon Route, Widening of Western Section of Lin Ma Hang Road between Ping Yuen River and Ping Che Road, Braemar Hill Pedestrian Link, Flyover from Kwai Tsing Interchange Up-ramp to Kwai Chung Road, Improvement works at Tsuen Tsing Interchange and so on. The drop in 2019 was due to the completion of construction of dual 2-lane Connecting Road linking up the BCP with Fanling Highway. Looking forward, Development at Anderson Road and Kwok Shui Road are expected to boost the development of civil engineering sector in Hong Kong, and the gross value of roads and drainage in Hong Kong is expected to reach HKD15,751.7 million in 2028, at a CAGR of 3.7% from 2024 to 2028.



Source: Census and Statistics Department, Development Bureau, Chief Executive's Policy Address, Frost & Sullivan

Market Drivers

1. Constant demand for infrastructural works

Government spending on infrastructure has demonstrated stability, increasing at a CAGR of 0.7% from HK\$85.6 billion in 2018 to HK\$88.7 billion in 2023. The Government intends to maintain its commitment to infrastructure investment, as stated in the 2024/2025 Budget Speech, and it is projected that annual capital works expenditures will increase to HKD106.1 billion in 2024/2025 representing an increase of 13.5% from HK\$93.3 billion in 2018/2019. Additionally, the average annual capital works expenditure will be about \$90 billion in the next five years, representing an increase of about 17% over the average annual expenditure of \$76 billion in the past five years, according to the latest speech in May 2024 from the Development Bureau. Much of the future works expenditure will be invested in the development of the Northern Metro Area and in taking forward other land creation projects. The expenditure limit for each minor project funded in relation to public facilities and various infrastructure sites was increased in the aforementioned policy address. The implementation of the Long Term Housing Strategy, which ensures a continuous supply of housing, and the development of new town extension projects such as Tung Chung, Kai Tak, Kwu Tung North (古洞北), Fanling North, Hung Shui Kiu, and Yuen Long South are anticipated to increase demand for the construction of related infrastructural facilities in the nearby. This includes the expansion of power and pumping stations, tunnels, bridges, and mass transit railway systems. As a result, it is anticipated that the rapid implementation of public infrastructure projects and urban development will provide Hong Kong's civil engineering sector with sustained growth.



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2. *Consistent government support*

In response to personnel shortages and ageing workforces, which are obstacles in the construction industry, the Hong Kong government has increased its financial assistance efforts to improve industry standards. The Government of Hong Kong intends to allocate HK\$100 million to the Construction Industry Council in the Budget for 2023—2024 in order to support manpower training. This funding will be used to increase the number of training places and the allowance for trades experiencing labour shortages in an effort to attract new entrants and job changers. In addition, in order to ensure an adequate workforce, the government implemented the Labour Importation Scheme for the Construction Sector. As a vital subsegment of the Hong Kong construction industry, the civil engineering works industry is anticipated to benefit from the aforementioned government initiatives, particularly those undertaken by the Construction Industry Council. According to Construction Industry Council, the labour shortage in construction section in Hong Kong would be 40,000 in 2027. The Supplementary Labour Scheme was introduced by the Hong Kong Government in 2023 to alleviate the manpower shortage across different sectors in Hong Kong. In particular, Hong Kong is set to import around 12,000 workers in a bid to alleviate the labour crunch in the construction sector, filling in approximately 30% of the shortage in 2027.

3. *Sustainable development plan for transportation structure and facilities*

Transport structure and facilities are essential in enhancing connectivity within and beyond the city and contributes significantly to Hong Kong's long-term competitiveness and citizen's quality of life. According to the "Hong Kong Major Transport Infrastructure Development Blueprint" announced in 2023, which proposed nearly 40 transport infrastructure projects, including 20 railway or smart green mass transport system projects, and 18 major arterial roads, including more than 30 projects are expected to be completed within the next 15 years. In particular, the mass transit railway is partly commenced in 2023 and 2024, including Tuen Mun South Extension, and the construction of Northern Link, Kwu Tung Station (古洞站), Tung Chung West Station, and Hung Sui Kiu Station. With well-planned expansion plan, the demand for transportation structure and facilities is expected to grow steadily.

4. *Trend in Adoption of Electric Equipment in Construction Sector*

Green construction is crucial for mitigating climate change, conserving resources, improving energy efficiency, promoting occupant health, and meeting regulatory requirements. It offers numerous benefits to the environment, occupants, and the economy, making it an essential practice for the future of the construction industry. There is a rising trend in introducing electric equipment in the construction sector in Hong Kong to reduce carbon emissions and transition to more sustainable practices. HK Electric introduced a new comprehensive service in April 2021. This service aims to assist construction sites in achieving zero carbon emissions by replacing diesel generators with a reliable and sufficient supply of electricity from the grid. By doing so, it completely eliminates the negative effects of air and noise pollution caused by diesel generators on site workers and the surrounding community. Additionally, this initiative contributes to reducing the overall carbon footprint associated with the construction process. Sun Hung Kai Properties Limited made a notable announcement in February 2024, revealing their acquisition of nine electric construction equipment units. These newly acquired machines are intended to replace their existing diesel-powered counterparts. This strategic decision to transition towards electric equipment marks a significant milestone in the advancement of sustainable and environmentally-friendly construction practices. Sun Hung Kai Properties Limited's initiative also serves as a noteworthy example for the wider construction industry to follow in their pursuit of

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decarbonization and greener operations. The adoption of electric equipment produces fewer emissions compared to traditional diesel-powered machinery. This can help reduce air pollution and contribute to improved air quality in Hong Kong.

Market Trends and Opportunities

1. *Consistent Transition to Green Building*

With the increasing awareness of environmental protection, the government has issued and continuously revised Buildings Energy Efficiency Ordinance (BEEO) to raise industry standards and promote market demand for energy efficiency solutions. Besides, the government is also continuously promoting sustainable building methods, such as modular integrated building (MiC) methods, to reduce construction waste. The industry is also actively involved, for instance, the Hong Kong Green Building Council (HKGBC) has also introduced the first-ever “Climate Change Framework for Built Environment” and “Zero-Carbon-Ready Building Certification Scheme” in 2023 to encourage the industry to adopt systematic and benchmark-driven approaches to reduce energy consumption. Therefore, green buildings will be a key development trend in the civil engineering industry.

2. *Accelerating digitalization of construction industry*

Hong Kong’s construction industry to gradually move towards digitalisation. The Hong Kong Civil Engineering and Development Department (CEDD) has initiated the “BIM Horizontal Harmonization for BIM/GIS Integration” in the initial phase of the Kwu Tung North (古洞北) and Fanling North New Development Areas (NDAs) project that encourage all organisations engaged in public works in Hong Kong to adopt, which is expected to extend to future capital works projects or even private projects to support the development of smart cities. Furthermore, the Hong Kong Institute of Architects (HKIA) is actively engaged in advocating for the industry’s integration of construction digitisation technology through its provision of training, accreditation of Building Information Modelling (BIM) credentials, and accreditation of training programmes, among other initiatives. Digital transformation of Hong Kong’s infrastructure will proceed at an accelerated rate in the future.

OVERVIEW OF ELECTRICAL ENGINEERING INDUSTRY IN HONG KONG

Definition and Segmentation of Electrical Engineering Works

Electrical engineering works refer to the installation, upgrading, and maintenance of electrical systems in infrastructures, buildings and facilities. The scope of electrical engineering works includes (i) installation of electrical wiring systems, such as conduits, cables, and associated components, to distribute electrical power and signals across cities and regions or throughout a building or facility, and (ii) the installation of various electrical equipment and devices, such as switchgear, transformers, circuit breakers, lighting fixtures, power outlets, and control systems. Electrical engineering works could be further divided into electrical wiring, general electrical installation, and electrical control and power panel assembly. Among various forms of electrical engineering works, electrical cable works refer to the specialised and infrastructural activities and processes involved in the installation, maintenance, and repair of underground cables used for electrical power transmission and distribution, as well as telecommunications purposes. These works can be further classified by installation method, voltage level, and usage. The process typically involves cable trenching, which entails digging trenches in the ground to create a protected pathway for electrical cables, followed by cable laying, which involves the careful

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placement of electrical cables within the prepared trenches to maintain their integrity and functionality. Finally, cable jointing is performed to connect individual sections of electrical cables, forming a continuous electrical conduit while ensuring durable and reliable connections through specialised techniques, ultimately maintaining the electrical conductivity and performance of the network.

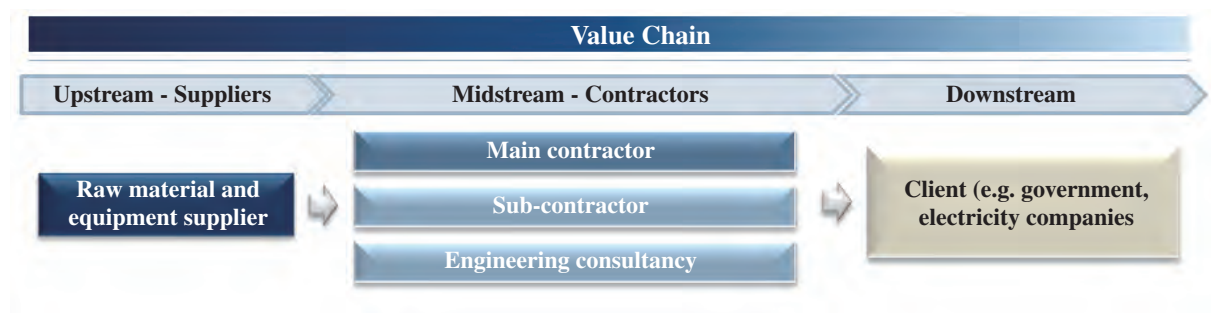
Value Chain Analysis

In the upstream phase, the primary activity is material sourcing which involves procuring high-quality, durable materials necessary for electrical installations, such as copper wires, photovoltaic panels, turbines, and various electrical components. Establishing and maintaining strong relationships with suppliers is crucial to ensure a continuous supply of these materials at competitive prices.

The midstream segment is concerned with the physical construction and installation, which are central to establishing electrical infrastructure. The segment encompasses a broad scope of services provided by construction contractors, including the integrated process of cable trenching, laying, and jointing. These contractors are responsible for ensuring that all aspects of the electrical installation meet the technical requirements and comply with local safety standards. The role of efficient project management is crucial here, as it involves overseeing the construction activities from start to finish, ensuring that the projects adhere to predetermined schedules, budgets, and regulatory compliances.

In the downstream phase, the primary clients are electricity companies and government departments that delegate construction work to the midstream providers. These clients play a pivotal role in planning and commissioning projects. In the electrical construction works industry, the relationship between midstream contractors and their downstream clients, including government departments, CLP Holdings, HK Electric, and private developers, is integral to secure new and recurring project. Besides, some electrical construction works industry players acting as subcontractors who establish sound relationship with main contractor are gain competitive advantage as well.

In recent years and for example, Yee Hop Engineering is having HK Electric, CLP Holdings and Swire Property as their downstream client. Kum Shing Group and CLPe Solutions are having CLP Holdings as their downstream client.



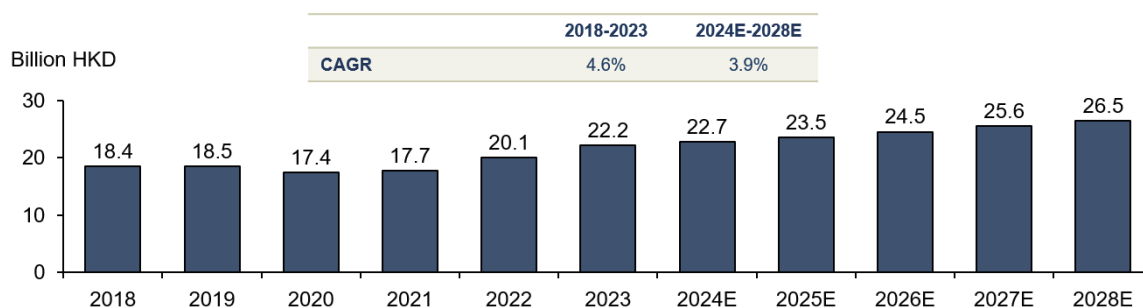
Source: Frost & Sullivan

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Gross Value of Overall Electrical Works

Electrical works encompass a wide range of activities related to low voltage and high voltage fixed electrical systems. These activities include installation, commissioning, inspection, testing, maintenance, modification, and repair, as well as the supervision and certification of the work performed. The market size of overall electrical works in Hong Kong has increased from HK\$18.4 billion in 2018 to HK\$22.2 billion in 2023, representing a CAGR of approximately 4.6% during 2018 to 2023, and is projected to further climb to HK\$26.5 billion by 2028, maintaining a CAGR of around 3.9% between 2024 and 2028. The steady growth can be attributed to several factors, including the ongoing development of new residential and commercial buildings, the expansion and upgrade of existing electrical infrastructure, and the increasing adoption of smart building technologies. Additionally, the Hong Kong government's initiatives to promote energy efficiency and sustainable development are expected to drive the demand for advanced electrical systems and solutions, further contributing to the market's growth.

Gross Value of Overall Electrical Works (Hong Kong), 2018-2028E



Source: Census and Statistics Department of Hong Kong, Frost & Sullivan

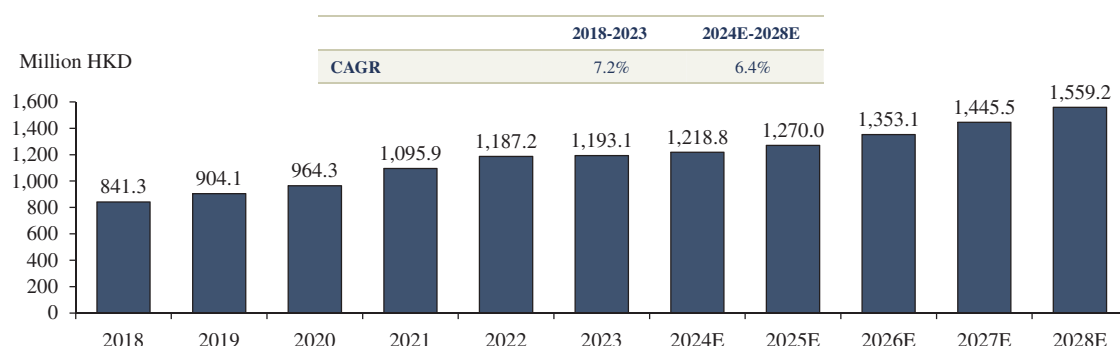
Gross Value of Power Cabling and Civil Pipeline Installation

The Gross Value of Power Cabling and Civil Pipeline Installation in Hong Kong has witnessed a steadily increase during past few years, with the value rising from HK\$841.3 million in 2018 to HK\$1,193.1 million in 2023, representing a CAGR of approximately 7.2% during 2018 to 2023. The growth has slowed down temporarily in 2023, due to a combination of factors including a slight reduction in capital expenditure by key market players including CLP and HK Electric, the completion of major infrastructure projects in 2022, and a temporary shift in focus towards maintaining and enhancing existing assets rather than initiating new large-scale installations in 2023. The temporary slowdown is also reflective of the cyclical nature of large infrastructure projects and ongoing economic uncertainties, which may have led to more conservative spending in the short term. The gross value is expected to further rise to HK\$1,559.2 million in 2028, representing a CAGR of approximately 6.4% during 2024 to 2028. The growth is mainly attributable to the rollout of extensive electricity infrastructure development projects including the “CLP Power 2024-2028 Development Plan and 2024 Tariffs” published in November 2023 and “HK Electric 2024-2028 Development Plan & 2024 Tariff Review” published in November 2023, supporting the development of new areas, data centres, district cooling systems, railway projects, and hospital expansions, in new town development which all requires extensive cable laying and joining work. In particular, CLP's substantial planned aggregated capital expenditure of approximately HK\$52,900 million for 2024-2028 is a key factor underpinning this growth. This investment encompasses a variety of development works, including electrical cable

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installations, power generation facilities, substations, and renewable energy projects. Further, urban renewal projects are expected to be significant drivers of demand. For instance, the URA's redevelopment initiatives under Kim Shin Lane/Fuk Wa Street Development Project and the Cheung Wah Street/Cheung Sha Wan Road Development Scheme in Sham Shui Po, as well as Nga Tsin Wai Village Project in Wong Tai Sin to be completed by 2030, and several road development scheme around Ma Tau Kok, To Kwa Wan, Hung Hom and Kowloon City, will collectively necessitate extensive electrical infrastructure upgrades and new installations. These projects will involve the deployment of new high-voltage underground cables, replacement of aging cables, and implementation of smart grid technologies. The Northern Metropolis in particular, presents substantial opportunities for the sector, particularly in the San Tin Technopole area which requires extensive electrical cable works for power distribution networks and data communication infrastructure to support advanced manufacturing facilities and laboratories. While CLP's capital expenditures as disclosed in annual report and according to industry experts had risen at a CAGR of around 2.7% during 2018 to 2023 and is expected to rise at a CAGR of approximately 2.1% from 2024 to 2028, the projected CAGR of gross value of power cabling and civil pipeline installation shall follow similarly based on anticipated market conditions, growing at a similarly slightly lower CAGR of 6.4% during 2024 to 2028.

Gross Value of Power Cabling and Civil Pipeline Installation (Hong Kong), 2018-2028E



Source: Annual Reports (including CLP Holdings, Hong Kong Electricity and other listed companies), Frost & Sullivan

Gross Value of Solar System Construction and Maintenance

- The Gross Value of Solar System Construction and Maintenance in Hong Kong is has witnessed a steadily increase during past few years., with the value rising from HK\$442.6 million in 2018 to HK\$661.8 million in 2023, representing a CAGR of approximately 8.4% during 2018 to 2023. The slight decline in 2023 was primarily due to adjustments in the Feed-in Tariff (FiT) scheme. As announced by the government in April 2022, the FiT rates were reduced from the previous range of HK\$3 to HK\$5 per kilowatt hour to a new structure of HK\$2.5 to HK\$4 per kilowatt hour, depending on the generating capacity, serving as the contributing factor to a temporary slowdown in new installations.

The gross value is expected to further rise to HK\$935.6 million in 2028, representing a CAGR of approximately 6.7% during 2024 to 2028. The continuous growth projection is supported by several key factors. Firstly, the Hong Kong government's 2024-25 Budget has introduced a "Building-Integrated Photovoltaics Pilot Scheme," starting with the Electrical and Mechanical Services Department Headquarters, which aims to explore and promote the application of solar energy technology in government building facades, setting a precedent.



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for wider adoption in both public and private sectors, potentially boosting demand for solar installations. Further, the trend towards mandatory ESG disclosures, such as the Hong Kong Stock Exchange's requirement for all listed companies to disclose climate-related information in their ESG reports by 2025, is expected to drive corporate investment in renewable energy solutions, which can spur the demand of businesses investing in solar energy systems to improve their environmental performance. Besides, the Environmental Affairs Committee's 2024 demonstrated plans for large-scale floating solar panel systems in various locations such as Plover Cove Reservoir and a major solar power system in the Southeast New Territories Landfill, demonstrating the government's commitment to expanding solar energy infrastructure. These large-scale projects are expected to stimulate the local solar industry and create new opportunities for construction and maintenance services. Additionally, as the impact of the 2022 FiT rate reduction is expected to normalize, coupled with ongoing technological advancements improving the efficiency and cost-effectiveness of solar panels, the industry is poised for steady growth. The continued adoption of building-integrated photovoltaics (BIPV) in new constructions, the prevalence of Renewable Energy Certificate (REC) Scheme, driven by Hong Kong's dense urban environment, further contributes to this positive outlook. These factors collectively support the projected CAGR of 6.7% for the period 2024 to 2028, indicating a robust and sustainable growth trajectory for the solar system construction and maintenance industry in Hong Kong.

Gross Value of Solar System Construction and Maintenance (Hong Kong), 2018-2028E



Note: Market size include only underground electricity cable works + solar system installation and maintenance

Source: Frost & Sullivan

In the decade leading up to the introduction of the Scheme, only around 200 private renewable energy systems were connected to Hong Kong's power grid. However, from late 2018 to the first quarter of 2022, the two power companies received over 20,000 applications following the Scheme's launch, with more than 18,000 of those applications approved. Once the approved systems are installed, they are projected to generate approximately 300 million kilowatt-hours (kWh) of electricity annually, enough to satisfy the electricity needs of about 90,000 households, which is roughly the total number of households in the Central and Western District.

The Hong Kong Government, under its Climate Action Plan 2050, aims to increase the share of renewable energy in electricity generation to 7.5% to 10% by 2035 and 15% thereafter. This involves local renewable energy projects and regional cooperation. Recent initiatives include floating solar energy systems installed at three reservoirs and high-efficiency solar systems at a sewage treatment plant in Siu Ho Wan, along with a solar system at Jordan Valley Landfill, which is the first on a restored landfill. The Government plans to enhance renewable energy technologies



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in new buildings and explore large-scale solar and waste-to-energy projects. Future efforts include pilot projects for photovoltaic technology on building facades and further exploring solar systems in suitable water bodies. As set out in Hong Kong's Climate Action Plan 2030+, the Hong Kong Government has estimated that around 3 to 4% of electricity will be supplied from renewable energy, with about 1 to 1.5% of electricity supply coming from solar PV by 2030, meaning solar energy will continue to be one of the most significant renewable sources in the city's energy mix. It is expected that solar energy would continue to play a key role in the development of renewable energy projects in Hong Kong in the near future.

Hong Kong's hilly and mountainous terrain poses challenges for installing renewable energy infrastructure. Steep slopes may not be ideal for certain installations, such as wind turbines or large solar farms. Additionally, substantial areas of Hong Kong are designated as country parks and nature reserves, which restricts the potential for renewable energy projects in those locations. Although there is some opportunity for wind energy, the wind patterns in Hong Kong are less favorable compared to other regions, as the city's geography can create turbulence that diminishes the efficiency of wind turbines. However, rooftops can be utilized for solar panels, which supports the growth of solar energy in Hong Kong. Despite these geographical constraints, there are still opportunities for renewable energy in Hong Kong. The Hong Kong Government has been promoting initiatives such as rooftop solar installations and exploring offshore wind energy. Going forward, solar energy is expected to remain a key player in Hong Kong's renewable energy landscape, it is possible that it will be complemented with other renewable sources as technology advances and policies evolve. Ultimately, a balanced and diversified approach to energy generation will likely be essential for achieving sustainability goals in Hong Kong.

Market Drivers of Power Cabling and Civil Pipeline Installation

1. *Infrastructure Development Projects of Major Electricity Corporates*

Hong Kong's commitment to upgrading and expanding its power transmission infrastructure is driving the cable laying, trenching, and jointing industry. In 2023, CLP Holdings launched a HK\$52.9 billion development plan for 2024-2028, which includes investments in electrical cable, power generation facilities, substations, and renewable energy projects. This plan will support the development of new areas, housing growth, data centres, district cooling systems, railway projects, hospitals, and other infrastructure, all requiring extensive cable work. Similarly, HK Electric announced a HK\$22 billion investment plan for 2024-2028 to address climate challenges, sustain decarbonization efforts, strengthen the power grid, upgrade the distribution system, deploy smart metres, and enhance system resilience. These projects will involve substantial cable laying, trenching, and jointing work, as well as specialised services to support grid intelligence and automation.

2. *Expedite New Town Developments*

The Hong Kong government's commitment to new town development projects, as outlined in the Policy Address 2023, is a significant driver of demand for electrical cable works. The Civil Engineering and Development Department is overseeing projects such as the Hung Shui Kiu/Ha Tsuen New Development Area, Northern Metropolis, and Kau Yi Chau Artificial Island under the Lantau Tomorrow Vision. These developments will require extensive cable laying, trenching, and jointing services to support power supply, communication systems, and smart city initiatives. The government's focus on infrastructure modernization and integration with the Greater Bay Area further bolsters the growth of the cable construction industry, ensuring a strong pipeline of opportunities in the coming years.



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3. *Replacement and Maintenance of Ageing Underground Cable Infrastructure*

Hong Kong has been grappling with issues related to ageing electrical infrastructure, particularly concerning power cables. The recent series of power outages in Hong Kong, particularly in densely populated areas, highlights the pressing need for infrastructure upgrades in the city's electrical grid. Notable incidents include high-voltage cable failure affected hundreds of users in Tsing Yi in 2024, abrupt blackout in Wong Tai Sin which affected more than two thousands users due to a faulty cable in 2024, as well as power outage causing electricity malfunctioning across Sham Shui Po in 2022. These incidents underscore the urgent need for comprehensive cable replacement and system upgrades across Hong Kong's older districts. As the city's power grid continues to age, utility companies including CLP Holdings and HK Electric are expected to increase capital expenditure to improve grid reliability and minimise outages. Urban Renewal Authority's ("URA") redevelopment initiative in Sham Shui Po commenced in September 2021 under Kim Shin Lane/Fuk Wa Street Development Project and the Cheung Wah Street/Cheung Sha Wan Road Development Scheme, coupled with and various road development schemes in Kowloon will require substantial electrical infrastructure improvements, which present significant opportunity for electrical cable works companies to participate in power grid modernization projects.

Market Drivers of Solar System Construction and Maintenance

1. *Supportive Government Initiatives*

In line with Hong Kong's Climate Action Plan 2050, the government aims to increase the share of renewable energy in the fuel mix for electricity generation to 7.5% to 10% by 2035 and 15% by 2050, despite geographical and environmental constraints. To achieve these goals, the government offers incentives such as the Feed-in Tariff (FiT) Scheme, allowing businesses and households to sell electricity generated by their solar PV systems to the grid at a preferential rate, and the Renewable Energy Certificate (REC) Scheme, enabling companies and individuals to purchase RECs to demonstrate their commitment to sustainability. The Feed-in Tariff (FiT) scheme is an initiative of the Hong Kong Government to promote the development of renewable energy under the Scheme of Control Agreements, which were signed between the Hong Kong Government and the respective two power companies in April 2017. Under the FiT scheme, people who install solar or wind energy generation systems at their premises can sell the renewable energy they generate to the power companies at a rate higher than the normal electricity tariff rate. The FiT scheme will help encourage the private sector to consider investing in renewable energy as the power generated could be sold to the power companies at a rate higher than the normal electricity tariff rate to help recover the costs of investment in the renewable energy systems and generation. In particular, any non-governmental bodies or individuals, who plan to install distributed renewable energy systems at their premises in the respective power company's supply area with a generating capacity of up to 1 megawatt (MW) are eligible for prescribed FiT rates as long as they have been connected to the relevant power company's grid. In turn, the supportive government policies would translate into growth opportunities for the solar system construction and maintenance works in Hong Kong. The FiT scheme provides economic incentives to Hong Kong businesses, institutions and households to install solar PV systems, thereby driving the demand for solar PV systems in Hong Kong in which the Group's PV solar systems business can benefit from. These policies have driven demand for companies specialising in the design, supply, installation, and maintenance of solar PV systems, with FiT scheme applications increasing from 60 in 2018 to over 18,000 in 2021 based on the latest published information as at the Latest Practicable Date. As a result, solar energy among renewable energy sources significantly increased from 47 TJ in 2018 to 432 TJ in 2021 and further increased to 754 TJ in 2022, according to the "Hong Kong Energy



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End-use Data 2024” released by the EMSD in September 2024, mainly due to the FiT scheme. Further, as of the year end of 2023, more than 2,000 solar energy projects have been completed under the FiT scheme.

The FIT scheme in Hong Kong has experienced continued growth, with approved generation capacity increasing from 90 kWh in 2019 to 376 kWh in 2023. The annual growth rates for approved generation capacity in 2022 and 2023 were 26.8% and 11.9%, respectively, which are lower than the annual growth rates of 94.4% in 2020 and 51.4% in 2021. This flattening growth rate was primarily due to a base effect, as annual increments were measured against a higher generation capacity in the previous year. Although growth rates have moderated in recent years and FIT tariff rates were reduced in 2022 — adjusting the FIT rates from HKD 3-HKD 5 per kw to HKD 2.5-HKD 4 per kw — participation remains robust. This is largely due to falling solar panel prices, which offset the impact of lower tariffs by reducing overall installation costs. The scheme’s trajectory indicates sustained interest in renewable energy adoption in Hong Kong, despite some flattening in growth rates compared to the rapid expansion seen in 2020–2021. These trends suggest a stabilising market that continues to support the Group’s business and financial performance in Solar PV system segment. Overall, the participation in the FiT Scheme reflects a positive trend toward renewable energy adoption in Hong Kong, driven by awareness, incentives, and supportive policies. This momentum is crucial for achieving long-term sustainability and energy goals.

	2019	2020	2021	2022	2023
Generation capacity approved under the FiT Scheme in Hong Kong (kWh)	90	175	265	336	376
Annual Growth rate . . .	N/A	94.4%	51.4%	26.8%	11.9%

Source: Annual report of CLP Group (2019-2023)

Note: The data in 2018 is not available, given the FiT scheme was launched in May 2018.

2. Corporate and Organisations Sustainability Initiatives

In Hong Kong, owing to rising environmental awareness and the enforcement of the Building (Energy Efficiency) Regulation, many organisations are recognising the importance of reducing their carbon footprint and are setting ambitious targets to minimise their environmental impact. Installing solar PV systems on commercial buildings, educational facilities, and other institutional properties is becoming an increasingly popular way for these organisations to demonstrate their commitment to sustainability and reduce their energy costs. Moreover, the long-term cost savings associated with solar PV systems make them an attractive investment for organisations. As more institutions in Hong Kong embrace sustainability as a key priority, the demand for solar PV systems and related services is expected to grow. The Solar Harvest programme was introduced by the Government of Hong Kong to subsidise and assist schools and welfare non-governmental organisations (NGOs) that receive recurrent subventions from the Social Welfare Department, in installing small-scale solar energy generation systems at their premises. Such government policies would further promote the use of solar energy in Hong Kong.



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3. *Prevalence of Green Building Certifications*

Driven by growing market emphasis of building eco-friendliness, developers and building owners are striving to achieve higher ratings in certifications such as BEAM Plus, LEED, and WELL etc to demonstrate their commitment to sustainability. These certifications typically award points for on-site renewable energy generation, with solar PV being a preferred option due to its scalability and suitability for Hong Kong's urban environment. The pursuit of these certifications in turn drives demand for PV installations as well as encouraging advancements in system design and integration to maximise energy efficiency and sustainability scores. Accordingly, green building certifications are emerging as a significant market driver in Hong Kong's Design, Supply, Installation, and Maintenance of Solar PV Systems sector.

Market Trends and Opportunities of Power Cabling and Civil Pipeline Installation

1. *Adoption of Smart Grid Technologies in Electricity Supply*

The adoption of smart grid technologies in Hong Kong is driving significant demand for underground electricity cable works, as the transition to a more intelligent, efficient, and sustainable power network requires substantial upgrades and expansions to the existing infrastructure. The deployment of smart metres, integration of renewable energy sources, implementation of advanced automation systems, and expansion of electric vehicle charging infrastructure all necessitate extensive underground electricity cable installations, trenching, and maintenance services. As major electricity companies like CLP Power continue to invest in smart grid technologies to improve energy efficiency, reliability, and sustainability, the demand for underground electricity cable works will remain strong, presenting substantial opportunities for companies specialising in this field and playing a critical role in realising Hong Kong's smart grid ambitions.

2. *Technological Advancement in Electrical Cable Works*

Technological advancements are driving market trends in Hong Kong's underground electricity cable works industry. The adoption of high-temperature superconducting cables enables the transmission of larger amounts of electricity in a smaller footprint, reducing environmental impact. The use of robotics and automation in cable installation and maintenance processes improves efficiency, safety, and precision while reducing costs and project timelines. Smart sensors and monitoring technologies enhance the reliability and longevity of the power network. As Hong Kong prioritises development and sustainability in its energy infrastructure, the adoption of these technological advancements will remain a key market trend, driving demand for specialised skills and services in the underground electricity cable works industry.

3. *Adoption of Common Utility Tunnels ("CUTs")*

The adoption of Underground Utility Tunnels, specifically Common Utility Tunnels ("CUTs"), is emerging as a market trend. CUTs are underground passages designed to house multiple utility services, including electrical cables, in a shared space. This approach, exemplified by the Tung Chung New Town Extension project's 1.7km CUT, is reshaping the landscape for cable installation and maintenance. The government's push for CUTs in new development areas is creating opportunities for high voltage cable installations in these shared underground spaces. It requires electrical contractors to develop specialised techniques for laying and maintaining cables in confined, multi-utility environments, driving demand for expertise in this specialised field and transforming traditional cable trenching and laying practices.



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Market Trends and Opportunities of Solar System Construction and Maintenance

1. *Cost of Solar PV Systems is diminishing*

In recent years, the prices of solar PV panels and related components have fallen constantly, attributable to advancements in manufacturing processes, increased production scale, and intense competition among suppliers, making solar PV systems more affordable and cost-competitive with traditional energy sources. In turn, the lower upfront costs and shorter payback periods associated with solar PV installations have made them an attractive investment option, driving demand for design, supply, installation, and maintenance services in the city. As the cost of solar PV technology is expected to continue declining in the future, this market trend will likely persist, creating significant opportunities for companies operating in the solar PV sector to capitalise on the growing demand for affordable and sustainable energy solutions in Hong Kong.

2. *Technological Advancement in Solar PV Systems*

Technological advancements in the solar PV industry are driving significant improvements in the performance, efficiency, and attractiveness of solar PV systems. For instance, the introduction of higher efficiency solar PV panels, which can convert a greater portion of the sun's energy into electricity compared to earlier generations of panels. Moreover, the integration of smart monitoring systems and data analytics tools allows for real-time performance tracking, fault detection, and predictive maintenance, enhancing the reliability and optimising the performance of solar PV installations. Another significant technological advancement is the development of energy storage solutions, such as high-capacity batteries, which enable the storage of excess solar energy generated during the day for use during periods of low or no sunlight.

Core Strengths of Solar System Construction and Maintenance

1. *Geographic and Climate Advantages for Solar Energy in Hong Kong*

According to a study from the Hong Kong Polytechnic University namely "Estimation of Hong Kong's solar energy potential using GIS and remote sensing technologies", indicate that if solar panels were installed on all available rooftops in Hong Kong, they could generate about 2.6 billion kWh of electricity annually, potentially reducing greenhouse gas emissions by approximately 1.8 million tons. It highlights the significant untapped potential for solar energy in the city, even with its high-density urban layout. These conditions benefit Hong Kong by offering a reliable and sustainable energy source, reducing dependence on fossil fuels, and contributing significantly to the city's carbon reduction goals while utilizing existing urban infrastructure.

2. *ESG-Driven Sustainable Solar Adoption*

The growing emphasis on Environmental, Social, and Governance ("ESG") criteria in Hong Kong has catalyzed a significant shift towards sustainable practices, with solar energy emerging as a key component. The Hong Kong government's commitment to achieving carbon neutrality by 2050, as outlined in the "Hong Kong's Climate Action Plan 2050," has placed renewable energy, particularly solar power, at the forefront of ESG strategies. The policies focus has led to increased adoption of PV systems across various sectors, from government buildings to public housing estates. The core strength of PV systems in this context lies in their ability to address multiple ESG factors simultaneously: environmentally, by reducing carbon emissions; socially, by engaging communities in sustainable practices and improving energy accessibility; and in terms of governance, by promoting transparency in energy production and consumption.



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3. *Low Maintenance, Long Lifespan, Scalability and Flexibility*

Modern solar panels are engineered for durability, typically coming with over 30-year warranties, though they often continue producing energy efficiently beyond this period. Besides, the longevity is complemented by low maintenance needs, usually limited to occasional cleaning and routine checks, significantly reducing long-term operational costs. Furthermore, solar installations offer unparalleled scalability and flexibility, adaptable to diverse energy needs from small residential setups to expansive commercial projects. In Hong Kong's dynamic urban landscape, the versatility of PV allows for phased implementation and easy expansion as energy requirements evolve or as additional resources become available, making solar systems an attractive, low-risk, and future-proof energy solution for Hong Kong.

Introduction of Smart Site Safety System (“4S”)

The Hong Kong government has been promoting the adoption of smart safety systems in the construction industry to enhance site safety. In March 2023, the Development Bureau issued a circular outlining the implementation of the Smart Site Safety System (4S) in public works contracts. The 4S covers 10 main categories, including centralised management, digitalized tracking, and AI-powered safety monitoring. In May 2024, the 4S scheme was successfully launched jointly by the Development Bureau and the Construction Industry Council. It is expected that around 500 worksites (including public works and private works), representing more than 60 % of the total number of construction sites in Hong Kong, will be participating in the scheme and labels were issued to the first batch of around 110 worksites in July 2024 and the remaining approval will be largely completed by the end of 2024. To support the adoption of 4S in private projects, the Construction Industry Council has introduced a funding scheme under the Construction Innovation and Technology Fund, providing subsidies for the purchase of pre-approved smart safety products. The government also plans to expand the scope of the subsidy to include IT and sourcing support. Construction companies are actively developing and applying 4S in their projects, collaborating with universities, research institutions, and technology companies to create alternative solutions. With the government's support and the industry's proactive approach, the widespread implementation of 4S is expected to drive significant improvements in construction safety and efficiency in the coming years.

Market Challenges and Threats of Civil and Electrical Engineering Works Industries

1. *Higher labour cost and shortage of labour*

As a result of immigration and the difficulty in attracting young people to enter the industry, declining birth rates, an ageing population, the civil and electrical engineering works industries in Hong Kong has been confronted with severe shortages of skilled and experienced labour, which may result in increased construction costs and schedule delays. While the foreign labour importation scheme has been able to alleviate the labour shortage to a certain extent, there is still a need to take into account the 4-6 month processing cycle and the unfilled labour positions, as the Construction Industry Council projects that the qualified labour shortage in Hong Kong's construction sector is expected to rise from approximately 10,000 in 2023 to 40,000 in 2027. Hence, to retain and attract competent personnel, market participants might be required to implement strategies such as offering competitive compensation packages and providing flexible work schedules. The escalating competition for skilled personnel will lead to elevated labour expenses and present a hindrance to the growth of the civil engineering and electrical construction works sector in Hong Kong.



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2. Higher material cost

Over the past five years, prices of major raw materials used in civil engineering and electrical construction works have generally experienced an increase. For example, prices of portland cement, bitumen and diesel fuel have increased from 2018 to 2023, representing CAGRs of approximately 5.2%, 5.6% and 8.1% respectively. Such increases in material cost will result in higher expenditures of civil engineering works, which may further negatively impact their profit margin.

3. Rising project complexity

After the end of the epidemic, construction projects in Hong Kong quickly resumed. In addition to facing tight project delivery dates, the civil engineering and electrical construction works industry in Hong Kong is also facing an increasing trend of engineering complexity, and customer demands are becoming increasingly complex, which may include higher requirements for building materials. Therefore, this leads to additional workload and expenses for market participants, including but not limited to the procurement of specific materials, increasing the number of employees, and recruiting relevant professionals.

Market Challenges and Threats of Solar System Construction and Maintenance

1. Policy and Regulation Uncertainty on PV Systems

Currently, the industry's growth and investment decisions of the PV systems market is influenced by government incentives and regulatory frameworks, which can be subject to potential changes. For instance, the Feed-in Tariff (FiT) Scheme, introduced in 2018 to promote renewable energy development, has seen rate adjustments from HK\$3 to HK\$5 per kWh depending on the generating capacity, to HK\$2.5 to HK\$4, which had slightly dampen market enthusiasm and slow the adoption rate for Design, Supply, Installation, and Maintenance of Solar Photovoltaic ("PV") Systems. Besides, as the FiT Scheme is expected to last until 2033, the scheme's future beyond 2033 remains unclear. The uncertainty, coupled with annual rate reviews, may creates challenges investment in the solar PV market. In spite of the uncertainty, as the reduction is part of a gradual adjustment process, the overall demand for solar PV systems is expected to continue to grow, driven by increasing environmental awareness and long-term energy cost savings.

2. Consumer Awareness and Education Gap

Despite growing environmental consciousness, many potential customers lack comprehensive understanding of solar PV technology, its benefits, and financial implications. Misconceptions about performance in Hong Kong's climate, concerns over roof integrity, and uncertainties about maintenance requirements create hesitation among potential adopters. The limited knowledge of government incentives and long-term savings, contribute to consumer reluctance. Such challenge therefore necessitates ongoing efforts to keep the public informed about the latest advancements and benefits of PV systems.



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3. *Geographical and Urban Development Constraints*

Hong Kong's high-density urban landscape, characterized by towering skyscrapers and closely packed "wall-like" buildings, creates substantial shading issues that can significantly reduce the efficiency and viability of solar PV installations. Additionally, Hong Kong's variable weather patterns, including frequent cloud cover, high humidity, and occasional typhoons, can impact the consistent performance and durability of solar PV systems. PV system providers shall adapt and implement strategies such as developing high-efficiency panels suitable for limited spaces, exploring vertical installations on building facades, and implementing advanced solar tracking systems to maximize energy capture in constrained environments.

Cost Analysis of Civil Engineering and Electrical Construction Works

Labour Cost

The civil engineering sector commonly involves various types of labour, such as Concreters, Drainlayers, Bar bender and fixer, Metal Workers, General Welders, Structural Steel Welders, and so forth. The Labour Wage Index has demonstrated a mild increase from 100 in 2018 to 102.1 in 2023, at a CAGR of 0.4%. The primary factor contributing to the moderate increase observed in 2020 is labour shortages caused by the epidemic. Overall speaking, the public sector construction labour wage index has exhibited a relatively restrained climb, primarily propelled by social unrest in 2019, a decline in the completion of significant infrastructure projects subsequent to 2018, and the repercussions of the epidemic from 2020 to 2022, which have been compounded by inflationary pressures. The price index of labour wages for civil engineering contracts in Hong Kong is expected to rise at a CAGR of 0.5% from 2024 to 2028, driven by the sustained growth of civil engineering works and the associated demand for workers in Hong Kong.

The average daily wages of workers engaged in electrical construction works such as cable trenching, laying and jointing, and installation of solar panels in Hong Kong have demonstrated a positive trend between 2018 and 2023. All three key occupations including electrical fitters (including electricians), cable jointers (power), and plant & equipment operators (load shifting) are involved in cable trenching, laying and joining, while electrical fitters (including electricians) are crucial type of labour for connecting the solar panels to the electrical system of buildings. These labour types have all experienced a steady increase in their average daily wages over the five-year period, recording CAGRs of approximately 1.2%, 1.8% and 1.0% respectively. Cable jointers (power) witnessed the most significant growth. The upward trend in wages reflects the growing demand for skilled workers in the electrical construction works sector and the recognition of their expertise and contribution to the industry. With the increasing demand for electrical engineering works and solar system construction and maintenance, the average daily wages of workers engaged in electrical engineering works and solar system construction and maintenance in Hong Kong are expected to record positive growth from 2024 to 2028.



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Index of Labour Wages For Civil Engineering Contracts (Hong Kong), 2018–2023

2018=100	2018	2019	2020	2021	2022	2023	CAGR (2018– 2023)	CAGR (2024E– 2028E)
Electrical fitter (incl. electrician)	100.0	101.8	102.2	101.3	101.3	102.1	0.4%	0.5%

**Average Daily Wages of Workers Engaged in Electrical Engineering Works
and solar system construction and maintenance (Hong Kong), 2018–2023**

HK\$	2018	2019	2020	2021	2022	2023	CAGR (2018– 2023)	CAGR (2024E– 2028E)
Electrical fitter (incl. electrician)	1,236.6	1,207.3	1,247.4	1,234.9	1,255.3	1,309.5	1.2%	1.0%
Cable joiner (power)	1,119.4	1,393.1	1,330.8	1,202.3	1,327.2	1,226.7	1.8%	1.6%
Plant & equipment operator (load shifting)	1,241.8	1,221.0	1,222.0	1,237.6	1,282.9	1,303.0	1.0%	0.8%

Source: Census and Statistics Department of Hong Kong, Frost & Sullivan

Material Cost

According to Census and Statistics Department, the price indices of major raw materials in civil engineering works, including steel reinforcement, Portland cement, bitumen, diesel fuel demonstrated stable increases during 2018 to 2023. The increase in the price index of steel reinforcement was mainly attributable to an exponential increase in downstream industries' demand such as demand for electrical products along with the resumptions of global economic activities since 2021. As the major element for Bitumen production, the rebound in crude oil price underpinned the significant increase in price of bitumen. The rise in price of cement is associated with the inputs commodity cost pressure such as coal and diesel. The gradual increase in diesel fuel is attributable to the increase substitution demand for natural gas given the fact of the high natural gas price in recent years.

Advancements in technology may lead to more efficient and cost-effective machinery and equipment. This can contribute to lower rental prices as newer equipment may require less maintenance, have lower operating costs, or offer improved productivity. The producer price index of rental of machinery and equipment decreased slightly during 2018 to 2023 with a CAGR of -1.7%. Going forward, the rising commodity prices and inflation rates, and sustained demand for construction works would continue to drive the prices of raw materials in civil engineering works in Hong Kong.

Besides, the price index of solar photovoltaic module has experienced a dramatic decline from 100.0 in 2018 to 38.3 in 2023, representing a CAGR of approximately 17.5% during the past five years. The significant reduction in raw material costs aligns with global trends in solar photovoltaic module prices and can be attributed to technological advancements and economies of scale, especially due to China's continuous and rapid expansion of manufacturing capacity of solar photovoltaic module resulting in abundant supply and lowering price. For Hong Kong, the decline has made solar systems more affordable and accessible to a wider range of consumers and businesses, potentially improving return on investment for solar projects, and likely stimulating growth in the local solar industry. The trend underscores the improving economic viability of solar energy, which could play a crucial role in the city's transition to renewable energy sources and its efforts to meet climate goals.



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Price Trends of Major Raw Materials in Civil Engineering Works (Hong Kong), 2018–2023

(2017=100)	2018	2019	2020	2021	2022	2023	CAGR (2018– 2023)	CAGR (2024E– 2028E)
Steel reinforcement	139.6	133.5	128.6	205.4	196.5	163.4	3.2%	2.7%
Portland cement	93.2	96.2	98.7	106.2	120.7	120.2	5.2%	4.0%
Bitumen	131	139.4	133.7	150.5	172.7	171.7	5.6%	4.2%
Diesel fuel	132.2	139.1	137.7	158.5	191.5	194.7	8.1%	5.1%

Source: Census and Statistics Department of Hong Kong, Frost & Sullivan

Price Index of Raw Material of Solar System Construction and Maintenance Works (Hong Kong), 2018-2023

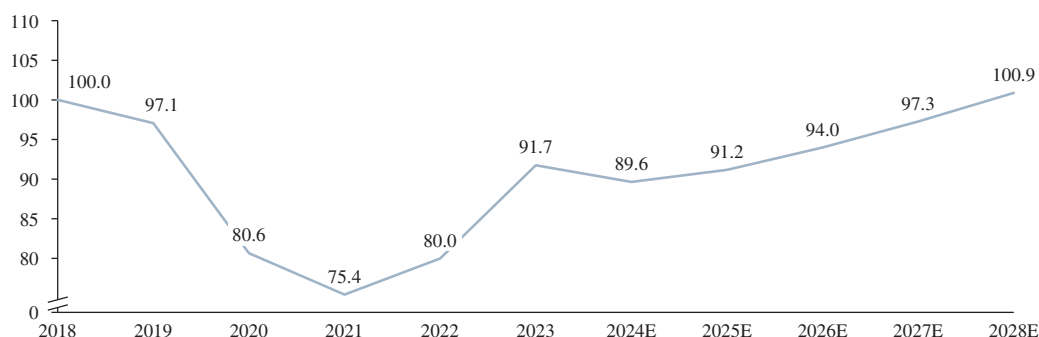
HK\$	Unit	2018	2019	2020	2021	2022	2023	CAGR (2018 - 2023)
Solar Photovoltaic Module Price	2018=100	100.0	91.5	72.3	55.3	55.3	38.3	-17.5%

Source: International Renewable Energy Agency, Frost & Sullivan

Producer Price Index of Rental of Machinery and Equipment

The Producer Price Index (“PPI”) for Rental of Machinery and Equipment in Hong Kong is a measure that tracks changes in the prices charged by companies for renting out construction and industrial equipment. The PPI for Rental of Machinery and Equipment in Hong Kong has shown fluctuations in recent years, decreasing from a base of 100.0 in 2018 to 91.7 in 2023, largely due to COVID-19 disruptions which dampened construction activities and equipment demand. Driven by the recovery from the outbreak of the COVID-19, various major infrastructure initiatives such as the Northern Metropolis development, Kwu Tung North and Fanling North New Development Areas, and the Lantau Tomorrow Vision, as well as the government’s commitment to increasing annual capital works expenditure, the prospects for equipment rental services is expected to improve, with the PPI for Rental of Machinery and Equipment gradually recover to 100.9 by 2028.

Producer Price Index of Rental of Machinery and Equipment (Hong Kong), 2018-2028E



Source: Census and Statistics Department of Hong Kong, Frost & Sullivan



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COMPETITIVE LANDSCAPE OF CIVIL ENGINEERING MARKET IN HONG KONG

The civil engineering market in Hong Kong is relatively concentrated. As estimated, the aggregate market share of top three market participants in civil engineering industry in Hong Kong in 2023 was approximately 22.4%. The Group recorded the revenue of HKD365.5 million, accounting for a market share of approximately 0.6% in the overall civil engineering industry in Hong Kong in 2023.

Ranking and Market Share of Leading Civil Engineering Works Contractor in Hong Kong by Revenue, 2023

Rank	Market participant	Headquarter	Listed	Background	Estimated revenue in 2023 (HKD billion)	Estimated market share in 2023 (%)
1	Build King Holdings Ltd.	Hong Kong	Yes	The subsidiary of a Hong Kong-based construction group listed on the Hong Kong Stock Exchange, with a focus on civil engineering	7,186.0	12.4%
2	Bouygues Travaux Public	France	No	A subsidiary of a French industrial group listed on the Euronext Paris exchange, specializing in civil engineering, real estate development, media, telecommunications services	3,428.9	5.9%
3	China Road and Bridge Corporation	The PRC	No	A wholly-owned subsidiary of an infrastructure development group listed on the Hong Kong Stock Exchange	2,333.2	4.0%
N/A	The Group				365.5	0.6%

Source: Annual reports of listed companies, Frost & Sullivan

Note: The ranking is based on the revenues for the year ended 31 March 2024.

COMPETITIVE LANDSCAPE OF ELECTRICAL ENGINEERING INDUSTRY IN HONG KONG

The electrical engineering works in Hong Kong is relatively fragmented. According to Construction Industry Council (“CIC”), there were approximately 1,778 subcontractors on the List of Registered Subcontractors under the trade code of Electrical of CIC as of April 2024. Among the registered contractors, it is estimated that there were approximately 600 market participants in the power cabling & civil pipeline installation market in Hong Kong in 2023. The Group is the largest power cabling & civil pipeline installation subcontractor in Hong Kong in 2023 with the market share of 13.6%.

Ranking and Market Share of Leading Power Cabling & Civil Pipeline Installation Subcontractor in Hong Kong by Revenue, 2023

Rank	Market participant	Headquarter	Listed	Background	Estimated revenue in 2023 (HKD billion)	Estimated market share in 2023 (%)
1	The Group	Hong Kong	No	NA	113.2	13.6%
2	Yat Cheong Civil Engineering Company Limited	Hong Kong	No	A sub-contractor engaged in civil engineering works and electrical works	60.0	7.2%
3	Wang Yu Engineering Company Limited	Hong Kong	No	A contractors specializing in public road excavation and cable laying works in Hong Kong	45.0	5.4%

Source: Frost & Sullivan

Note: The ranking is based on the revenues for the year ended 31 March 2024.



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The solar system construction and maintenance in Hong Kong is relatively fragmented and there were approximately 300 market participants in the solar system construction and maintenance market in Hong Kong in 2023. The Group recorded the revenue of HKD44.3 million in solar system construction and maintenance in Hong Kong in 2023, with the market share of 6.6%. The solar system construction and maintenance market is competitive with the market participants focusing on different customers group in Hong Kong, namely government institutions, public housings, schools, village houses and other buildings. In particular, the project scale of government institutions, public housings, schools tend to be greater than village houses and other buildings. Companies that demonstrate superior technical and project execution capabilities are more likely to bid large scale projects and succeed in this market in Hong Kong. The supportive government policies and rising adoption of solar energy have translated into growth opportunities for solar system construction and maintenance in Hong Kong.

Ranking and Market Share of Leading Solar System Construction and Maintenance Works Contractor in Hong Kong by Revenue, 2023

Rank	Market participant	Headquarter	Listed	Background	Estimated revenue in 2023 (HKD million)	Estimated market share in 2023 (%)
1	Amosola Limited	Hong Kong	No	A solar power solutions provider in Hong Kong, engaged in solar system construction and maintenance, and distribution of solar panels. The services scope includes testing, commissioning, design, installation and maintenance of solar system.	95.0	14.1%
2	EcoSmart Solar Engineering Limited	Hong Kong	No	It is a solar power solutions company in Hong Kong and provides solar engineering and energy management services, from investment and return analysis, project conceptualization and design, to preparation and construction, for commercial, residential, school, and village house customers.	90.0	13.4%
3	Kellon Energy Performance Contracting Limited	Hong Kong	No	It provides a range of new energy solutions and energy-saving and carbon reduction programmes, such as: solar energy, wind energy, hybrid power generation system and the LED System so on.	85.0	12.7%
N/A	The Group				44.3	6.6%

Source: Frost & Sullivan

Note: The ranking is based on the revenues for the year ended 31 March 2024.

The Group has played an early role in introducing electric equipment in the construction industry in Hong Kong. Electric equipment generally has lower emissions and a smaller carbon footprint compared to traditional diesel-powered equipment. This can help construction companies reduce their environmental impact and contribute to more sustainable construction practices. This also produces little to no direct emissions on-site, leading to cleaner air quality for construction workers and surrounding communities and tends to be quieter in operation compared to diesel-powered machinery. By introducing electric equipment, the Group is positioned as a leader in the construction industry, which helps the Group gain a competitive edge and attract clients seeking more environmentally-friendly construction solutions.

The Group also has a direct labour ratio of 0.71 in 2023, higher than 0.3 of the industry average in the construction industry in Hong Kong. Direct workers are responsible for the hands-on execution of tasks, which can improve the efficiency and pace of the construction process. With a focus on direct labour, the Group can attract and retain highly skilled workers with specialised expertise in various construction trades. This can lead to better quality workmanship and the ability to handle more complex or specialised construction tasks. In addition, having a larger direct labour force allows the Group to be more responsive to changes in project requirements or unexpected challenges. Direct workers can be quickly reassigned or redeployed to address emerging needs, improving the Group's overall flexibility.



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Entry Barrier of Civil Engineering and Electrical Construction Works

1. Registration requirement

Civil engineering and electrical construction works contractors are required to demonstrate expertise and proven track record in undertaking relevant projects. In particular, portfolio and cumulative contract value of civil engineering and electrical construction works projects are key requirements for registration and categorization of contractors based on their capabilities and scale of operation in respective works categories, namely port works, roads and drainage works, and site formation works. In addition, strong track record is required for advancement of registered contractors to higher level of work group with eligibility of tendering for civil engineering and electrical construction works projects of higher contract value. Hence, new entrants without proven track record are hindered from undertaking sizeable projects.

2. Capital requirement

High capital investment is one of the key barriers for new entrants. Sufficient capital is generally required for purchase of a wide variety of specialised machinery such as excavators, dozers, scrapers, drum rollers, loaders, asphalt distributors and graders for relevant civil engineering works, on top of other key cost items such as procurement and labour cost. Furthermore, contractors are required to have sufficient initial capital reserve during the early stage of construction works in view of the fact that payment is generally settled according to the progress of construction works. Maintaining a sufficient cash flow is also a key criterion for contractors to tender and undertake sizeable civil engineering and electrical construction works projects from the Government.

3. Technical expertise and project experience

Civil engineering and electrical construction works are considered as a specialised engineering area which requires extensive knowledge in geology and structural engineering which are essential for planning, environmental impact analysis, design and construction of structures. In addition, solid experience in project management and execution is considered pre-requisite for civil engineering and electrical construction works in on-site environment.



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This section sets out a summary of material laws, regulations and requirements applicable to our Group's business and operations in Hong Kong. Information contained in this section should not be construed as a comprehensive summary of laws and regulations applicable to our Group.

Laws and regulations in relation to construction works

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

The Buildings Ordinance provides that before the commencement of any building works, (i) prior approval and consent from the Building Authority (being the Director of Buildings of the Buildings Department) (the “**Buildings Authority**”) must be obtained; (ii) authorised persons, such as architects, engineers and surveyors registered under the Buildings Ordinance, must be appointed to coordinate the works, prepare and submit plans for the approval from the Building Authority; (iii) registered professionals must be appointed to design and supervise the works; and (iv) registered contractors must be appointed to carry out the works.

Section 14(1) of the Buildings Ordinance provides that no person shall commence or carry out any building works or street works without having obtained such prior approval and consent from the Building Authority and such proper appointments. According to Section 41(3) of the Buildings Ordinance, building works (other than drainage works, ground investigation in the scheduled areas, site formation works and minor works) in any building are exempt from the requirement for approval and consent from the Building Authority if the works do not involve the structure of the building.

If the building works are within the purview of Section 41(3) of the Buildings Ordinance, the works must further comply with the building standards specified in the relevant Building Regulations empowered under the Buildings Ordinance. The Buildings Ordinance further requires that any authorised person of the buildings works must be appointed by the ultimate beneficiary of the works, the employer of the works or the contractor.

Building (Minor Works) Regulation (Chapter 123N of the Laws of Hong Kong) (the “Building (MW) Regulation”)

The Building (MW) Regulation is a subsidiary legislation under the Buildings Ordinance and provides for a simplified procedure and requirements to regulate building works which have been specified as “minor works”. Under the Building (MW) Regulation, minor works are classified into three classes according to their nature, scale, complexity and the risk and safety they pose and are subject to different degrees of control.



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Class I refers to works are relatively more complicated and require higher technical experience and more stringent supervision and thus requires the appointment of a prescribed building professional, Class II refers to works with a lower complexity and Class III refers to common household minor works.

Under each class of minor work, it is further sub-divided into eight types (i.e. Type A (alteration and addition works), Type B (repair works), Type C (works relating to signboards), Type D (drainage works), Type E (works relating to structures for amenities), Type F (finishes works), Type G (demolition works) and Type H (works relating to ventilation system inside a building) that correspond to the specialisation of works in the industry as set out in schedule 1 of the Building (MW) Regulation.

A person who wishes to arrange for works to be carried out can commence Class I to Class III minor works without obtaining prior approval and consent of the Building Authority by following the simplified procedures contained in Section 14AA of the Buildings Ordinance. The Building Authority must be notified of the commencement of projects involving Class I and Class II minor works items in the specified form with prescribed plans with supporting documents and site photos, which must be submitted at least seven days before commencement of the works concerned. For projects that involve only Class III minor works, it is not necessary to notify the Building Authority of commencement of the projects as required for Class I and Class II minor works. For projects involving either Class I, Class II or Class III minor works, a certificate of completion of works and plans of the completed works must be submitted to the Building Authority within 14 days after completion of works.

Renewal of the registration as registered minor works contractor is required every three years.

Any person who, without reasonable excuse, fails to observe the relevant requirements under the Building (MW) Regulation for conducting the minor works commits an offence and is liable on conviction to a fine of HK\$50,000 (level 5). Under Section 40(2E) of the Buildings Ordinance, where a registered minor works contractor or registered specialist contractor certifies or carries out minor works belonging to a class, type or item for which he is not registered, he will be guilty of an offence and liable on conviction (i) to a fine at HK\$100,000 (level 6) and to imprisonment for six months, and (ii) to a fine of HK\$5,000 for each day during which it is proved to the satisfaction of the Hong Kong Court that the offence has continued.



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Laws and regulations in relation to contractor licensing regime and operation

Contractor licensing requirements for public sector projects

The public work projects include those managed by various governmental departments and public institutions with government funding. For selective tendering that may be adopted in the public sector, tender invitations are published in the Gazette of the Government or are sent by letter to all contractors on the relevant lists of approved qualified contractors. The Professional Services Section of the Development Bureau administers the List of Approved Contractors for Public Works, which is divided into five categories, which are (i) roads and drainage, (ii) port works, (iii) waterworks, (iv) buildings and (v) site formation. Generally, there are Group A (except no Group A in port works and site formation categories), Group B and Group C. Contractor listed in each group is allowed to tender for contracts up to certain monetary value and these tender limits are periodically adjusted and are currently set as follows:

Category	Authorised contract value
Group A (probatory)	Any number of Group A contracts in the same category provided the total value of works in the Group A contracts that he already holds and the Group A contract being procured under the same category does not exceed HK\$150 million.
Group A (confirmed)	Contracts of value up to HK\$150 million.
Group B (probatory)	(i) Any number of Group A contracts in the same category, and (ii) any number of Group B contracts in the same category, provided the total value of works in the Group B contracts that he already holds and the Group B contract being procured under the same category does not exceed HK\$400 million.
Group B (confirmed)	Contracts of value up to HK\$400 million.
Group C (probatory) (<i>note</i>)	The total number of Group C contracts being procured under the same category, provided that the total number of the Group C contract that he already holds and the Group C contract being procured under the same category does not exceed two, and that the total value of works in the Group C contracts that he already holds and the Group C contract being procured under the same category does not exceed HK\$1,500 million.



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Category	Authorised contract value
Group C (confirmed) (<i>note</i>)	Contracts of any values exceeding HK\$400 million.

Note: Group C contractors will normally not be allowed to tender contracts in Groups A and B unless the procuring department considers that there may be an inadequate number of tenderers.

Other than in the most exceptional circumstances, a contractor will be admitted initially on probation in the appropriate works. A contractor may apply for “confirmed” status after the satisfactory completion of works appropriate to its probationary status “confirmed” contractors may apply to be elevated to a higher group which is subject to similar but more stringent criteria/requirements than that described above. Appendices 2A and 2B of the Contractor Management Handbook (last revised on January 2024) published by the Development Bureau provides a summary of the minimum financial, technical and management, and safety requirements for admission, confirmation and promotion of contractors.

The requirements of particular relevance to the current qualification held by our Group are set out below:

A. Financial requirements

Group/ status	Minimum paid-up share capital (HK\$)	Minimum employed capital (HK\$)	Minimum working capital (HK\$)
Group A:			
(a) Probation	HK\$2.4 million (<i>Note 1</i>)	HK\$2.4 million, subject to a maximum of HK\$4.7 million (<i>Note 1</i>)	HK\$2.4 million or 15% on annualised outstanding works, whichever is higher (<i>Note 1</i>)
(b) Confirmed	HK\$4.8 million	HK\$4.8 million, subject to a maximum of HK\$9.0 million	HK\$4.8 million or 15% on annualised outstanding works, whichever is higher



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B. Technical and management requirements

Roads and drainage		
Group/status	Experience ^(Note 2)	Management and technical personnel ^(Note 2)
Confirmation to Group A	Satisfactory completion as the main contractor of one Government contract within the past 5 years. After inclusion in Group A on probation, by meeting the required contract experience (including the experience as main contractor of one Government contract and/or non-Government project), minimum contract value and by acquiring experience in (i) construction of concrete carriageway and (ii) laying of pre-cast concrete pipes of various diameters.	At least one member of the resident top management shall have a minimum experience of five years, out of which three years shall be local experience, in managing a construction firm obtained in the past eight years. At least one person with one or more of the following qualifications: (i) Higher Certificate in a discipline relevant to the category of works from a Hong Kong polytechnic, a Hong Kong recognised training institution or equivalent (the “Recognised Institution”) and one year local working experience in the relevant category of works; or (ii) Ordinary Certificate in a discipline relevant to the category of works from a Recognised Institution and two years local working experience in the relevant category of works; or (iii) at least ten years local working experience in the relevant category of works.



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C. Safety requirements

Group/ status	Qualified personnel	Performance in compliance with safety legislations
Group A		
(a) Probation	The contractor shall employ at least one person who is qualified to be a safety supervisor in accordance with the Construction Site Safety Manual. ^(Note 3) The duties of safety supervisor shall include providing assistance to the contractor in promoting the safety and health of its employees. Provided that the duties of the safety supervisor can be properly discharged, the safety supervisor may work on part-time basis or take up other tasks.	Less than five counts of safety offences in each of the rolling six-month period in the past 12 months. ^(Note 3)
(b) Confirmed	Same safety requirements as that applies to probationary (Group A) licence.	Less than 5 counts of safety offences in each of the rolling six-month period in the past 12 months.

Notes:

- As at the Latest Practicable Date, Kaiser Construction Engineering, which is a Group A (probationary category) of the List of Approval Contractors for public works, had fulfilled the requisite financial requirements.
- “Confirmation to Group A” refers to the technical requirements a probationary contractor in Group A is required to fulfil upon application for a Group A (confirmation status). As at the Latest Practicable Date, Kaiser Construction Engineering, which is a Group A (probationary category) of the List of Approval Contractors for public works, had fulfilled requirements applicable for probationary category.
- As at the Latest Practicable Date, Kaiser Construction Engineering, which is a Group A (probationary category) of the List of Approval Contractors for public works, had fulfilled the requisite safety requirements.

In order to retain the current qualification held, the minimum financial criteria and other requirements on management and technical personnel set out above must be met. Further, audited accounts of the approved contractors are submitted to the Development Bureau annually or half-yearly basis in the case of Group C. The most updated accounts shall also be produced to relevant Government works departments prior to the contract award in order to review the financial position of the approved contractors to ensure that they meet the capital requirements as set out by Development Bureau. Approved contractor who fails to meet the capital requirements in a particular category will not be eligible for tendering or awarding any contract in that category. In



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the event the approved contractor fails to submit the accounts or rectify any shortfall in the required capital requirements within the prescribed period, regulatory actions such as suspension of tendering may be imposed by the Development Bureau.

Although listing approvals granted by the Development Bureau are not required to be renewed annually, the Development Bureau may take regulatory actions against a contractor for failure to, among other things, meet the financial criteria, unsatisfactory performance, misconduct or suspected misconduct, poor site safety record, poor environmental performance, and court convictions such as contravention of site safety legislation and employment of illegal workers.

During the Track Record Period and up to the Latest Practicable Date, we had submitted the requisite information mentioned above to the Development Bureau (as and when required) for their review, and our Group did not receive any material adverse comment concerning our ability to retain the current qualification held. Accordingly, our Directors are of the view that the requirements in Appendices 2A and 2B of the Contractor Management Handbook do not have any impact on our operations and financial performance.

Subcontractor Registration Scheme and Registered Specialist Trade Contractors Scheme maintained by the Construction Industry Council

The Subcontractor Registration Scheme was formerly known as the Voluntary Subcontractor Registration Scheme which was introduced by the Provisional Construction Industry Co-ordination Board (the “PCICB”). The PCICB was formed in September 2001 to spearhead industry reform and to pave way for the early formation of the statutory industry coordinating body.

With effect from 1 April 2019, the Registered Specialist Trade Contractors Scheme replaced the Subcontractor Registration Scheme. The Registered Specialist Trade Contractors Scheme comprises of two registers, which are the Register of Specialist Trade Contractors and the Register of Subcontractors. Except designated trades under the Registered Specialist Trade Contractors Scheme, all other subcontractors which are registered under the trades of the Subcontractor Registration Scheme remain as registered subcontractors under the Registered Specialist Trade Contractors Scheme and no application to the Registered Specialist Trade Contractors Scheme is required. For existing construction contracts where subcontractors are required to register under the relevant trades available in the Subcontractor Registration Scheme, such subcontractors shall be deemed to have fulfilled that requirement if they are registered under the relevant trades in the Registered Specialist Trade Contractors Scheme.

Since 1 April 2019, subcontractors may apply for registration on the Registered Specialist Trade Contractors Scheme in one or more of the 14 designated trades including concreting, con-
concreting formwork, curtain wall, demolition, erection of concrete precast component,



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reinforcement bar fixing, scaffolding, plastering, suspended ceiling, tower crane (erecting, dismantling and altering height), building drainage installation, levelling and setting out, building maintenance and interior fitting-out.

Where a contractor is to subcontract/sub-let part of the public works involving trades available under the Registered Specialist Trade Contractors Scheme, it shall engage all subcontractors (whether nominated, specialist or domestic) who are registered under the relevant trades in the Registered Specialist Trade Contractors Scheme. Should the subcontractors further subcontract (irrespective of any tier) any part of the public works subcontracted to them involving trades available under the Registered Specialist Trade Contractors Scheme, the contractor shall ensure that all subcontractors (irrespective of any tier) are registered under the relevant trades in the Registered Specialist Trade Contractors Scheme.

Both registered subcontractor and the registered specialist trade contractor shall apply for renewal not earlier than six months before but not later than three months before the expiry date of its registration by submitting an application to the Committee on Registered Specialist Trade Contractors Scheme established by the Construction Industry Council (the “**RSTC Committee**”) in a specified form and accompanied by the prescribed fees and documents. The RSTC Committee which oversees the Registered Specialist Trade Contractors Scheme shall not renew the registration of any registered subcontractor or registered specialist trade contractor unless the RSTC Committee at its sole discretion is satisfied that (i) the registered subcontractor or registered specialist trade contractor meets all the relevant renewal requirements, and (ii) the registered subcontractor or registered specialist trade contractor is suitable for renewal. The RSTC Committee may impose additional conditions for the renewal of registration of any registered subcontractor or registered specialist trade contractor as it thinks fit.

Laws and regulations in relation to electrical works

Registration under the Electricity Ordinance (Chapter 406 of the Laws of Hong Kong)

Under Section 2 of the Electricity Ordinance, “electrical work” means work in relation to the installation, commissioning, inspection, testing, maintenance, modification or repair of a low voltage or high voltage fixed electrical installation and includes the supervision and certification of that work and the design of that installation. Examples of fixed electrical installations are distribution boards, wiring installations and lighting fittings that are fixed on premises. However, persons who are engaged in work on electrical installations other than fixed electrical installations need not be registered. Contractors engaged in work on portable electrical appliances, such as table lamps, television sets and refrigerators, etc. need not be registered.



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Electrical works are further classified into five grades of certificates of registration based on the voltage and capacity of electricity involved in an electrical installation and industry specialisation.

Registered electrical contractors

To qualify as a registered electrical contractor registered with the EMSD under the Electricity Ordinance, a corporate applicant must employ at least one registered electrical worker registered under the Electricity Ordinance. No contractor shall carry on business as an electrical contractor or carry out electrical works unless it is registered as a registered electrical contractor.

Validity period and renewal of registration

Registration for registered electrical contractor is valid for the three-year period shown on the certificate of registration. Pursuant to regulation 13 of the Electricity (Registration) Regulations (Chapter 406D of the Laws of Hong Kong), a registered electrical contractor shall apply to the director of the EMSD for renewal of its/his registration at least one month before and no earlier than four months before the date of expiry of the registration.

Regulatory actions

Where the director of the EMSD considers that there is evidence that a registered electrical contractor fails to comply with the Electricity Ordinance, he may (i) reprimand the contractor, and/or fine the contractor up to HK\$10,000, or (ii) refer the matter to the Secretary for Environment and Ecology for hearing by a disciplinary tribunal, who may do one or more of the following:

- (i) reprimand the registrant;
- (ii) fine a contractor up to HK\$100,000;
- (iii) suspend or cancel the registration of the registrant; or
- (iv) suspend the registrant's right to apply for registration or renewal of registration for a prescribed period.



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Laws and regulations in relation to labour, health and safety

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

The Construction Workers Registration Ordinance requires construction workers to be registered for carrying out construction work on a construction site. Under Section 40 of the Construction Workers Registration Ordinance, no person shall be registered as a registered construction worker unless the Registrar of Construction Workers is satisfied, among other things, that the person holds a relevant certificate referred to in Section 6BA(2) of the Factories and Industrial Undertakings Ordinance (Chapter 59 of the Laws of Hong Kong) in respect of that person's attendance at a construction work-related safety training course.

Further, under Section 44 of the Construction Workers Registration Ordinance, the Registrar of Construction Workers shall not renew the registration of a person unless it is satisfied that, among other things, (i) the person has attended the relevant construction work-related safety training course and obtained such relevant certificate, and (ii) if the registration will, on the date of expiry, have been in effect for not less than two years, the person has attended and completed, during the period of one year immediately before the date of application for renewal of the registration, such development courses applicable to his registration as the Construction Industry Council may specify.

In addition, the Construction Workers Registration Ordinance contains a "registered skilled workers for designated trade" provision, which provides that only registered skilled or semi-skilled workers of designated trade divisions are permitted to carry out construction works on construction sites relating to those designated trade divisions independently. Unregistered skilled or semi-skilled workers are only allowed to carry out construction works of designated trade divisions under the instruction and supervision of registered skilled or semi-skilled workers of relevant designated trade division(s). Registered skilled and semi-skilled workers for designated trade divisions shall be included as registered skilled/ semi-skilled workers in the Register of Construction Workers, and accordingly, subcontractors of construction sites are required to employ only registered skilled and semi-skilled workers for designated trade divisions to carry out construction works on construction sites in relation to those trade divisions independently.

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

The Factories and Industrial Undertakings Ordinance provides for the safety and health protection to workers in the industrial sector. Under the Factories and Industrial Undertakings Ordinance, it is the duty of a proprietor of an industrial undertaking to take care of, so far as is reasonably practicable, the health and safety at work of all persons employed by him in the industrial undertaking.



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The duties of a proprietor extend to include (i) providing and maintaining plant and work systems that do not endanger safety or health, (ii) making arrangements for ensuring safety and health in connection with the use, handling, storage and transport of plant or substances, (iii) providing all necessary information, instruction, training and supervision for ensuring safety and health, (iv) providing and maintaining safe access to and egress from the workplaces, and (v) providing and maintaining a safe and healthy working environment. A proprietor of an industrial undertaking who contravenes any of these duties may be liable to a fine of HK\$3,000,000 on summary conviction, or on conviction on indictment to a fine of HK\$10,000,000; if found to have contravened willfully and without reasonable excuse, to a fine of HK\$3,000,000 and to imprisonment for six months on summary conviction, or on conviction on indictment to a fine of HK\$10,000,000 and to imprisonment for two years.

Further, our project team member responsible for the on-site supervision and inspection works of our projects is required to carry a valid certificate (the “**Green Card**”) or an equivalent document in accordance with the Factories and Industrial Undertakings Ordinance while carrying out such site work. According to Section 6BA(5) of the Factories and Industrial Undertakings Ordinance, every proprietor on and after the appointed day (as defined in the said ordinance) shall not employ at the undertaking a relevant person who has not been issued a relevant Green Card or whose relevant Green Card has expired. Contravention is liable on conviction to a fine of HK\$100,000 (level 6).

Matters regulated under the subsidiary regulations of the Factories and Industrial Undertakings Ordinance, including the Construction Sites (Safety) Regulations (Chapter 59I of the Laws of Hong Kong), covers aspects encompassing (i) the prohibition of employment of persons under 18 years of age (save for certain exceptions), (ii) the maintenance and operation of hoists, (iii) the duty to ensure safety of places of work, (iv) prevention of falls, (v) safety of excavations, (vi) the duty to comply with miscellaneous safety requirements, and (vii) provision of first aid facilities. Non-compliance with any of these rules commits an offence and difference levels of penalty will be imposed.

The Factories and Industrial Undertakings (Safety Management) Regulation (Chapter 59AF of the Laws of Hong Kong) (the “Safety Management Regulation”)

Under the Safety Management Regulation, any contractor (i) in relation to construction work with a contract value of HK\$100 million or more, or (ii) in relation to construction work having an aggregate of 100 or more workers in a day working in a single construction site, or (iii) in relation to construction work having an aggregate of 100 or more workers in a day working in two or more construction sites is obliged to appoint a safety auditor to conduct a safety audit to collect, assess and verify information on the efficiency, effectiveness and reliability of the contractor's safety management system and consider improvements to the system at least once in every 12 months.



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Further, any contractor (i) in relation to construction work having an aggregate of 50 or more but less than 100 workers in a day working in a single construction site, or (ii) in relation to construction work having an aggregate of 50 or more but less than 100 workers in a day working in two or more construction sites is obliged to appoint a person, being a person who is capable of competently carrying out a safety review, to be the safety review officer to conduct a safety review to review the effectiveness of the contractor's safety management system and consider improvements to the effectiveness of the system at least once in every six months. Any person who contravenes these requirements commits an offence and is liable on conviction to a fine of HK\$400,000 and to imprisonment of six months.

Further, according to the Safety Management Regulation, the safety auditor shall (i) be a registered safety officer under the Factories and Industrial Undertakings (Safety Officers and Safety Supervisors) Regulations (Chapter 59Z of the Laws of Hong Kong), (ii) have not less than three years' full-time experience, in the five years period immediately preceding the application for registration with the Labour Department, in a managerial post responsible for industrial safety and health matters in respect of an industrial undertaking, (iii) occupy, at the time of the application for registration with the Labour Department, the managerial post referred to point (ii) above or a like post, (iv) have successfully completed a scheme conducted by a registered scheme operator, and (v) understand the requirements under legislation in Hong Kong relating to industrial safety and health matters.

Pursuant to the Code of Practice on Safety Management issued by the Labour Department, a safety auditor should (i) understand his task and be competent to carry it out, (ii) be familiar with the industry and the processes being carried out in the relevant industrial undertaking, (iii) have a good knowledge of the safety management practices in the industry, and (iv) have the necessary experience and knowledge to enable him to evaluate performance and identify deficiencies effectively; while a safety review officer should (i) have a good understanding of the operation of the relevant industrial undertaking in respect of which he conducts the safety review, (ii) have a good understanding of the legal requirements in force in Hong Kong relating to industrial safety and health, and (iii) have received appropriate training in how to review the effectiveness of a safety management system with a view to improving it.

Factories and Industrial Undertakings (Loadshifting Machinery) Regulation (Chapter 59AG of the Laws of Hong Kong) (the "Loadshifting Machinery Regulations")

Under regulation 3 of the Loadshifting Machinery Regulations, the responsible person of a loadshifting machine shall ensure that the machine is only operated by a person who (i) has attained the age of 18 years, and (ii) holds a valid certificate applicable to the type of loadshifting machine to which that machine belongs. Under the Loadshifting Machinery Regulations, loadshifting machines used in industrial undertakings refer to fork-lift trucks, which are used for loadshifting



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machines used on construction sites refer to a bulldozer, a loader, an excavator, a truck, a lorry, a compactor, a dumper, a grader, a locomotive and a scraper. For the purpose of the Loadshifting Machinery Regulations, the responsible person means a person who is having the management or in charge of the machine but does not include a person who operates the machine, and the contractor who has control over the way any construction work which involves the use of the machine is carried out and, in the case of a loadshifting machine situated on or used in connection with work on a construction site, also means the contractor responsible for the construction site.

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

The Occupational Safety and Health Ordinance provides for the safety and health protection to employees in workplaces, both industrial and non-industrial. Under the Occupational Safety and Health Ordinance, employers must, as far as reasonably practicable, ensure the safety and health in their workplaces by, among other things:

- (a) providing and maintaining plant and work systems that are safe and without risks to health;
- (b) making arrangements for ensuring safety and absence of risks to health in connection with the use, handling, storage or transport of plant or substances;
- (c) as regards any workplace under the employer's control:
 - (i) maintenance of the workplace in a condition that is safe and without risks to health; and
 - (ii) provision and maintenance of means of safe access to and egress from the workplace that are safe and without any such risks;
- (d) providing all necessary information, instructions, training and supervision for ensuring safety and health; and
- (e) providing and maintaining a working environment for its employees that is safe and without risks to health.

Failure to comply with any of the above provisions constitutes an offence. The Commission for Labour may also issue an improvement notice against non-compliance of the Occupational Safety and Health Ordinance or the Factories and Industrial Undertakings Ordinance (Chapter 59 of the Laws of Hong Kong) or suspension notice against activity of the workplace which may create imminent risk of death or serious bodily injury. Failure to comply with s



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notice without reasonable excuse constitutes an offence and is liable on conviction to a fine of HK\$1,000,000 (HK\$400,000 in respect of an improvement notice) and to imprisonment for 12 months (the same sentence in respect of an improvement notice), and to a further fine of HK\$100,000 for each day during which the offender knowingly and intentionally continues the contravention (not applicable in respect of an improvement notice).

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

The Employees' Compensation Ordinance establishes a no-fault, non-contributory employee compensation system for work injuries. Under the Employees' Compensation Ordinance, if an employee sustains an injury or dies as a result of an accident arising out of and in the course of his employment, his employer is in general liable to pay compensation even if the employee might have committed acts of faults or negligence when the accident occurred. Similarly, an employee who suffers incapacity arising from an occupational disease is entitled to receive the same compensation as that payable to employees injured in occupational accidents.

According to Section 24 of the Employees' Compensation Ordinance, a principal contractor shall be liable to pay compensation to subcontractors' employees who are injured in the course of their employment to the subcontractor. The principal contractor is, nonetheless, entitled to be indemnified by the subcontractor who would have been liable to pay compensation to the injured employee. The employees in question are required to serve a notice in writing on the principal contractor in the form prescribed by law before making any claim or application against such principal contractor.

Pursuant to Section 40 of the Employees' Compensation Ordinance, all employers (including contractors and subcontractors) are required to take out insurance policies to cover their liabilities both under the Employees' Compensation Ordinance and at common law for injuries at work in respect of all their employees (including full-time and part-time employees). Under Section 40(1B) of the Employees' Compensation Ordinance, where a principal contractor has undertaken to perform any construction work, it may take out an insurance policy for an amount not less than HK\$200 million per event to cover his liability and that of his subcontractor(s) under the Employees' Compensation Ordinance and at common law.

An employer who fails to comply with the Employees' Compensation Ordinance to secure an insurance cover is liable on conviction upon indictment to a fine of HK\$100,000 (level 6) and to imprisonment for two years, and on summary conviction to a fine of HK\$100,000 (level 6) and to imprisonment for one year.



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

A principal contractor shall be subject to the provisions on subcontractor's employees' wages in the Employment Ordinance. According to Section 43C of the Employment Ordinance, if any wages become due to an employee who is employed by a subcontractor on any work which the subcontractor has contracted to perform, and such wages are not paid within the period specified in the Employment Ordinance, such wages shall be payable by the principal contractor and/or every superior subcontractor jointly and severally. The liability of a principal contractor and superior subcontractor (as the case may be) shall be limited to (i) the wages of an employee whose employment relates wholly to the work which the principal contractor has contracted to perform and whose place of employment is wholly on the site of the building works, and (ii) the wages due to such an employee for two months without any deductions under the Employment Ordinance and such months shall be the first two months of the period in respect of which the wages are due.

An employee who has outstanding wage payments from subcontractor must serve a notice in writing on the principal contractor within 60 days after the wage due date or another 90 days if permitted. A principal contractor and superior subcontractor (as the case may be) shall not be liable to pay any wages to the employee of the subcontractor if that employee fails to serve a notice on the principal contractor.

Upon receipt of such notice from the relevant employee, a principal contractor shall, within 14 days after receipt of the notice, serve a copy of the notice on every superior subcontractor to that subcontractor (as the case may be) of whom he is aware. A principal contractor who without reasonable excuse fails to serve notice on the superior subcontractor(s) shall be guilty of an offence and be liable on conviction to a fine of HK\$50,000 (level 5). Pursuant to Section 43F of the Employment Ordinance, if a principal contractor or superior subcontractor pays to an employee any wages under Section 43C of the Employment Ordinance, the wages so paid shall be a debt due by the employer of that employee to the principal contractor or superior subcontractor (as the case may be). The principal contractor or superior subcontractor who pays an employee any wages under Section 43C of the Employment Ordinance may either (i) claim contribution from every superior subcontractor to the employee's employer or from the principal contractor and every other such superior subcontractor (as the case may be), or (ii) deduct by way of set-off the amount paid by him from any sum due or may become due to the subcontractor in respect of the work that he has subcontracted.



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

The Occupiers Liability Ordinance regulates the obligations of a person occupying or having control of premises on which injury resulting to persons or damage has been caused to goods or other property lawfully on the land. It imposes a common duty of care on an occupier of a premises to take such care so as to ensure that any person will be reasonably safe in using the premises for the purposes for which he is invited or permitted by the occupier to be there.

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

Under Section 38A of the Immigration Ordinance, a construction site controller should prevent (i) illegal immigrants from being on the construction site; and (ii) persons who are not lawfully employable, as defined under the Immigration Ordinance, from taking employment on the construction site. Any construction site controller who contravenes Section 38A of the Immigration Ordinance may be held liable upon conviction of a fine of HK\$350,000.

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

The Minimum Wage Ordinance provides for a prescribed minimum hourly wage rate (set at HK\$40 per hour as at the Latest Practicable Date) during the wage period for every employee engaged under a contract of employment under the Employment Ordinance (Chapter 57 of the Laws of Hong Kong). Any provision of an employment contract which purports to extinguish or reduce any right, benefit or protection conferred on the employee by the Minimum Wage Ordinance is void.

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

Employers are required to enrol their full-time and part-time employees (except for certain exempt persons) aged between 18 and 64 years of age who have been employed for a continuous period of 60 days or more in a Mandatory Provident Fund (“MPF”) scheme within the first 60 days of employment.



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For both employees and employers, it is mandatory to make regular contributions into a MPF scheme. For an employee, subject to the maximum and minimum levels of income (set at HK\$30,000 and HK\$7,100 per month, respectively, as at the Latest Practicable Date), an employer will deduct 5% of the relevant income on behalf of an employee as mandatory contributions to a registered MPF scheme with a ceiling (set at HK\$1,500 as at the Latest Practicable Date). Employer will also be required to contribute an amount equivalent to 5% of an employee's relevant income to the MPF scheme, subject only to the maximum level of income (set at HK\$30,000 as at the Latest Practicable Date).

Industry schemes (the “**Industry Schemes**”) were established under the MPF schemes for employers in the construction and catering industries in view of high labour mobility and the fact that most employees in these industries are “casual employees” whose employment is on a day-to-day basis or for a fixed period of less than 60 days. The MPF Schemes Ordinance does not stipulate that employers in these industries must join the Industry Schemes. The Industry Schemes provide convenience to the employers and employees in the construction and catering industries. Casual employees do not have to switch schemes when they change jobs within the same industry so long as their previous and new employers are registered with the same Industry Scheme.

Laws and regulations in relation to environmental protection

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

The Air Pollution Control Ordinance is the principal legislation in Hong Kong for controlling emission of air pollutants and noxious odour from construction, industrial and commercial activities and other polluting sources. Subsidiary regulations of the Air Pollution Control Ordinance impose control on air pollutant emissions from certain operations through the issue of licences and permits.

A contractor shall observe and comply with the Air Pollution Control Ordinance and its subsidiary regulations, including the Air Pollution Control (Construction Dust) Regulation (Chapter 311R of the Laws of Hong Kong). The contractor responsible for a construction site shall devise, arrange methods of working and carry out the works in such a manner so as to minimise dust impacts on the surrounding environment, and shall provide experienced personnel with suitable training to ensure that these methods are implemented.



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Air Pollution Control (Construction Dust) Regulation (Chapter 311R of the Laws of Hong Kong)

Under Section 3 of the Air Pollution Control (Construction Dust) Regulation, the contractor responsible for a construction site where any notifiable work is proposed to be carried out shall give notice to the public officer appointed under the Air Pollution Control Ordinance (being the air pollution control authority) of the proposal to carry out the work. Such “notifiable work” includes site formation, reclamation, demolition of a building, work carried out in any part of a tunnel that is within 100 metres of any exit to the open air, construction of the foundation of a building, construction of the superstructure of a building or road construction work.

Contravention to the notification requirement under the Air Pollution Control (Construction Dust) Regulation may be liable on conviction to a fine of HK\$25,000 (level 4) for the first conviction and to a fine of HK\$50,000 (level 5) for a second or subsequent conviction. Contravention to the dust control requirements (control requirements for notifiable works) under the same regulation may be liable on conviction to a fine of HK\$50,000 (level 5) for the first offence and to a fine of HK\$100,000 (level 6) and to imprisonment for three months for a second or subsequent offence, and in addition, if the offence is continuing, to a fine of HK\$10,000 for each day during the whole or any part of which the offence continues.

Pneumoconiosis and Mesothelioma (Compensation) Ordinance (Chapter 360 of the Laws of Hong Kong)

The Pneumoconiosis and Mesothelioma (Compensation) Ordinance establishes the Pneumoconiosis Compensation Fund, which consists of monies received from the Government and the relevant levies, surcharges and penalties received from contractors in relation to pneumoconiosis and mesothelioma. The Pneumoconiosis Compensation Fund is administered by the Pneumoconiosis Compensation Fund Board, a statutory body responsible for assessing and collecting the imposed levies and compensating (i) persons suffering from pneumoconiosis and/or mesothelioma and/or (ii) family members of persons who has died of pneumoconiosis and/or mesothelioma. Under the Pneumoconiosis and Mesothelioma (Compensation) Ordinance, contractors are liable to pay a levy for any construction operations with a total value exceeding HK\$3,000,000 carried out in Hong Kong, at a rate of 0.15% of the total value of the construction operations concerned.



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

The Noise Control Ordinance controls, among other things, the noise from construction activities. For construction activities that are to be carried out during the restricted hours and for percussive piling during the daytime, not being a general holiday, construction noise permits are required from the Environmental Protection Department in advance. Under the Noise Control Ordinance, construction works that produce noises and the use of powered mechanical equipment (other than percussive piling) are not allowed between 7:00 p.m. and 7:00 a.m. or at any time on general holidays (including Sundays), unless prior approval has been granted by the Environmental Protection Department through the construction noise permit system. Contravention to any of the aforesaid provisions shall be liable to a fine of HK\$100,000 (level 6) on the first conviction and to a fine of HK\$200,000 on a second or subsequent conviction and in any case to a fine of HK\$20,000 for each day during which the offence has continued.

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

A contractor shall observe and comply with the Waste Disposal Ordinance and its subsidiary regulations, including the Waste Disposal (Charges for Disposal of Construction Waste) Regulation (Chapter 354N of the Laws of Hong Kong). Under the Waste Disposal (Charges for Disposal of Construction Waste) Regulation, construction waste can only be disposed at designated prescribed facilities and a main contractor who undertakes construction work with a value of HK\$1 million or above will be required, within 21 days after being awarded the contract, make an application to the Director of the Environmental Protection to establish a billing account in respect of that particular contract, and to pay any prescribed charge payables in respect of the construction waste generated from the construction work under that contract.

Under the Waste Disposal Ordinance, a person shall not use, or permit to be used, any land or premises for the disposal of waste unless he has a licence from the Director of Environmental Protection. A person who except under and in accordance with a permit or authorisation, does, causes or allows another person to do anything for which such a permit or authorisation is required shall be liable to a fine of HK\$200,000 and to imprisonment for six months on the first conviction and to a fine of HK\$500,000 and to imprisonment for six months on a second or subsequent conviction and in any case to an additional fine of HK\$10,000 for each day of the continuance of the offence.



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

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

All discharges, with the exception as described above, must be covered by an effluent discharge licence and its terms and conditions. The licence shall be granted with a specification of the permitted physical, chemical and microbial quality of the effluent by the Environmental Protection Department unless, for instance, the discharge endangers or is likely to endanger public health or is or is likely to be harmful to the health or safety of any person engaged in the operation or maintenance of a drainage or sewerage system.

According to the Water Pollution Control Ordinance, unless being licensed thereunder, a person who discharges any waste or polluting matter into the waters or discharges any matter into a communal sewer or communal drain in a water control zone shall be liable on conviction to imprisonment for six months and shall be liable to a fine of HK\$200,000 on the first conviction and to a fine of HK\$400,000 on a second or subsequent conviction and in any case to an additional fine of HK\$10,000 for each day of the continuance of the offence.

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

Pursuant to Section 127 of the Public Health and Municipal Services Ordinance, where a nuisance notice is served on the person by reason of whose act, default or sufferance the nuisance arose or continues, or if that person cannot be found, on the occupier or owner of the premises or vessel on which the nuisance exists, then if either the nuisance to which the notice relates arose by reason of the wilful act or default of that person, or that person fails to comply with any of the requirements of the notice within the period specified therein, that person shall be guilty of an offence. The nuisances which are actionable summarily under Section 12 of the Public Health and Municipal Services Ordinance include, among other matters, (i) emission of dust from any building under construction or demolition in such manner as to be a nuisance, (ii) the emission of dust, fumes or effluvia from any premises in such a manner as to be a nuisance, (iii) any accumulation or deposit which is a nuisance or injurious or dangerous to health, and (iv) any premises in such a state as to be a nuisance or injurious or dangerous to health.



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

The Environmental Impact Assessment Ordinance seeks to avoid, minimise and control the adverse impact on the environment of designated projects, such as projects involving earthworks, dredging works and other building works, through the environmental impact assessment process and the environmental permit system. Under the Environmental Impact Assessment Ordinance, designated projects must, unless exempted by the Environmental Protection Department, follow the statutory environmental impact assessment process and/or obtain environmental permits for their construction and operation.

An application for an environmental permit may be made directly with the Environmental Protection Department for the approval of a designated project which will cause limited adverse impacts on the environment and the mitigation measures proposed meet the designated requirements. For other projects, an application for an environmental permit made to the Environmental Protection Department must be accompanied with an environmental impact assessment report.

Any person who constructs or operates a designated project or decommissions a designated project without an environmental permit for the project or contrary to the permit conditions, if any, could be held liable (i) on a first conviction on indictment to a fine of HK\$2,000,000 and to imprisonment for six months, (ii) on a second or subsequent conviction on indictment to a fine of HK\$5,000,000 and to imprisonment for two years, (iii) on a first summary conviction to a fine at HK\$100,000 (level 6) and to imprisonment for six months, and (iv) on a second or subsequent summary conviction to a fine of HK\$1,000,000 and to imprisonment for one year, and in any case where the offence is of a continuing nature, a fine of HK\$10,000 for each day on which the offence has continued.

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

Pursuant to the Construction Industry Council Ordinance and the Construction Workers Registration Ordinance, an aggregate construction industry levy at 0.53% is to be imposed on construction operations carried out in Hong Kong with a total value exceeding HK\$3,000,000. “Construction operations” generally include (i) building works and street works as defined in Section 2(1) of the Buildings Ordinance, (ii) construction, alteration, repair, maintenance, extension, demolition or dismantling of buildings or structures, powers lines, telecommunications apparatus or pipelines, (iii) supply and installation of fittings or equipment in any buildings or structures including electrical and mechanical works, (iv) external or internal cleaning and painting of any buildings or structures, which is carried out in the course of construction or maintenance of such buildings or structures, (v) painting or decorating any external or internal surfaces or parts of any buildings or structures, and (vi) operations which form an integral part of, or are preparatory to any of the above operations.



REGULATORY OVERVIEW

Laws and regulations in relation to competition

Competition Ordinance (Chapter 619 of the Laws of Hong Kong)

The Competition Ordinance prohibits restrictions on competition in Hong Kong through three competition rules, namely, (i) the first conduct rule which prohibits anti-competitive agreements (the “**First Conduct Rule**”), (ii) the Second Conduct Rule which prohibits abuse of market power (the “**Second Conduct Rule**”), and (iii) the Merger Rule which prohibits anti-competitive mergers and acquisitions (the “**Merger Rule**”). The First Conduct Rule and the Second Conduct Rule apply to all sections of the Hong Kong economy. At present, the Merger Rule only applies to mergers involving carrier licence holders within the meaning of the Telecommunications Ordinance (Chapter 106 of the Laws of Hong Kong). Therefore, our Group is subject to the Competition Ordinance generally, save for the Merger Rule.

The First Conduct Rule prohibits businesses from making or giving effect to an agreement, engaging in a concerted practice, or making or giving effect to a decision of an association, if the object or effect to harm competition in Hong Kong. The Second Conduct Rule prohibits businesses with a substantial degree of market power from abusing its power by engaging in conduct that has the object or effect to harm competition in Hong Kong.

Serious anti-competitive conduct is defined under Section 2(1) of the Competition Ordinance as any conduct that consists of any one or combination of the following: (i) fixing, maintaining, increasing or controlling the price for the supply of goods or services; (ii) allocating sales, territories, customers or markets for the production or supply of goods and services; (iii) fixing, maintaining, controlling, preventing, limiting or eliminating the production or supply of goods and services; and (iv) bid-rigging.

Orders that the Competition Tribunal may impose for contraventions of the competition rule include, among other things, pecuniary penalties, disqualification order, injunctions, prohibiting a person from making or giving effect to an agreement or to declare an agreement to be void, and award damages. For pecuniary penalty, the maximum penalty in relation to a single contravention can be up to 10% of the turnover of the undertaking concerned for each year in which the contravention occurred, or if the contravention occurred in more than three years, 10% of the turnover of the undertaking concerned for the three years in which the contravention occurred that saw the highest, second highest and third highest turnover. The Competition Tribunal may also order the disqualification of responsible director who has contravened a competition rule for up to five years.



HISTORY, DEVELOPMENT AND REORGANISATION

OVERVIEW

Our Company was incorporated in the Cayman Islands under the Companies Act as an exempted company with limited liability on 17 May 2024. Pursuant to the Reorganisation as more particularly described in the paragraph headed “Reorganisation” in this section, our Company has become the holding company of our Group for the purpose of the Listing and holds the entire interest of eight subsidiaries, namely, Wing Lee Green Technology, Wing Lee Group (Holdings), Wing Lee Construction, Wing Lee Development, Tai Shan Engineering, Wing Lee New Energy, Sum Hing Trading and Kaiser Construction Engineering.

HISTORY

We are an established contractor in Hong Kong engaged in civil and electrical cable engineering works, and solar PV system works. Our history can be traced back to 2005 when Sum Hing Trading, the first subsidiary of our Group and one of our principal operating subsidiaries, was established in 29 August 2005 in Hong Kong by Mr. Yiu and Mr. Yiu Wang Lung and was first involved in projects in which the CLP Group, being an electricity utility company which provides electricity to more than 80% of Hong Kong’s population and our long-standing major customer in Hong Kong, was the project owner as sub-subcontractor providing zonal cable trenching, laying and jointing works as well as emergency and cable fault repair works.

With a view to further expanding our business, we established our other principal operating subsidiaries, including Wing Lee Construction in 2014, Wing Lee Development and Wing Lee New Energy (then known as Sum Hing Construction Limited (森興建築工程有限公司)) in 2015, and Wing Lee Group (Holdings) in 2017. In addition, we acquired certain shares in Tai Shan Engineering, an approved subcontractor of CLP, in 2016 to capture more business opportunities with the CLP Group.

To further expand the business of our Group beyond private sector projects into large-scale public sector works:

- in 2019, we acquired Kaiser Construction Engineering, which is admitted to the List of Approved Contractors for Public Works maintained by the Development Bureau in the category “Roads and Drainage (Group A)” (with probationary status) and is eligible to tender for public works contracts with total value of works of up to HK\$150 million;
- Wing Lee Construction and Tai Shan Engineering were first registered as a registered subcontractor under the Registered Specialist Trade Contractors Scheme of the Construction Industry Council in 2019 and 2020, respectively; and



HISTORY, DEVELOPMENT AND REORGANISATION

- Tai Shan Engineering and Wing Lee Construction were first registered as a registered specialist trade contractor under the Registered Specialist Trade Contractors Scheme in 2020 and 2023, respectively.

Under the leadership of Mr. Yiu, Mr. Yiu Wang Lung and Mr. Chan, our Group has gradually expanded our business throughout the years and undertaken public sector and private sector projects as subcontractor and main contractor. In the public sector, our projects have included major infrastructure projects in Hong Kong, including the infrastructure project at the third runway of the Hong Kong International Airport, and works for various Government departments and statutory bodies. In the private sector, our projects have included works for the CLP Group, being an electricity utility company in Hong Kong.

Our key business milestones

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

Year	Events
2005	• Sum Hing Trading was incorporated in Hong Kong in August 2005, being the first subsidiary of our Group. • Sum Hing Trading was first involved in projects in which the CLP Group, an electricity utility company which provides electricity to more than 80% of Hong Kong's population, was the project owner as sub-subcontractor providing zonal cable trenching, laying and jointing works as well as emergency and cable fault repair works.
2016	• Sum Hing Trading, Wing Lee Construction and Wing Lee Development were first certified under ISO 9001:2015, ISO 14001:2015 and ISO 45001:2018.
2017	• We began a major private sector project involving site formation and roads and drainage works at a mass railway transport station in Hong Kong.
2018	• We began performing design, installation and maintenance works of solar PV systems under our business segment of solar PV system in the solar energy space in Hong Kong. • Wing Lee Development was first registered as a registered electrical contractor with the Electrical and Mechanical Services Department.



HISTORY, DEVELOPMENT AND REORGANISATION

Year	Events
	- Tai Shan Engineering was first registered as a registered electrical contractor with the Electrical and Mechanical Services Department. - Wing Lee Construction was first registered as a registered minor works contractor (Class I, II, III (Type A); Class II, III (Types B, D, E, F and G)) with the Buildings Department. - Tai Shan Engineering was first registered as a registered minor works contractor (Class II, III (Types A, B, C, D, E, F and G)) with the Buildings Department.
2019	- To further expand the business of our Group beyond private sector projects into large-scale public sector works, we acquired Kaiser Construction Engineering, which was admitted to the List of Approved Contractors for Public Works maintained by the Development Bureau in the category “Roads and Drainage (Group A)” (with probationary status). - We commenced undertaking subcontracting works for the infrastructure project at the third runway of the Hong Kong International Airport. - We began our first major solar energy works project for a school in Hong Kong. - Wing Lee Development was first registered as a registered minor works contractor (Class II, III (Types A, B, C, D, E, F and G)) with the Buildings Department. - Wing Lee Construction was first registered as a registered subcontractor under the Registered Specialist Trade Contractors Scheme of the Construction Industry Council under the trade categories “General Civil Works (Roadworks; Road drainage and sewer)”, “Electrical (Electrical wiring; General electrical installation; Electrical control and power panel assembly)”, and “Temporary Electricity Installations”.
2020	Tai Shan Engineering became the subcontractor of CLPe Solutions Limited, a subsidiary of CLP Group, to provide services as stipulated under Master Agreement A.



HISTORY, DEVELOPMENT AND REORGANISATION

Year	Events
	Tai Shan Engineering was first registered as a registered specialist trade subcontractor under the Registered Specialist Trade Contractors Scheme of the Construction Industry Council under the trade categories “General Civil Works (Roadworks; Road drainage and sewer)”, “Electrical (Electrical wiring; General electrical installation; Electrical control and power panel assembly)”, “Temporary Electricity Installations”; and “Interior fitting-out (Group 1)”.
2023	- We were admitted as one of the approved contractors of the CLP Group, in recognition of the CLP Group’s trust in our ability in providing quality services which conform with the quality standards, requirements and specifications of the CLP Group to undertake refurbishment works for electric sub-stations. - We began providing subcontracting services in site formation works and road and drainage works in a project, which marked our first cooperation with Sun Hung Kai Properties Limited, one of Hong Kong’s major private sector developers. - Wing Lee Construction was first registered as a registered specialist trade contractor under the Registered Specialist Trade Contractors Scheme of the Construction Industry Council under the trade categories “Concreting (Group 1)”, “Concreting Framework (Group 1)”, and “Reinforcement Bar Fixing (Group 1)”.



HISTORY, DEVELOPMENT AND REORGANISATION

Year	Events
2024	• We were first included on the List of Pre-qualified Tenderers for Civil Engineering Works of Hong Kong International Airport, enabling us to bid for tender projects as main contractor. • We entered into a distribution agreement with China Wealth, pursuant to which China Wealth has granted us the right to distribute various electric construction machinery, such as excavators, dump trucks and lifting platform under the brand name of “SANY” in Hong Kong for a term of three years commencing on 12 June 2024 and ending on 11 June 2027. China Wealth is (i) a fellow subsidiary of Sany Heavy Equipment International Holdings Company Limited (三一重裝國際控股有限公司), being a company listed on the Main Board of the Stock Exchange (stock code: 631) which is principally engaged in the manufacture and sale of mining equipment, logistics equipment, robotic and smart mined products, petroleum equipment, new energy manufacturing equipment, and spare parts and the provision of related services in the PRC; (ii) a fellow subsidiary of Sany Heavy Industry Co., Ltd* (三一重工股份有限公司), being a heavy equipment manufacturing multinational company which is listed on the Shanghai Stock Exchange (stock code: 600031); and (iii) a group company of one of our cornerstone investors, namely Sany Hongkong Group Limited (三一香港集團有限公司). Mr. Liang Wengen (梁穩根先生), a Chinese entrepreneur, is the ultimate beneficial owner of the above companies.

OUR CORPORATE DEVELOPMENT

Our Company and subsidiaries

A brief corporate history of the establishment and major changes in shareholdings of our Company and its operating subsidiaries is set out below.

Our Company

For details regarding the incorporation of our Company, please refer to the paragraph headed “Reorganisation — 2. Incorporation of our Company” in this section.



HISTORY, DEVELOPMENT AND REORGANISATION

Wing Lee Group (Holdings)

Wing Lee Group (Holdings) was incorporated in Hong Kong with limited liability on 15 March 2017. It principally engages in investment holding and is an intermediate holding company of our Group.

On the date of its incorporation, Wing Lee Group (Holdings) allotted and issued one share of HK\$1.00 as fully paid to Mr. Yiu. On 10 April 2017, Wing Lee Group (Holdings) further allotted and issued 36 shares, 23 shares, 20 shares, and 20 shares of HK\$1.00 each as fully paid to Mr. Yiu, Mr. Yiu Wang Lung, Mr. Yiu Fai (being the nephew of Mr. Yiu and the son of Mr. Yiu Wang Lung), and Mr. Chan, respectively, after which they held 37%, 23%, 20% and 20% of the issued share capital of Wing Lee Group (Holdings), respectively.

On 28 March 2019, Wing Lee Group (Holdings) further allotted and issued 5,279 shares, 1,541 shares, 1,740 shares, and 1,340 shares of HK\$1.00 each as fully paid to Mr. Yiu, Mr. Yiu Wang Lung, Mr. Yiu Fai, and Mr. Chan, respectively. Upon completion of the above transactions, Wing Lee Group (Holdings) had 10,000 shares in issue, of which 5,316 shares, 1,564 shares, 1,760 shares, and 1,360 shares were owned by Mr. Yiu, Mr. Yiu Wang Lung, Mr. Yiu Fai, and Mr. Chan, respectively, representing approximately 53.2%, 15.6%, 17.6%, and 13.6% of the issued share capital of Wing Lee Group (Holdings), respectively.

On 25 May 2022, Mr. Yiu Fai transferred (i) 1,484 shares in Wing Lee Group (Holdings) to Mr. Yiu for the total consideration of HK\$4,563,252, comprising a sum of HK\$1,484 and the novation of HK\$4,561,768, being the outstanding amount due from Mr. Yiu Fai to Wing Lee Group (Holdings) in respect of the interest-free and unsecured loan advanced by Wing Lee Group (Holdings) to Mr. Yiu Fai (the “**Debt**”); (ii) 136 shares to Mr. Yiu Wang Lung for the total consideration of HK\$136 paid by Mr. Yiu Wang Lung to Mr. Yiu Fai; and (iii) 140 shares to Mr. Chan for the total consideration of HK\$140 paid by Mr. Chan to Mr. Yiu Fai. Mr. Yiu Fai disposed of his shareholding in Wing Lee Group (Holdings) as he had by then ceased to be involved in the management and operation of our Group and started his own business, as further described in the paragraph headed “Business activities of related companies of Mr. Yiu Fai” in this section. The consideration for the above transfers was determined based on arm’s length negotiations between the parties and on a commercial basis, including Mr. Yiu’s agreement to accept the novation of the Debt to Mr. Yiu solely with effect from 25 May 2022 given that Mr. Yiu was then the largest shareholder of Wing Lee Group (Holdings) and the consideration paid to Mr. Yiu Wang Lung and Mr. Chan being with reference to the nominal value per share given that they did not accept any novation of the Debt (which was solely to Mr. Yiu). The Debt was fully settled by Mr. Yiu on 31 March 2024.



HISTORY, DEVELOPMENT AND REORGANISATION

Upon completion of the above transactions, Wing Lee Group (Holdings) had a total issued share capital of 10,000 shares, of which 6,800 shares were owned by Mr. Yiu, 1,700 shares were owned by Mr. Yiu Wang Lung, and 1,500 shares were owned by Mr. Chan, respectively, representing 68%, 17% and 15% of the issued share capital of Wing Lee Group (Holdings), respectively.

As part of the Reorganisation, Wing Lee Group (Holdings) became an indirect wholly-owned subsidiary of our Company.

Wing Lee Construction

Wing Lee Construction was incorporated in Hong Kong with limited liability on 5 August 2014. It principally engages in sub-contracting of construction, manpower supply, and material supplies.

On the date of its incorporation, Wing Lee Construction allotted and issued 35 shares, 30 shares, and 35 shares of HK\$1.00 each as fully paid to Mr. Yiu, Mr. Yiu Wang Lung, and Mr. Yiu Fai, respectively, representing 35%, 30% and 35% of the issued share capital of Wing Lee Construction, respectively.

On 11 August 2017, Mr. Yiu, Mr. Yiu Wang Lung, and Mr. Yiu Fai transferred 35 shares, 30 shares, and 35 shares respectively, being each of their entire shareholding in Wing Lee Construction, to Wing Lee Group (Holdings) whereupon Wing Lee Construction became a wholly-owned subsidiary of Wing Lee Group (Holdings).

On 18 October 2021, Wing Lee Construction further allotted and issued 11,999,900 shares of HK\$1.00 each as fully paid to Wing Lee Group (Holdings).

As part of the Reorganisation, Wing Lee Construction became an indirect wholly-owned subsidiary of our Company.

Wing Lee Development

Wing Lee Development was incorporated in Hong Kong with limited liability on 10 June 2015. It principally engages in sub-contracting of construction and manpower supply.

On the date of its incorporation, Wing Lee Development allotted and issued 60 shares and 40 shares of HK\$1.00 each as fully paid to Mr. Yiu and Mr. Yiu Fai, respectively, representing 60% and 40% of the issued share capital of Wing Lee Development, respectively.



HISTORY, DEVELOPMENT AND REORGANISATION

On 11 August 2017, Mr. Yiu and Mr. Yiu Fai each transferred their entire shareholding in Wing Lee Development to Wing Lee Group (Holdings) whereupon Wing Lee Development became a wholly-owned subsidiary of Wing Lee Group (Holdings).

As part of the Reorganisation, Wing Lee Development became an indirect wholly-owned subsidiary of our Company.

Tai Shan Engineering

Tai Shan Engineering was incorporated in Hong Kong with limited liability on 16 January 2002. It principally engages in sub-contracting of construction, manpower supply, and material supplies.

On the date of its incorporation, Tai Shan Engineering allotted and issued 25 shares, 10 shares, 15 shares, and 50 shares of HK\$100 each as fully paid to Mr. Chan Sam Ming (being the father of Mr. Chan), Mr. Chan Yin Tang (being the cousin of Mr. Chan), Mr. Wong Siu Wa (being an independent third party), and Tai Shan Holdings Limited (of which Mr. Chan is director and sole shareholder), respectively, representing 25%, 10%, 15% and 50% of the issued share capital of Tai Shan Engineering, respectively. Mr. Yiu was acquainted with Mr. Chan Sam Ming through participating in works project, and became acquainted with Mr. Chan (being the son of Mr. Chan Sam Ming).

On 25 July 2013, Mr. Wong Siu Wa transferred his entire shareholding in Tai Shan Engineering to Mr. Chan Sam Ming.

On 27 September 2016, Mr. Chan Sam Ming and Mr. Chan Yin Tang each transferred their entire shareholding in Tai Shan Engineering to Mr. Chan for the respective total consideration of HK\$1 paid by Mr. Chan to each of Mr. Chan Sam Ming and Mr. Chan Yin Tang; and Tai Shan Holdings Limited transferred 42 shares and 8 shares in Tai Shan Engineering to each of Wing Lee Development and Mr. Chin Tat Yung (being an independent third party), respectively. As a result, Mr. Chan, Wing Lee Development and Mr. Chin Tat Yung owned as to 50 shares, 42 shares and 8 shares in Tai Shan Engineering, respectively, representing 50%, 42% and 8% of the issued share capital of Tai Shan Engineering, respectively.

On 30 November 2016, Wing Lee Development, Mr. Chin Tat Yung, and Mr. Chan each transferred their entire shareholding in Tai Shan Engineering to Wing Lee Group (Holdings) whereupon Tai Shan Engineering became a wholly-owned subsidiary of Wing Lee Group (Holdings). Upon the disposal of his shareholding in Tai Shan Engineering, Mr. Chin Tat Yung was subsequently employed by Tai Shan Engineering as project manager until his departure in April 2023.



HISTORY, DEVELOPMENT AND REORGANISATION

As part of the Reorganisation, Tai Shan Engineering became an indirect wholly-owned subsidiary of our Company.

Wing Lee New Energy

Wing Lee New Energy (formerly known as Sum Hing Construction Limited) was incorporated in Hong Kong with limited liability on 26 February 2015. It principally engages in sub-contracting of construction, manpower supply, and material supplies.

On the date of its incorporation, Wing Lee New Energy allotted and issued 4 shares, 2 shares, 2 shares and 2 shares of HK\$1.00 each as fully paid to Mr. Yiu, Mr. Yiu Wang Lung, Mr. Yiu Fai, and Mr. Kong Hoi Sun (being an independent third party), respectively, representing 40%, 20%, 20% and 20% of the issued share capital of Wing Lee New Energy, respectively.

On 30 June 2016, Mr. Kong Hoi Sun transferred his entire shareholding in Wing Lee New Energy to Mr. Yiu.

On 10 April 2019, Wing Lee New Energy allotted and issued 45 shares of HK\$1.00 each as fully paid to each of Tai Shan Engineering and On Shing Construction Limited, being currently an independent third party (of which Mr. Wong Sai Yiu, a member of the senior management of our Company, was then a director and sole shareholder).

On 18 April 2019, Mr. Yiu, Mr. Yiu Wang Lung and Mr. Yiu Fai each transferred their entire shareholding in Wing Lee New Energy, comprising 6 shares, 2 shares and 2 shares, respectively, to Tai Shan Engineering.

On 19 January 2022, Tai Shan Engineering and On Shing Construction Limited transferred their entire shareholding in Wing Lee New Energy, comprising 55 shares and 45 shares, respectively, to Wing Lee Group (Holdings) for the total consideration of HK\$1.00, respectively, whereupon Wing Lee New Energy became a wholly-owned subsidiary of Wing Lee Group (Holdings). The consideration for the above transfers was determined after arm's length negotiations between the parties and on a commercial basis.

As part of the Reorganisation, Wing Lee New Energy became an indirect wholly-owned subsidiary of our Company.



HISTORY, DEVELOPMENT AND REORGANISATION

Sum Hing Trading

Sum Hing Trading, formerly known as Sum Hing Engineering Limited, was incorporated in Hong Kong with limited liability on 29 August 2005. It principally engages in trading of construction materials.

On the date of its incorporation, Sum Hing Trading allotted and issued 5,500 shares and 4,500 shares of HK\$1.00 each as fully paid to Mr. Yiu and Mr. Yiu Wang Lung, respectively, representing 55% and 45% of the issued share capital of Sum Hing Trading, respectively.

On 22 July 2008, Sum Hing Trading allotted and issued 500 shares, 1,500 shares, 6,000 shares, and 2,000 shares of HK\$1.00 each as fully paid to Mr. Yiu, Mr. Yiu Wang Lung, Mr. Wong Sai Yiu (being a member of the senior management of our Company), and Mr. Yiu Fai, respectively. Upon completion of the above transactions, Sum Hing Trading had 20,000 shares in issue, of which, 6,000 shares, 6,000 shares, 6,000 shares, and 2,000 shares were held by Mr. Yiu, Mr. Yiu Wang Lung, Mr. Wong Sai Yiu, and Mr. Yiu Fai, respectively, representing approximately 30%, 30%, 30%, and 10% of the issued share capital of Sum Hing Trading, respectively.

On 27 October 2010, Mr. Wong Sai Yiu transferred 1,000 shares, 2,000 shares, and 3,000 shares, collectively being his entire shareholding in Sum Hing Trading to each of Mr. Yiu, Mr. Yiu Fai, and Mr. Yu Chu Fai (being an independent third party), respectively.

On 30 March 2015, Mr. Yiu transferred 200 shares to Mr. Yiu Wang Lung; and Mr. Yu Chu Fai transferred 400 shares and 2,600 shares, collectively being his entire shareholding in Sum Hing Trading, to each of Mr. Yiu Wang Lung and Mr. Yiu Fai, respectively.

On 17 August 2017, Mr. Yiu, Mr. Yiu Wang Lung, and Mr. Yiu Fai each transferred their entire shareholding in Sum Hing Trading to Wing Lee Group (Holdings) whereupon Sum Hing Trading became a wholly-owned subsidiary of Wing Lee Group (Holdings).

As part of the Reorganisation, Sum Hing Trading became an indirect wholly-owned subsidiary of our Company.

Kaiser Construction Engineering

Kaiser Construction Engineering was incorporated in Hong Kong with limited liability on 10 February 1999. It principally engages in provision of sub-contracting of construction.



HISTORY, DEVELOPMENT AND REORGANISATION

On the date of its incorporation, Kaiser Construction Engineering allotted and issued 600 shares, 300 shares, and 100 shares of HK\$1.00 each as fully paid to Mr. Sin Wai Hung, Mr. So Kwok Kay, and Mr. Li Ka Lok (each being an independent third party), respectively, representing 60%, 30% and 10% of the issued share capital of Kaiser Construction Engineering, respectively.

After a series of allotments and transfers of shares as well as an increase in the authorised share capital of Kaiser Construction Engineering which took place between September 2000 and December 2016, Kaiser Construction Engineering had 2,200,000 shares in issue, of which 1,320,000 shares, 660,000 shares and 220,000 shares were owned by Mr. Sin Wai Hung, Mr. So Kwok Kay, and Mr. Li Ka Lok, respectively, representing 60%, 30% and 10% of the issued share capital of Kaiser Construction Engineering, respectively.

On 26 April 2017, Mr. Sin Wai Hung, Mr. So Kwok Kay, and Mr. Li Ka Lok each transferred 1,100,000 shares, 660,000 shares, and 220,000 shares to Pang Kee Construction Limited (being an independent third party), respectively.

On 6 July 2017, Pang Kee Construction Limited transferred 1,100,000 shares, 660,000 shares, and 220,000 shares, collectively being its entire shareholding in Kaiser Construction Engineering, to each of Mr. Sin Wai Hung, Mr. So Kwok Kay, and Mr. Li Ka Lok, respectively.

On 10 September 2018, Mr. So Kwok Kay transferred 220,000 shares to Mr. Sin Wai Hung.

On 2 September 2019:

- (a) (i) Mr. Sin Wai Hung transferred 1,320,000 shares to Wing Lee Group (Holdings) at a total consideration of HK\$2,400,000 (which comprised HK\$220,000, being the consideration for the transfer referred to in paragraph (b) below), (ii) Mr. So Kwok Kay transferred 440,000 shares to Wing Lee Group (Holdings) at a total consideration of HK\$800,000, and (iii) Mr. Li Ka Lok transferred 220,000 shares to Wing Lee Group (Holdings) at a total consideration of HK\$400,000; and
- (b) Mr. Sin Wai Hung agreed that the beneficial ownership in respect of the remaining 220,000 shares (the “**Relevant Shares**”) be transferred to Wing Lee Group (Holdings) at a total consideration of HK\$220,000 and held on trust for Wing Lee Group (Holdings) in accordance with a declaration of trust dated 2 September 2019 (the “**Declaration of Trust**”).

The Declaration of Trust was entered into to ensure that Kaiser Construction Engineering continued to comply with the then contractor licensing requirements of the Development Bureau (which included a requirement that Kaiser Construction



HISTORY, DEVELOPMENT AND REORGANISATION

Engineering must have, among others, at least one technical personnel with the relevant qualification and experience) pending the search for a qualified technical personnel to replace Mr. Sin Wai Hung who was then the only qualified technical personnel of Kaiser Construction Engineering.

Upon completion of the above transfers, Kaiser Construction Engineering had 2,200,000 shares in issue, of which 1,980,000 shares were held by Wing Lee Group (Holdings) and 220,000 shares (being the Relevant Shares) were held by Mr. Sin Wai Hung on trust for Wing Lee Group (Holdings), representing 90% and 10% of Kaiser Construction Engineering's total issued share capital, respectively.

After a series of allotments which took place between May 2021 and October 2021, Kaiser Construction Engineering had 11,400,000 shares in issue, of which 11,180,000 shares were held by Wing Lee Group (Holdings) and 220,000 (being the Relevant Shares), were held by Mr. Sin Wai Hung. In May 2022, Mr. Wong Kin Wing, an engineer in Kaiser Construction Engineering, replaced Mr. Sin Wai Hung as a qualified technical personnel in Kaiser Construction Engineering.

On 27 July 2022, at the request of Wing Lee Group (Holdings), Mr. Sin Wai Hung transferred the Relevant Shares, which he held on trust for Wing Lee Group (Holdings) under the Declaration of Trust, to Wing Lee Group (Holdings). The consideration of HK\$220,000 for such transfer, which was paid by Wing Lee Group (Holdings) to Mr. Sin Wai Hung on 2 September 2019 as mentioned above, was deemed fully settled.

As part of the Reorganisation, Kaiser Construction Engineering became an indirect wholly-owned subsidiary of our Company.

Disposals during the Track Record Period

During the Track Record Period, we disposed of our subsidiaries, namely Creative Sun Engineering and Sanying Property, details of which are set out below.

Creative Sun Engineering

Creative Sun Engineering was incorporated in Hong Kong with limited liability on 14 August 2015. It was principally engaged in the provision of interior design, decoration, renovation works and other related services but has been dormant during the financial year commencing from 1 April 2021.



HISTORY, DEVELOPMENT AND REORGANISATION

At the commencement of the Track Record Period, the entire issued share capital of Creative Sun Engineering comprised 100 shares of HK\$1.00 each, of which 75 shares were owned by Wing Lee Development and 25 shares were owned by Mr. Ngai Hong, an independent third party, representing 75% and 25% of the total issued share capital of Creative Sun Engineering.

On 13 August 2021, Mr. Ngai Hong transferred 25 shares in Creative Sun Engineering to Wing Lee Development at a total consideration of HK\$25 as mutually and commercially agreed between Mr. Ngai Hong and Wing Lee Development. Upon completion of the above transfer, Creative Sun Engineering became a wholly-owned subsidiary of Wing Lee Development.

Subsequently, on 13 August 2021, to streamline the business structure of our Group, Wing Lee Development transferred its entire shareholding in Creative Sun Engineering, which was principally engaged in businesses that were not related to the businesses of our Group as disclosed above and was then dormant, to Asone Asia Limited (formerly known as Wing Lee Engineering (Asia) Limited), which was then wholly-owned by Mr. Yiu, the chief executive officer of our Group, the chairman of our Board, an executive Director and one of our Controlling Shareholders, at a nominal consideration of HK\$1.00 given that Creative Sun Engineering was dormant at the time of the above transfer and was properly and legally completed and settled on 13 August 2021. Creative Sun Engineering had a net loss of approximately HK\$518,000 based on its then latest available financial statements as at 30 June 2021. Upon completion of the above transfer on 13 August 2021, Creative Sun Engineering ceased to be a member of our Group. Please refer to the paragraph headed “Financial Information — Other gains” in this prospectus regarding gain recorded by our Group on above transfer.

Our Directors are of the view that the disposal of Creative Sun Engineering did not have any material adverse impact on the business and financial performance of our Group and confirm that Creative Sun Engineering did not have any subsisting claim or litigation against it at the time of its disposal by Wing Lee Development to Asone Asia Limited (formerly known as Wing Lee Engineering (Asia) Limited); and that Creative Sun Engineering, its directors, shareholders and senior management had not been the subject of any material non-compliant incidents, claims, litigation and/or legal proceedings (whether actual or threatened) since their establishment up to the date of disposal. Mr. Yiu confirms that he does not intend to conduct any business with Creative Sun Engineering following its disposal.



HISTORY, DEVELOPMENT AND REORGANISATION

Sanying Property

Sanying Property was incorporated in Hong Kong with limited liability on 5 December 2017. It had not commenced business since incorporation.

Upon commencement of the Track Record Period, the entire issued share capital of Sanying Property, which comprised one share of HK\$1.00, was wholly-owned by Wing Lee Group (Holdings).

On 8 November 2022, to streamline the business structure of our Group, Wing Lee Group (Holdings) transferred its entire shareholding in Sanying Property to Mr. Yiu, the chief executive officer of our Group, the chairman of our Board, an executive Director and one of our Controlling Shareholders, at a nominal consideration was HK\$1.00 given that Sanying Property had not commenced any business activities. The above transfer was properly and legally completed and settled on 8 November 2022. Upon completion of the above transfer on 8 November 2022, Sanying Property, which had a net loss of approximately HK\$300 based on its then latest available unaudited management account as at 30 September 2022, ceased to be a member of our Group. Please refer to the paragraph headed “Financial Information — Other gains” in this prospectus regarding gain recorded by our Group on above transfer.

Our Directors are of the view that the disposal of Sanying Property did not have any material adverse impact on the business and financial performance of our Group and confirm that Sanying Property did not have any subsisting claim or litigation against it at the time of its disposal by Wing Lee Group (Holdings) to Sanying Property; and that Sanying Property, its directors, shareholders and senior management had not been the subject of any material non-compliant incidents, claims, litigation and/or legal proceedings (whether actual or threatened) since their establishment up to the date of disposal. Mr. Yiu confirms that he does not intend to conduct any business with Sanying Property following its disposal.

Business activities of related companies of Mr. Yiu Fai

Mr. Yiu Fai, aged 39, is the nephew of Mr. Yiu and the son of Mr. Yiu Wang Lung, who are our Controlling Shareholders and executive Directors.

Mr. Yiu Fai was a director of various subsidiaries of our Group and was a shareholder of various subsidiaries of our Group as mentioned above in the sub-section headed “Our Company and subsidiaries”. He resigned and left our Group as a director of our various subsidiaries in or around November 2020 even though the filings with the Registrar of Companies of Hong Kong indicated that he resigned in or around March 2022 and were dated March 2022 and in the case of Sum Hing Trading, in August 2022, due to a delay in such filings. Under



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Ordinance, a company and its responsible persons, such as directors, are liable to a fine for delay in filing at level 4 (being HK\$25,000) and in the case of a continuing offence, a further fine of HK\$700 for each day during which the offence continues. However, as no offences under the Companies Ordinance shall be tried beyond three years from the date of breaches, the Hong Kong Legal Counsel has opined that there is no risk of liability for our Group or our officers on the above breaches which occurred more than three years ago. In any event, as at the Latest Practicable Date, no penalty had been imposed on our Group or our Directors.

Notwithstanding the above, from November 2020, Mr. Yiu Fai had left our Group to start his own business and ceased to be involved in the management and operations of our Group. Since then, both Mr. Yiu Fai, through the following companies where he is a director and a shareholder (the “**YF Group Companies**”), and our Group, have undertaken minor civil works, road and drainage works for private developers, and underground and electrical cable engineering works for the CLP Group (the “**CLP Group Projects**”):

	Name of Company	Principal business activities	Shareholding
1.	Kai Fung Construction Co., Limited 啟豐建築有限公司 (“ Kai Fung Construction ”)	The CLP Group Projects in Shatin district	100%
2.	Golden Jade Construction Co. Limited 金碧建築有限公司	To undertake road and drainage works in private sector (currently has no business)	100%
3.	King Fight Construction Co. Limited 輝煌(集團)控股有限公司	To undertake private construction projects other than the CLP Group Projects (currently has no business)	80%
4.	Yan Kiu Construction & Engineering Co., Ltd. 焮翹建築工程有限公司 (“ Yan Kiu Construction ”)	The CLP Group Projects in Sheung Shui district	50%

Save and except Kai Fung Construction and Yan Kiu Construction, to the best knowledge and information of our Directors and as confirmed by Mr. Yiu Fai, the other YF Group Companies have no business as at the Latest Practicable Date. For the financial year ended 31 March 2024, the total revenue of Kai Fung Construction and Yan Kiu Construction was approximately HK\$58.9



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million and HK\$54.7 million, respectively. To the best knowledge and information of our Directors, the YF Group Companies do not hold any construction or engineering related licence as at the Latest Practicable Date.

During the Track Record Period, the customers of the YF Group Companies mainly included Kum Shing Construction.

During the Track Record Period, Kum Shing Construction, being a main contractor of the CLP Group Projects, was both a customer of the YF Group Companies and one of our top five customers during FY2021/22 and FY2022/23 where both the YF Group Companies and our Group were engaged as the subcontractors of Kum Shing Construction for the CLP Group Projects. However, our Group undertakes the CLP Group Projects in Sham Shui Po and Wong Tai Sin zones (under Master Agreement A) and Tsuen Wan zone (under Master Agreement B) whereas the YF Group Companies undertake the CLP Group Projects in Shatin and Sheung Shui zones. Our Directors confirm that during the Track Record Period and up to the Latest Practicable Date, the YF Group Companies and our Group had not tendered for nor been awarded the same projects, including without limitation, the CLP Group Projects.

While the YF Group Companies carry out business activities that are similar to the businesses of our Group, the businesses of the YF Group Companies are delineated from and are not competing with our businesses (and as such, none of the YF Group Companies will compete with our Group's business) in that:

- the YF Group Companies do not undertake minor civil works and road and drainage works for any Government department;
- none of the YF Group Companies are on the List of Approved Contractors for Public Works;
- none of the YF Group Companies have submitted tenders for the CLP Group Projects in Sham Shui Po, Wong Tai Sin and Tsuen Wan where the CLP Group Projects undertaken by our Group are located;
- based on the list of suppliers of the YF Group Companies and our Group during the Track Record Period and up to the Latest Practicable Date, the YF Group Companies and our Group have independent access to suppliers for procurement of materials and had not engaged the same supplier involving the same projects; and



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- based on the list of subcontractors of the YF Group Companies and our Group during the Track Record Period and up to the Latest Practicable Date, the YF Group Companies and our Group have independent access to subcontractors, and had not engaged the same subcontractors involving the same projects.

In any event, while Mr. Yiu Fai is a connected person of our Group by virtue of him being the son of Mr. Yiu Wang Lung, he is not a close associate (as defined in the Listing Rules) of Mr. Yiu Wang Lung for the purposes of Rule 8.10 of the Listing Rules.

During the Track Record Period, we provided construction services, truck rental services and supplied materials to Kai Fung Construction and separately, Kai Fung Construction also supplied materials to us, both on arm's length basis. Accordingly, Kai Fung Construction was both our customer and supplier during the Track Record Period. The amounts of the above transactions between our Group and Kai Fung Construction during the Track Record Period are set out below:

Services provided by our Group to Kai Fung Construction:

	FY2021/22	FY2022/23	FY2023/24
	(HK\$'000)	(HK\$'000)	(HK\$'000)
— Construction services	155	—	23
— Sales of materials	230	86	—
— Rental of truck	93	—	—
Total	478	86	23

Construction service

- Background

Kai Fung Construction engaged our Group as a subcontractor in a solar PV system installation project for a warehouse in Sai Sha (in Sai Kung district) in March 2021, and completed in October 2023 (the “**Solar Project**”). The total contract sum for the Solar Project amounted to approximately HK\$178,000, of which, approximately HK\$155,000 was recognised for FY2021/22 and approximately HK\$23,000 was recognised for FY2023/24 when the defect liabilities period ended.



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- Reason for the engagement for Solar Project

Kai Fung Construction is principally engaged in civil and electrical cable engineering, while our Group's main business activities include civil and electrical cable engineering as well as solar PV system works. Specifically, for the solar PV system works segment, our Group has specialised in the design, installation, and maintenance of solar PV systems since 2018. Our Group has built a team of experienced personnel and established a stable network of suppliers to perform the construction works and source quality raw materials for this segment. As a result, Kai Fung Construction engaged our Group as a subcontractor for the Solar Project, leveraging our Group's track record in this area. Our Directors confirm that this transaction was conducted on an arm's length basis, with terms no less favourable than those available from independent third parties.

Sales of material

- Background

Our Group occasionally supplied construction materials, for instance, cables and quartz sand to Kai Fung Construction in FY2021/22 and FY2022/23. The total revenue derived from the sales of materials amounted to approximately HK\$230,000 for FY2021/22, and approximately HK\$86,000 for FY2022/23.

- Reason for the supply of construction materials

Both Kai Fung Construction and our Group have been engaged in the CLP Group Projects since December 2020. Specifically, our Group undertakes the CLP Group Projects located in the Sham Shui Po, Wong Tai Sin, Tsuen Wan and Yuen Long districts, while Kai Fung Construction is responsible for the projects in the Shatin district. The job nature of the CLP Group Projects is similar across different districts, and the raw materials required are the same. Due to the high volume of work orders, our Group often makes bulk purchases of the necessary raw materials for the CLP Group Projects. As a result, Kai Fung occasionally purchased some of these materials from our Group when they were in urgent needs. Our Directors confirm that this transaction was conducted on an arm's length basis, with terms no less favourable than those available to independent third parties.



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Rental of truck

- Background

Our Group occasionally rented a clam truck to Kai Fung Construction in FY2021/22 on monthly basis. The total revenue derived from the rental of truck amounted to approximately HK\$93,000 for FY2021/22.

- Reason for the supply of truck

As mentioned above, both Kai Fung Construction and our Group have been engaged in the CLP Group Projects. In terms of business scale, our Group is larger than Kai Fung Construction, as the CLP Group Projects have been Kai Fung Construction's principal business. As a result, Kai Fung Construction owned only a few trucks to support its operations in a cost-efficient manner. Kai Fung Construction occasionally rented a clam truck from our Group on monthly basis in FY2021/22, as Kai Fung Construction experienced sudden high volume of work orders under the CLP Group Projects, and was in need for additional work capacity. Our Directors confirm that this transaction between Kai Fung Construction and our Group was conducted on an arm's length basis, with terms no less favourable than those available to independent third parties.

Cost paid to Kai Fung Construction by our Group:

	<u>FY2021/22</u>	<u>FY2022/23</u>	<u>FY2023/24</u>
	(HK\$'000)	(HK\$'000)	(HK\$'000)
— Purchase of material.	172	132	4

- Background

Our Group occasionally purchased construction materials, for instance, cable end caps and end caps pilot from Kai Fung Construction during the Track Record Period. The total purchase cost paid to Kai Fung Construction amounted to approximately HKD172,000, HKD132,000 and HKD4,000 for FY2021/22, FY2022/23 and FY2023/24, respectively.

- Reason for the purchase of material

As previously stated, the job nature for the CLP Group Projects remain consistent across various districts, and the necessary raw materials are identical. Kai Fung Construction purchased the same raw materials for these projects as our Group does. Occasionally, due to a high volume of

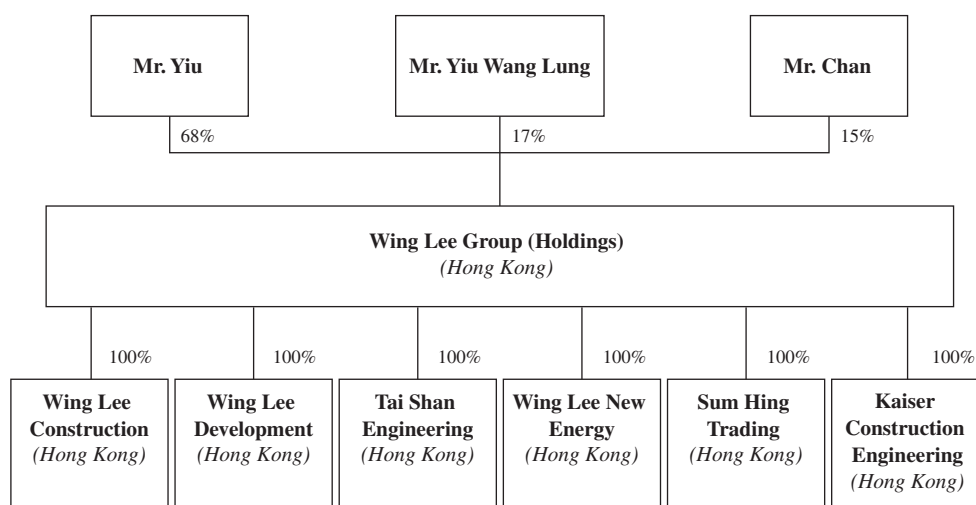


HISTORY, DEVELOPMENT AND REORGANISATION

work orders, our Group purchased some of these materials from Kai Fung Construction when we were in urgent needs. Our Directors confirm that this transaction was conducted on an arm's length basis, with terms no less favourable than those available to independent third parties.

REORGANISATION

In preparation for the Listing, our Group underwent the Reorganisation which involved a series of steps. The chart below sets out the corporate structure of our Group immediately before the Reorganisation:



The Reorganisation involved the following steps:

1. Incorporation of Wing Lee Green Development

On 17 May 2024, Wing Lee Green Development was incorporated in the BVI as a limited liability company and is authorised to issue up to a maximum of 50,000 ordinary shares without par value.

On the date of its incorporation, 68 shares, 17 shares and 15 shares were initially allotted and issued each as fully paid to Mr. Yiu, Mr. Yiu Wang Lung and Mr. Chan at the subscription price of US\$1.00 each, respectively, as the initial subscribers, representing 100% of the issued share capital of Wing Lee Green Development.



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2. Incorporation of our Company

On 17 May 2024, our Company was incorporated in the Cayman Islands as an exempted company with limited liability. As at the date of its incorporation, it had an authorised share capital of HK\$380,000 divided into 38,000,000 ordinary shares of par value of HK\$0.01 each.

On the date of its incorporation, our Company allotted and issued one subscriber Share at par and credited as fully paid to a nominee subscriber, being an independent third party. On the same date, the nominee subscriber as transferor executed an instrument of transfer in favour of Wing Lee Green Development, pursuant to which the nominee subscriber transferred the one subscriber Share, representing the entire issued share capital of our Company, to Wing Lee Green Development.

Upon completion of the above transfer, the issued share capital of our Company then became wholly-owned by Wing Lee Green Development.

On 27 June 2024, our Company was registered with the Registrar of Companies in Hong Kong as a non-Hong Kong company under Part 16 of the Companies Ordinance.

3. Incorporation of Wing Lee Green Technology

On 28 May 2024, Wing Lee Green Technology was incorporated in the BVI as a limited liability company and is authorised to issue up to a maximum of 50,000 ordinary shares without par value.

On the date of its incorporation, Wing Lee Green Technology allotted and issued one share as fully paid to our Company at the subscription price of US\$1.00, and all the issued shares of Wing Lee Green Technology became wholly-owned by our Company.

4. Acquisition of the entire issued share capital in Wing Lee Group (Holdings) by Wing Lee Green Technology

On 26 June 2024, a share sale and purchase agreement was entered into among Mr. Yiu, Mr. Yiu Wang Lung and Mr. Chan (collectively, as vendors), our Company (as purchaser) and Wing Lee Green Technology, pursuant to which Mr. Yiu, Mr. Yiu Wang Lung and Mr. Chan agreed to sell, and our Company agreed to purchase, 6,800, 1,700 and 1,500 shares, respectively, representing the entire issued share capital of Wing Lee Group (Holdings) (the “**WLG Acquisition**”).



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In consideration of Mr. Yiu, Mr. Yiu Wang Lung and Mr. Chan agreeing to sell their respective shares held in Wing Lee Group (Holdings) as mentioned above, our Company allotted and issued 999 shares of HK\$0.01 each (the “**Consideration Shares**”), credited as fully paid, to Wing Lee Green Development at the direction of Mr. Yiu, Mr. Yiu Wang Lung and Mr. Chan.

Upon completion of the WLG Acquisition, Wing Lee Group (Holdings) became a wholly-owned subsidiary of our Company.

5. Increase in the authorised share capital of our Company

On 20 September 2024, the authorised share capital of our Company was increased from HK\$380,000 divided into 38,000,000 shares of par value HK\$0.01 each to HK\$15,000,000 divided into 1,500,000,000 Shares of par value HK\$0.01 each, by the creation of an additional 1,462,000,000 new shares of par value of HK\$0.01 each, ranking pari passu with the shares of our Company then in issue in all respects.

6. Capitalisation Issue

Conditional upon the share premium account of our Company having sufficient balance, or otherwise being credited with the proceeds of the Share Offer, an appropriate sum will be capitalised and applied in paying up in full such number of Shares to be allotted and issued to the shareholders whose names are on the register of members or the principal share register of our Company at the close of business on the date of the prospectus of our Company to be issued in proportion (as nearly as possible without involving fraction) to their existing shareholdings in our Company so that the aggregate number of Shares so allotted and issued will constitute not more than approximately 75% of the issued share capital of our Company (without taking into account any Shares that may be issued pursuant to the exercise of the Over-allotment Option or any option which may be granted under the Share Option Scheme and any Shares that may be granted under the Share Award Scheme) (the “**Capitalisation Issue**”).

7. Share Offer

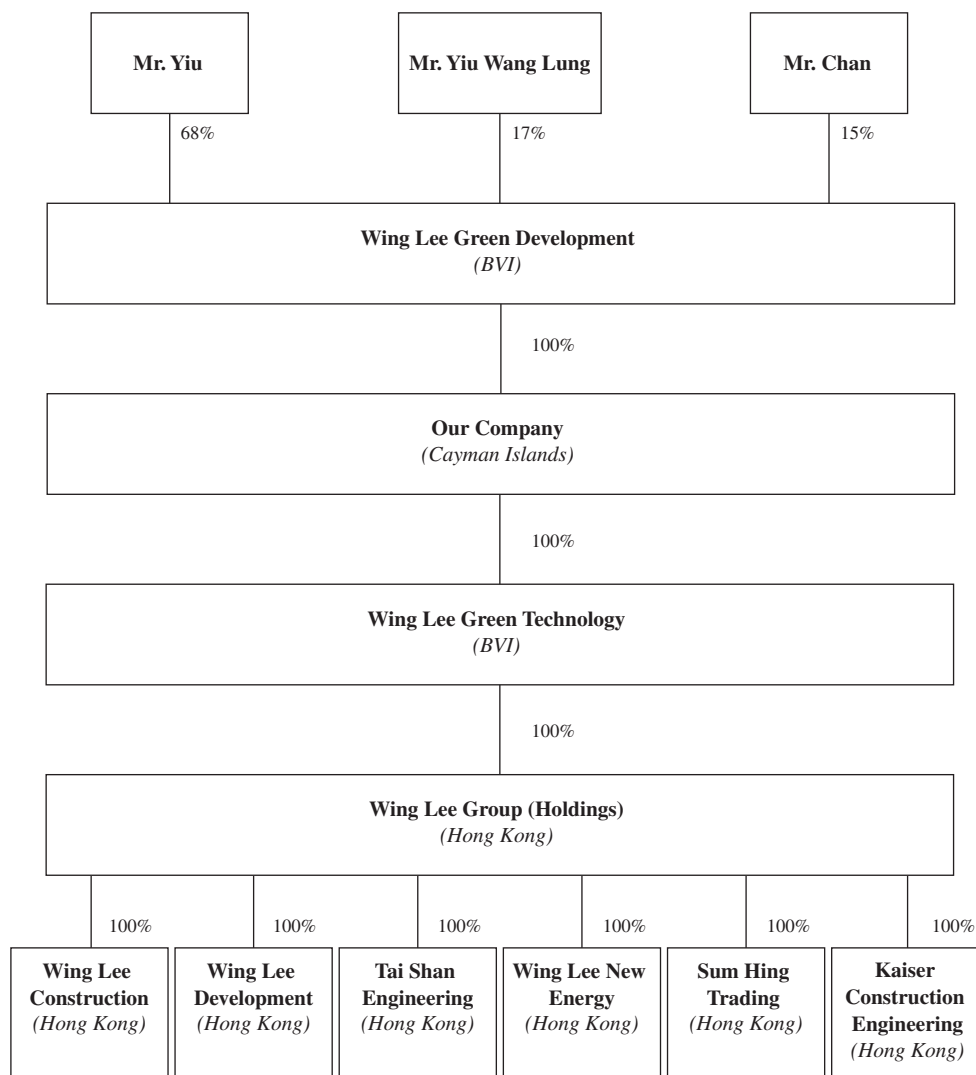
A total of 250,000,000 Offer Shares, comprising 25,000,000 Public Offer Shares and 225,000,000 Placing Shares will be offered for subscription/purchase by way of share offer, representing approximately 25% of the enlarged issued share capital of our Company upon the Listing (assuming the Over-allotment Option and options which may be granted under the Share Option Scheme are not exercised and no Shares are granted under the Share Award Scheme).



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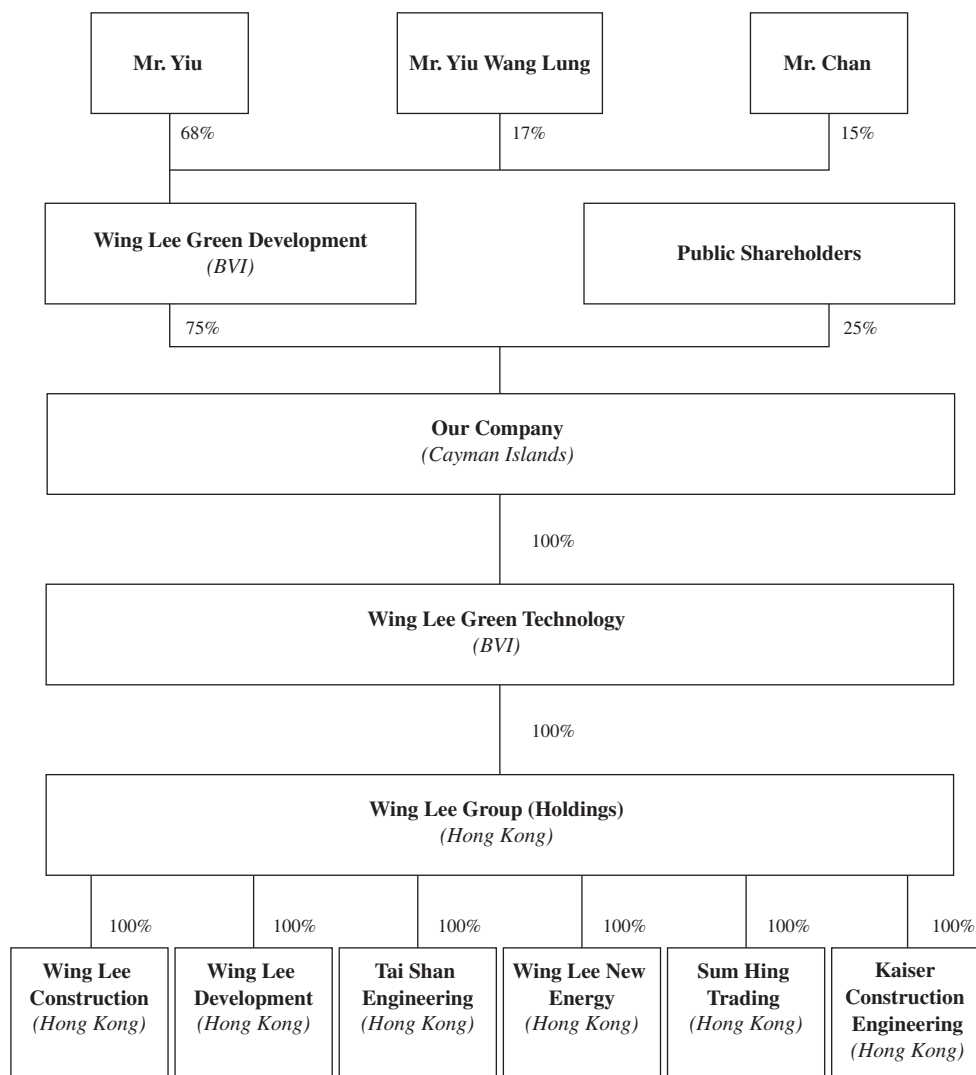
CORPORATE STRUCTURE

The following chart sets out the corporate structure of our Group immediately after the Reorganisation but before the Capitalisation Issue and the Share Offer:



HISTORY, DEVELOPMENT AND REORGANISATION

The chart below sets out the corporate structure of our Group immediately after the Capitalisation Issue and the Share Offer (assuming the Over-allotment Option and options which may be granted under the Share Option Scheme are not exercised and no Shares are granted under the Share Award Scheme):



OVERVIEW

We are an established contractor in Hong Kong engaged in civil and electrical cable engineering and solar PV system works. Our civil engineering works specialise in site formation works and road and drainage works, and our electrical cable engineering works specialise in cable trenching, laying and jointing works. For solar PV system works, we specialise in design, installation and maintenance works of solar PV systems. To a lesser extent, during the Track Record Period, we leased machinery and traded construction materials to contractors and subcontractors on an ad hoc basis in a limited number of projects (mainly Project No. #01) in which we participated in.

Our site formation works generally include earthworks, excavation and installation of steel structures. Our road and drainage works mainly include construction and modification of roads, carriageway and pavement, construction of covered walkways, renovation of subways and footbridges, provision of universal accessibility facilities at footbridges, elevated walkways and subways, construction of drainage systems, manholes, cable trenches and installation of water mains and sewerage pipes.

Our electrical cable engineering works generally include cable trenching, laying and jointing, and involve excavation, reinstatement and miscellaneous construction (such as concrete draw) works, traffic impact assessment as well as emergency and cable fault repair. According to the Industry Report, our Group is the largest power cabling and civil pipeline installation subcontractor in Hong Kong in 2023 with the market share of approximately 13.6% based on our revenue for FY2023/24. Our Directors recognised the growing importance of renewable energy and sustainable development which are two of the main drivers for Hong Kong's future development. Starting from 2019 and during the Track Record Period, our Group also performed design, installation and maintenance works of solar PV systems under our business segment of solar PV systems.

During the Track Record Period, we participated in certain major infrastructure projects in Hong Kong for each of our segments. For example:

- (i) in respect of our site formation works, we were one of the subcontractors participating in the infrastructure project at the third runway of the Hong Kong International Airport (i.e. the Third Runway Projects);
- (ii) in respect of our road and drainage works, we were the main contractor of a Government department for a village sewerage project at Mui Wo with a contract sum of approximately HK\$99.1 million; and



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(iii) in respect of our electrical cable engineering works, we are directly contracted by CLP Group, being a group of companies providing electricity to more than 80% of the Hong Kong's population, to provide zonal cable trenching, laying and jointing works as well as emergency and cable fault repair under the Master Agreement A in which we covered the Sham Shui Po and Wong Tai Sin zones. We are also a subcontractor of CLP Group's main contractor to provide zonal cable trenching, laying and jointing works as well as emergency and cable fault repair under the Master Agreement B in which we covered the Tsuen Wan zone. For the salient terms of the Master Agreement A and the Master Agreement B, please refer to the paragraph headed "Our Customers — Master Agreement A and Master Agreement B for electrical cable engineering works" in this section. We are the only direct subcontractor of CLPe Solutions Limited and Kum Shing Construction (both as main contractors) for the scope of works set out in the Master Agreement A and the Master Agreement B (i.e. cable trenching, laying and jointing works as well as emergency and cable fault repair), respectively.

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

	FY2021/22		FY2022/23		FY2023/24	
	HK\$'000	%	HK\$'000	%	HK\$'000	%
Civil engineering:	278,276	53.5	175,411	48.6	365,454	69.5
— Site formation works	263,022	50.6	114,596	31.8	309,429	58.8
— Road and drainage works	15,254	2.9	60,815	16.8	56,025	10.7
Electrical cable engineering	127,638	24.5	125,409	34.7	113,244	21.5
Solar PV system.	32,907	6.3	38,043	10.5	44,308	8.4
Total service revenue	438,821	84.3	338,863	93.8	523,006	99.4
Leasing of machinery.	37,774	7.3	14,917	4.1	1,029	0.2
Sales of materials.	43,756	8.4	7,427	2.1	2,064	0.4
Total other revenue	81,530	15.7	22,344	6.2	3,093	0.6
Total revenue	520,351	100	361,207	100	526,099	100

For FY2021/22, FY2022/23 and FY2023/24, there were 43, 59 and 73 projects which contributed a total of approximately HK\$438.8 million, HK\$338.9 million and HK\$523.0 million to our service revenue, respectively. As at 31 July 2024, we had 27 projects on hand with backlog value of approximately HK\$815.5 million. For further details, please refer to the paragraph headed "Projects on hand" below in this section.



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During the Track Record Period, we were mainly engaged in public sector projects in Hong Kong. Our site formation works and road and drainage works projects were mainly public sector projects during the Track Record Period. The customers of our public sector projects included various Government departments and main contractors engaged under such projects in which the project owners are Government departments or statutory bodies of the Government. To a lesser extent, we were also engaged in private sector projects in Hong Kong. Our electrical cable engineering works projects were mainly private sector projects during the Track Record Period. The customers of our private sector projects were main contractors engaged under such projects or the project owners which mainly included the CLP Group. The following table sets forth a breakdown of our service revenue during the Track Record Period by reference to project sectors:

	FY2021/22		FY2022/23		FY2023/24	
	HK\$'000	%	HK\$'000	%	HK\$'000	%
Public sector	288,036	65.6	197,743	58.4	382,976	73.2
Private sector	150,785	34.4	141,120	41.6	140,030	26.8
Total service revenue	438,821	100	338,863	100	523,006	100

We undertook projects in the capacity as main contractor and subcontractor during the Track Record Period. The following table sets forth a breakdown of our service revenue by our role as main contractor or subcontractor during the Track Record Period:

	FY2021/22		FY2022/23		FY2023/24	
	HK\$'000	%	HK\$'000	%	HK\$'000	%
Main contractor	17,353	4.0	63,078	18.6	58,136	11.1
Subcontractor ^(Note)	421,468	96.0	275,785	81.4	464,870	88.9
Total service revenue	438,821	100	338,863	100	523,006	100

Note: In respect of the Master Agreement A with CLPe Solutions Limited, we are the subcontractor in which CLPe Solutions Limited is a company within the CLP Group. Our revenue attributable to the Master Agreement A amounted to approximately HK\$70.3 million, HK\$79.3 million and HK\$81.4 million for FY2021/22, FY2022/23 and FY2023/24, respectively.

We maintain a pool of site workers who are capable of undertaking different types of construction works. Depending on our capability, resources level, cost effectiveness and the complexity of the project, we may subcontract specific parts of the project, such as piling, reinforcement bar fixing and structural steelwork, to our subcontractors which are on our approved list of subcontractors. Typically, our major responsibilities as main contractor in a project include (i) arranging site preparatory and preliminary works; (ii) engaging and supervising our subcontractors; (iii) monitoring the implementation of site works; (iv) conducting site safety



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supervision and quality control; and (v) developing detailed work schedule and work allocation plan. For FY2021/22, FY2022/23 and FY2023/24, we incurred subcontracting fees of approximately HK\$131.9 million, HK\$97.9 million and HK\$143.4 million, representing approximately 30.9%, 34.3% and 35.5% of our total cost of services, respectively.

Our Group possesses various licences and qualifications which enable us to undertake projects as main contractor and subcontractor across the public and private sectors. Our Group is registered with the EMSD as a registered electrical contractor. Besides, our Group is registered on the List of Approved Contractors for Public Works maintained by the Development Bureau under Group A on probation of the Roads and Drainage category, such that we are eligible to directly tender for public works contracts under such category of value not exceeding HK\$150 million. Our Group intends to apply for the “confirmed” status in respect of the probationary status of the List of Approved Contractors for Public Works under the category of Roads and Drainage (Group A) upon satisfaction of all the required conditions including (i) satisfactory completion or execution for a period of two consecutive years within the past five years, as the main contractor, of one Government contract; (ii) reaching over 50% of the applicable prevailing authorized contract value of Group A (i.e. HK\$75 million); and (iii) having experience in (a) construction of concrete carriageway; and (b) laying of pre-cast concrete pipes of various diameters. Our Directors are of the view that there should not be any obstacle in applying for the “confirmed” status once our Group satisfies all the aforesaid conditions and be eligible to lodge such application upon completion of Project No. #06 in June 2025. Meanwhile, subcontractors engaged under public sector projects initiated by the Government are generally required to possess registration under the Registered Specialist Trade Contractors Scheme of the Construction Industry Council. Two of our operating subsidiaries, namely Wing Lee Construction and Tai Shan Engineering, are currently registered specialist trade contractors and registered subcontractors under the Registered Specialist Trade Contractors Scheme of the Construction Industry Council. For further details of our licences and qualifications, please refer to the paragraph headed “Licences and registrations” below in this section.

COMPETITIVE STRENGTHS

We believe that our competitive strengths include the following:

We have an established track record in the civil and electrical cable engineering industries in Hong Kong

The history of our Group can be traced back to 2005, when Mr. Yiu established Sum Hing Trading, being the first subsidiary of our Group. In our operating history of over 18 years, we gradually established ourselves in both the civil and electrical cable engineering industries. For details of our historical development, please refer to the paragraph headed “Historical development



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and Reorganisation — History” in this prospectus. During the Track Record Period, we had completed 79 projects, and as at 31 July 2024 we currently have 27 projects in progress. In addition, we take pride in our participation in sizeable infrastructure projects during the Track Record Period such as the Third Runway Projects at the Hong Kong International Airport and are of one of the subcontractors of the CLP Group/CLP Group’s main contractor to provide zonal cable trenching, laying and jointing, covering the Shum Shui Po, Wong Tai Sin and Tsuen Wan zones. According to the Industry Report, our Group is the largest power cabling and civil pipeline installation subcontractor in Hong Kong in 2023 with the market share of approximately 13.6% based on revenue for FY2023/24.

We believe that our proven track record, our diverse experience and expertise, and our ability to deliver works on time are the crucial factors that enable us to gain trust from our customers and give us a competitive edge when tendering for projects.

We have diverse experience and capabilities in a wide spectrum of construction services

Throughout the years of our operation, we have accumulated diverse expertise and experience in a variety of construction services ranging from site formation works and road and drainage works in civil engineering, to cable trenching, laying and jointing works in electrical cable engineering, to solar PV works. For details of our scope of services, please refer to the paragraph headed “Description of our services” in this section. Our diverse experience and capabilities allow us to provide specific types of construction services as well as integrated construction services in a wide range of construction projects. Further, our wide range of construction services help us cross-sell our services to our customers. For instance, sizeable development projects sometimes require main contractors to engage several different subcontractors across various areas of works. With our expertise in a broad range of construction works, we are able to offer multiple types of construction services as a whole package to our customers, thereby reducing the need for our customers to engage numerous subcontractors to perform different types of works. According to the Industry Report, the Government focuses on infrastructure development and continues to allocate substantial funds to such projects such as the Northern Metropolis Development, Hung Shui Kiu/Ha Tsuen New Development Area, Hong Kong-Shenzhen Innovation and Technology Park, Tung Chung Line Extension, site formation and infrastructure works for public housing development in Wang Chau etc. as outlined in the Policy Address 2023 and the 2024/2025 Budget. We believe that our extensive industry experience enables us to cater for the needs of our customers, which positions us to take on a wide range of customers and business opportunities, particularly in the upcoming sizeable infrastructure projects in Hong Kong.

We believe that our diverse experience and capabilities give us a competitive edge in bidding for new projects.



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We possess our own labour and own a fleet of machinery and equipment to undertake a wide range of construction projects

We possess our own labour. As at the Latest Practicable Date, we had a total of a workforce of 376 employees which included project managers, engineers, safety managers, procurement managers, foremen and finance and administration staff. For details of our employees, please refer to the paragraph headed “Employees” in this section. In addition, we have our own machinery and equipment including excavators, road rollers, crawler cranes, generators and dump trucks for performing different types of civil and electrical cable engineering works. As at the Latest Practicable Date, our self-owned machinery included 87 excavators, 12 road rollers, 3 crawler cranes, 11 generators and 66 dump trucks. For details of our self-owned machinery, please refer to the paragraph headed “Machinery” in this section. Our executive Directors believe that our possession of manpower and our investment in machinery and equipment give us the flexibility and enable us (i) to cater for our projects of different scales and complexities; (ii) to deploy our own labour and machinery and equipment which in turn would improve our efficiency and schedule planning; and (iii) to reduce our reliance on subcontractors/suppliers in providing the required manpower, machinery and equipment for our projects which in turn would facilitate us in maintaining the competitiveness of our pricing.

Our management team is experienced and is up-to-date with the development of the construction industry

Our management team has extensive industry knowledge and project experience in the construction industries in Hong Kong. Mr. Yiu, the chairman of our Board, the chief executive officer of our Group, executive Director and one of our founders, has over 26 years of experience in the civil and electrical cable engineering industries. Mr. Yiu is primarily responsible for the overall management, formulation of business strategies, project management and day-to-day management of the operations of our Group. Mr. Yiu Wang Lung, an executive Director and one of our founders, has over 18 years of experience in the civil and electrical cable engineering industries. Mr. Yiu Wang Lung is primarily responsible for the overall project management and day-to-day management of the operations of our Group. Mr. Chan, an executive Director, has over nine years of experience in the civil and electrical cable engineering industries. Mr. Chan is primarily responsible for the day-to-day project management and day-to-day management of the operations of our Group. Our executive Directors are supported by our senior management team consisting of five personnel, who possess practical skills and experience as required in handling our projects. For example, Mr. Wong Sai Yiu and Mr. Mok Chiu Po, our Deputy General Managers, has over 15 and 19 years of experience in the civil and electrical cable engineering industries, respectively. For further details regarding the background and experience of our management team, please refer to the section headed “Directors and Senior Management” in this prospectus.



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Under the leadership of Mr. Yiu, Mr. Yiu Wang Lung and Mr. Chan, we have a dedicated executive team in liaising with our existing and potential customers for their needs and market trends. In particular, we maintain frequent interactions with our customers for their feedbacks on the quality of our services. Our executive Directors believe that our management's technical expertise and professional knowledge of the industry have been our Group's assets and will continue to strengthen our competitiveness in the industry.

In addition, our Directors recognised the growing importance of renewable energy and sustainable development which are two of the main drivers for Hong Kong's future development in which the Government has taken actions to promote the development of renewable energy such as the implementation of Feed-in-Tariff (FiT). According to the Industry Report, FiT is an important initiative to promote the development of renewable energy under the current Scheme of Control Agreements, which were signed between the Government and two power companies, namely the HK Electric and CLP Holdings in April 2017. The applications of the FiT scheme increased from 60 in 2018 to over 18,000 in 2021 based on the latest published information as at the Latest Practicable Date. With the concerted effort from the community, the solar among renewable energy significantly increased by 47 terajoules in 2018 to 432 terajoules in 2021 and further increased to 754 TJ in 2022, according to the "Hong Kong Energy End-use Data 2024" released by the EMSD in September 2024, mainly due to the FiT scheme. Further, as of the year end of 2023, more than 2,000 solar energy projects have been completed under the FiT scheme. The FIT scheme in Hong Kong has experienced continued growth, with approved generation capacity increasing from 90 kWh in 2019 to 376 kWh in 2023. The annual growth rates for approved generation capacity in 2022 and 2023 were 26.8% and 11.9%, respectively, which are lower than the annual growth rates of 94.4% in 2020 and 51.4% in 2021. This flattening growth rate was primarily due to a base effect, as annual increments were measured against a higher generation capacity in the previous year. Although growth rates have moderated in recent years and FIT tariff rates were reduced in 2022 — adjusting the FIT rates from HKD3–HKD5 per kw to HKD2.5–HKD4 per kw — participation remains robust. This is largely due to falling solar panel prices, which offset the impact of lower tariffs by reducing overall installation costs. The scheme's trajectory indicates sustained interest in renewable energy adoption in Hong Kong, despite some flattening in growth rates compared to the rapid expansion seen in 2020–2021. These trends suggest a stabilising market that continues to support our Group's business and financial performance in Solar PV system segment. Overall, the participation in the FiT Scheme reflects a positive trend toward renewable energy adoption in Hong Kong, driven by awareness, incentives, and supportive policies. This momentum is crucial for achieving long-term sustainability and energy goals. Starting from 2019 and during the Track Record Period, our Group also performed design, installation and maintenance works of solar PV systems under our business segment of solar PV system.



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We impose a stringent quality control and high safety standard and environmental impact control

We place emphasis on providing consistently high quality services. We have adopted and implemented a quality control system that complies with international standards. Our quality management system has been certified to satisfy the requirement of ISO 9001:2015. We have also set up an occupational health and safety system to promote safe working practice among all employees and to prevent the occurrence of accidents through safety inspections. Our health and safety management system has been certified to be in conformance with ISO 45001:2018. Further, we have also set up an environmental management system to promote environmental awareness and to prevent pollution of the environment resulting from projects undertaken by us, and our environmental management system has been certified to satisfy the requirement of ISO 14001:2015.

Our executive Directors believe that our stringent quality assurance system and strong commitment to environmental management and occupational health and safety management will allow us to be better positioned to deliver quality works on time and within budget, thereby strengthening our position as a civil and electrical contractor in Hong Kong.

BUSINESS STRATEGIES

The principal business objective of our Group is to further strengthen our market position, increase our market share and capture the growth in the construction industry in Hong Kong. We intend to achieve our future expansion plans by adopting the following key business strategies:

1. Acquiring additional electric machinery and equipment to enhance our operational capacity for our ongoing and upcoming projects and to seize the opportunity for sustainable construction

Machinery is crucial for carrying out our works in projects. As at 31 March 2022, 31 March 2023 and 31 March 2024, the carrying amount of our self-owned machinery amounted to approximately HK\$48.2 million, HK\$42.3 million and HK\$79.9 million, representing approximately 17.9%, 16.4% and 21.8% of our total assets as at the same dates, respectively. During the Track Record Period, we also leased machinery for performing our projects and incurred machinery and equipment leasing expenses. The following table sets forth the amount of our machinery and equipment leasing expenses and depreciation of property and equipment within our cost of services and their respective proportion during the Track Record Period:



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	FY2021/22	FY2022/23	FY2023/24
	HK\$'000	HK\$'000	HK\$'000
Machinery and equipment leasing expenses ^(Note 1)	96,327	9,501	24,760
% to total cost of services ^(Note 1)	22.6%	3.3%	6.1%
Depreciation of property and equipment ^(Note 2)	8,510	10,384	10,899
% to total cost of services ^(Note 2)	2.0%	3.6%	2.7%

Notes:

1. The significant decrease in our machinery and equipment leasing expenses from approximately HK\$96.3 million for FY2021/22 to approximately HK\$9.5 million for FY2022/23 was mainly due to the significant decrease in demand on machinery and equipment for FY2022/23 for Project No. #01, which was substantially completed towards end of FY2021/22. In addition, as we began to acquire additional machinery in FY2021/22 for our own use, we incurred less machinery and equipment leasing expenses for FY2022/23 and FY2023/24, which amounted to 3.3% and 6.1% of our total cost of services, respectively, as compared to FY2021/22. The increase in machinery and equipment leasing expenses in amount for FY2023/24 was mainly due to the volume of works involved during FY2023/24, which was evident by the increase in service revenue during the same financial year.
2. It is our Group's accounting policy that depreciation of machinery is calculated using the straight-line method and the estimated useful lives of machinery ranged from 5 to 10 years. As such, the cost of newly acquired machinery is depreciated and spread over the useful lives, and as a result, the financial impact of the newly acquired machinery on profit or loss was less apparent than the financial impact of reduced machinery and equipment leasing expenses in profit or loss. In addition, depreciation of newly acquired machinery is non-cash flow related whereas equipment leasing expenses are cash outflow so far as our Group is concerned.

As our capacity to carry out our works for our customers depends largely on the availability of our machinery fleet, we intend to acquire additional machinery to enhance our overall operational capacity for our ongoing and upcoming projects. We believe that our investment in the addition of machinery, including electric excavators, electric cement mixer, electric crawler crane and portable combo fast charging stations, can help strengthen our position to cater for projects in civil and electrical cable engineering works and solar PV system works of different scales and complexity, and to enable us to meet the expected growing demand in the construction industry in Hong Kong. Our executive Directors believe that the purchase of additional machinery and equipment will also enable us to manage the timeline of each project efficiently due to the immediate availability of the relevant machinery and equipment, cope with our future business expansion and enhance our overall efficiency, capacity and technical capability in performing our projects by enabling us to undertake large scale projects with higher scale of complexity. By doing so, we can cater for different needs and requirements of different customers.



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In evaluating whether to lease or acquire new machinery, our executive Directors are of the view that acquisition is more beneficial to our financial performance. As an illustration, the following table sets forth the quantification of savings in machinery and equipment leasing expenses due to the machinery acquired during the Track Record Period:

	FY2021/22	FY2022/23	FY2023/24
	HK\$'000	HK\$'000	HK\$'000
Actual depreciation expenses recognised in respect of the newly acquired machinery during the year	172	3,286	4,667
Estimated machinery and equipment leasing expenses in respect of the newly acquired machinery during the year ^(Note 1)	681	10,555	21,135
Savings ^(Note 2)	509	7,269	16,468

Notes:

1. It represents the estimated machinery and equipment leasing expenses in respect of our newly acquired machinery during the year (i.e. the estimated machinery and equipment leasing expenses our Group would have incurred assuming that our Group did not acquire but leased the new machinery and equipment) based on historical lease prices for similar machinery and equipment.
2. It represents the difference between the actual depreciation expenses and the estimate leasing expenses in respect of the new machinery.

In addition, our executive Directors are of the view that sustainable construction is our Company's corporate social responsibility and is a megatrend in the construction industry, which aims at reducing construction industry's impacts on environmental, social and economic aspects caused by the construction process. According to the Industry Report, with the increasing awareness of environmental protection, the Government has issued and continuously revised Buildings Energy Efficiency Ordinance (BEEO) to raise industry standards and promote market demand for energy efficiency solutions. The construction industry is also actively involved. For instance, the Hong Kong Green Building Council (HKGBC) has also introduced the first-ever "Climate Change Framework for Built Environment" and "Zero-Carbon-Ready Building Certification Scheme" in 2023 to encourage the industry to adopt systematic and benchmark-driven approaches to reduce energy consumption.

In October 2021, the Government launched the "Hong Kong's Climate Action Plan 2050", setting out the vision of "Zero-carbon Emissions • Liveable City • Sustainable Development", outlining the strategies and targets for combating climate change and achieving carbon neutrality. Back in October 2018, the Development Bureau established the Construction



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Technology Fund (CITF) with an approved original budget of HK\$1 billion (an additional budget of HK\$1.2 billion was injected by the Government in the 2022-23 Budget) to support technologies in, among others, enhancing environmental performance. Part of the funding by CITF includes funding on Advanced Construction Technologies (ACT). As such, the additional machinery to be acquired by us will be electric machinery. Through investing in and deploying electric machinery in our upcoming projects, our executive Directors believe that our Group can be one of the first companies in the construction industry to foster sustainable construction culture and make a contribution towards Hong Kong's "Zero-carbon Emissions • Liveable City • Sustainable Development" vision.

In June 2024, our Group has entered into a distribution agreement (the “**Distribution Agreement**”) with China Wealth. China Wealth is (i) a fellow subsidiary of Sany Heavy Equipment International Holdings Company Limited (三一重裝國際控股有限公司), being a company listed on the Main Board of the Stock Exchange (stock code: 631) which is principally engaged in the manufacture and sale of mining equipment, logistics equipment, robotic and smart mined products, petroleum equipment, new energy manufacturing equipment, and spare parts and the provision of related services in the PRC; (ii) a fellow subsidiary of Sany Heavy Industry Co., Ltd* (三一重工股份有限公司), being a heavy equipment manufacturing multinational company which is listed on the Shanghai Stock Exchange (stock code: 600031); and (iii) a group company of one of our cornerstone investors, namely Sany Hongkong Group Limited (三一香港集團有限公司). Mr. Liang Wengen (梁穩根先生), a Chinese entrepreneur, is the ultimate beneficial owner of the above companies.

The electric machinery of China Wealth, such as electric loader and electric excavator, is on the pre-approved list of the CITF under the category of advanced tools and equipment.

The material terms of the Distribution Agreement are as follows:

Term	Three years commencing from 12 June 2024
Product	Certain types of electric construction machinery from China Wealth (the “ Distributed Products ”)
Exclusivity	Non-exclusive distribution right in Hong Kong
Pricing	Our Group can purchase the Distributed Products from China Wealth at a fixed discount rate from the marked price of the relevant Distributed Product for our own use and/or to distribute in Hong Kong.



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	Our Group has sole discretion to determine the selling price of the relevant machinery to our customers.
Minimum purchase amount	No such requirement
Reward	At any time during the term of the Distribution Agreement, once our Group is able to purchase over an agreed amount, China Wealth shall pay our Group an amount that is equivalent to a fixed percentage of the total sales amount achieved by our Group in that particular year as a reward.
Credit terms	<i>If the Distributed Products are for our Group's self-use:</i> Our Group shall first pay 10% of the total order amount as deposit, thereafter we can elect to settle the remainder by up to 24 interest-free equal installments. <i>If the Distributed Products are for distribution by our Group:</i> Our Group shall first pay 10-30% of the total order amount as deposit, thereafter our Group shall settle the remainder within 2 months after delivery of the relevant Distributed Products by China Wealth.
Delivery	Delivery shall be made to such destination and at such dates as indicated by our Group in the purchase order.
Termination	By expiration of the term, unless early termination by either party if the other party breaches the Distribution Agreement and fails to rectify the breach within 30 days after receiving written notice from the non-breaching party.

Our Group intends to enter into electric machinery distribution mainly because:

- (i) our executive Directors are of the view that sustainable construction is a megatrend in the construction industry as illustrated by the abovementioned Government's various initiatives such as "Hong Kong's Climate Action Plan 2050";



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- (ii) considering the emerging trend of electric machinery for construction in Hong Kong, our executive Directors consider that our Group would be in advanced strategic position as one of the first initial market player in electric machinery distribution;
- (iii) based on the experience of our executive Directors, the construction industry and other engineering contractors are in demand of machinery (where our Group is no exception as further elaborated in the paragraph headed “Future Plans and Use of Proceeds — Use of proceeds” in this prospectus). For example, in Project No. #01, the other contractors were in need for machinery, in which our Group leased machinery to other contractors in that project and earned ancillary rental income; and
- (iv) our executive Directors are of the view that electric machinery is welcome by other contractors in the construction industry considering the cost savings (such as fuel and oil expenses) of using electric machinery in longer run.

The principal business of our Group is and will remain to be engaging in civil and electrical cable engineering and solar PV system works, whereas electric machinery distribution is only intended to be our ancillary business activity. As such, our initial target customers are other contractors working in the same construction projects such that our Group would be in a better position to understand the precise type of machinery that can address the needs of the target customers. In terms of pricing strategy, our Group intends to set the price for electric machinery distribution taking into account factors including the reference retail price provided by China Wealth and a certain mark-up over our cost of purchase.

Since entering into the Distribution Agreement, and as at the Latest Practicable Date, our Group had not sold any machinery of China Wealth.

We intend to apply approximately HK\$58.7 million of our net proceeds from the Share Offer (representing approximately 45% of the total net proceeds) for acquiring additional electric machinery and equipment. For further details, please refer to the paragraph headed “Future Plans and Use of Proceeds — Use of proceeds” in this prospectus.

2. Competing for more sizeable projects

We plan to further expand our capacity in order to undertake more sizeable projects in civil and electrical cable engineering works and solar PV system works in Hong Kong. According to the Industry Report, the gross value of civil engineering works in Hong Kong is expected to increase from approximately HK\$59,918.2 million for 2024 to approximately HK\$68,817.3 million for 2028, representing a CAGR of approximately 3.5%, and in particular, the gross value of (i) site formation and clearance works; (ii) road and drainage works; and (iii) power cabling and civil



pipeline installation and solar system construction and maintenance are expected to grow with a CAGR of approximately 7.4%, 3.7% and 6.4% over the period from 2024 to 2028, respectively. As such, our executive Directors believe that our Group should focus on deploying our resources towards competing for sizeable and profitable projects in civil and electrical cable engineering works and solar PV system works in Hong Kong in order to grasp the imminent business opportunity. However, the number of these projects that can be executed by our Group at any given time is limited by our resources including the availability of our working capital and cash flow, manpower and machinery. It is common in the construction industry that our Group incurs net cash outflows at the early stage of our project since our Group typically requires to pay the start-up costs, such as materials costs and subcontracting charges in advance of payment from its customers, whereas the customers normally make progress payments to our Group after the works have commenced and/or are completed.

We intend to apply approximately HK\$45.7 million of our net proceeds from the Share Offer (representing approximately 35% of the total net proceeds) for paying upfront costs for our new projects. For further details, please refer to the paragraph headed “Future Plans and Use of Proceeds — Use of proceeds” in this prospectus.

3. Expanding our manpower for project execution and strengthening the skills of our employees

We believe that a team of strong staff members equipped with industry knowledge, skills in the construction industry and experience in operating different types of machinery and equipment is crucial to our continuing success. As at the Latest Practicable Date, all of our project management staff had been deployed to our projects on hand. Our executive Directors consider that our current scale of project management staff may not be sufficient to meet the project management needs arising from the additional and more sizeable projects that we intend to undertake in the future. Should we undertake additional projects in the future, our existing project management staff may not be able to devote sufficient time and attention to properly supervise and manage the works undertaken by us and our subcontractors. By expanding our manpower resources, our executive Directors believe that we would have additional capacity to undertake more projects simultaneously while maintaining our project management efficiency and service quality. In addition, we intend to arrange training workshops or courses for our staff members to update their knowledge in the foundation and site formation industry and enhance their technical skills. Such training workshops or courses are to be conducted either internally or by external parties such as other training authorities with subsidies of admission fees.

Based on the aforesaid, our executive Directors consider that it is imperative for our Group to expand our project management team in order to enhance our project management capabilities along with the planned expansion in our business scale and operation. We currently plan to hire



additional project managers, safety manager and officers, quantity surveyors and engineers after the Listing to cope with the expected growth in our business. We intend to apply approximately HK\$6.5 million of our net proceeds from the Share Offer (representing approximately 5% of the total net proceeds) for recruiting new staff members. For further details, please refer to the paragraph headed “Future Plans and Use of Proceeds — Use of proceeds” in this prospectus.

4. Enhancing our occupational safety and project implementation efficiency through information technology

We are committed to promoting safety practice during the implementation of our projects. For example, we require our employees and our subcontractors’ employees to strictly follow our safety rules as set out in the safety plan. Notwithstanding our accident rates during the Track Record Period was lower than the industry average in Hong Kong (the details of which are set out in the paragraph headed “Occupational health and work safety — Analysis of accident rates” in this section), our executive Directors believe that the adoption of technologies, namely, Smart Site Safety System (“4S”), can readily aid occupational safety thereby safeguarding workers’ safety. 4S generally comprises of three components, namely smart safety devices for monitoring activities and identifying safety hazards; a communication network for transmitting data collected from smart safety devices; and a centralised management platform for providing a one-stop hub for data analysis and alerts generation, as well as facilitating follow-up actions. The system enables the project team to grasp the safety situation of the entire construction site by collecting and transferring real-time data to a centralised management platform. Whenever a potential hazard is detected, the system will immediately alert the safety management staff and workers on site.

The adoption of 4S is also part of the Government’s policy. For instance, in May 2024, the Development Bureau and the CIC jointly launched the 4S Labelling Schedule and a series of relevant measures to drive a wider adoption of 4S in the industry for providing a safe working environment for site personnel. The first batch of 110 public and private construction sites participating in the 4S Labelling Scheme has passed the assessment and were issued label plaques in July 2024 to indicate the proper adoption of 4S at their respective construction sites. Besides, mandatory measures imposed under the Buildings Ordinance issued by the Buildings Department have come into effect since 1 July 2024. These measures require the adoption of 4S to provide qualified supervision of building works when granting the first approval, or approval of major revisions of superstructure plans, for private development projects. Building works with an estimated cost exceeding HK\$30 million and involving the use of mobile plants and tower cranes, registered contractors are required to adopt relevant 4S alert systems.

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In addition, we intend to enhance our information technology capability and increase our efficiency in project implementation. In this regard, we plan to apply part of our net proceeds from the Share Offer for procuring an enterprise resources planning (“ERP”) system to better plan and allocate our manpower.

We intend to apply approximately HK\$6.5 million of our net proceeds from the Share Offer (representing approximately 5% of the total net proceeds) for procuring 4S and an ERP system. For further details, please refer to the paragraph headed “Future Plans and Use of Proceeds — Use of proceeds” in this prospectus.

DESCRIPTION OF OUR SERVICES

We are an established contractor in Hong Kong engaged in civil and electrical cable engineering and solar PV system works. Our civil engineering works specialise in site formation works and road and drainage works, and our electrical cable engineering works specialise in cable trenching, laying and jointing works. For solar PV system works, we specialise in design, installation and maintenance works of solar PV systems. To a lesser extent, during the Track Record Period, we leased machinery and traded construction materials to contractors and subcontractors in a limited number of projects we participated in.

During the Track Record Period, while some of our electrical cable engineering works and all of our civil engineering works were under project-based contracts, we provided some of our electrical cable engineering works under fixed-term contracts pursuant to which we are responsible for providing zonal cable trenching, laying and jointing works in which the CLP Group is the project owner. For further information, please refer to the paragraph headed “Our Customers — Master Agreement A and Master Agreement B for electrical cable engineering works” in this section.

We maintain a pool of site workers who are capable of carrying out different types of construction works. Depending on our capability, resources level, cost effectiveness and the complexity of a project, we may subcontract specific parts of a project, such as piling, reinforcement bar fixing and structural steelwork, to our subcontractors on our Group’s approved list of subcontractors. Typically, our major responsibilities in a project include (i) arranging site preparatory and preliminary works; (ii) engaging and supervising our subcontractors; (iii) monitoring the implementation of site works; (iv) conducting site safety supervision and quality control; and (v) developing detailed work schedule and work allocation plan.

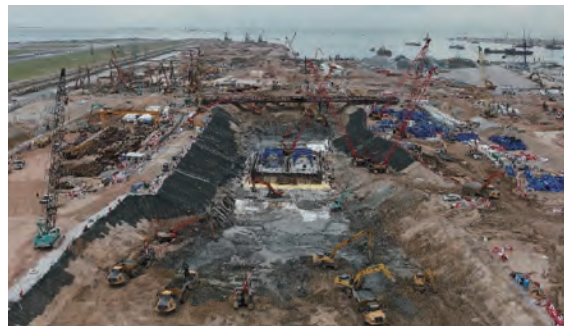


Civil engineering — site formation works

Our site formation works generally include earthworks, excavation and installation of steel structures. The site formation works carried out by our Group involve the following:

- (i) clearance of construction sites such as removal of unwanted structures, shrubs, surface soil and debris, and demolition of existing structures;
- (ii) excavation to the design formations and/or basement levels;
- (iii) preparing construction sites for subsequent foundation works, substructure construction and/or superstructure construction;
- (iv) construction of retaining structures;
- (v) construction of surface drainage systems; and
- (vi) cutting, filling and stabilisation of slopes.

The following images illustrate the processes involved in our civil engineering works:



Site formation works



Structure works

Civil engineering — Roads and drainage works

Roads works are usually grouped into two types, namely (i) construction of new roads, such as expressways, trunk roads, primary distributor roads, district distributor roads and local distributor roads, and (ii) maintenance of existing roads. Drainage works refer to construction, improvement and maintenance of sewage treatment facilities, and storm water drainage facilities.

The principal types of roads and drainage works performed by us include construction and modification of roads, carriageways and pavements, construction of covered walkways, renovation of subways and footbridges, provision of universal accessibility facilities at footbridges, elevated walkways and subways, construction of drainage systems, manholes and installation of water mains and sewerage pipes.

The following images illustrate the processes involved in our roads and drainage works:



Construction of Walkway Cover



Construction of Sewage System

Electrical cable engineering — cable trenching, laying and jointing works

Our electrical cable engineering works generally include cable trenching, laying and jointing, and involve excavation, reinstatement and miscellaneous construction (such as concrete draw) works, traffic impact assessment as well as emergency and cable fault repair.

As at the Latest Practicable Date, we are one of the subcontractors of the CLP Group/CLP Group's main contractor to provide zonal cable trenching, laying and jointing, covering the Shum Shui Po, Wong Tai Sin and Tsuen Wan zones. During the FY2021/22, we also provided similar services for the Yuen Long zone under the Master Agreement C.



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According to the Industry Report, it is common for construction contractors to rely on those main contractors who provides zonal electrical cable engineering works for the CLP Group as the project owner. It is not uncommon for the CLP Group to issue tenders for electrical cable engineering work projects to contractors located in different districts across Hong Kong. This allows them to leverage the expertise and resources of contractors based in various parts of Hong Kong to carry out necessary infrastructure and maintenance work for their electrical grid and distribution network.

The following images illustrate the processes involved in our cable trenching, laying and jointing works:



Solar PV system works

Our solar PV works generally involve design, supply and installation of solar PV systems. We also provide annual maintenance services of solar PV systems.

The following images illustrate the processes involved in our solar PV installation works:

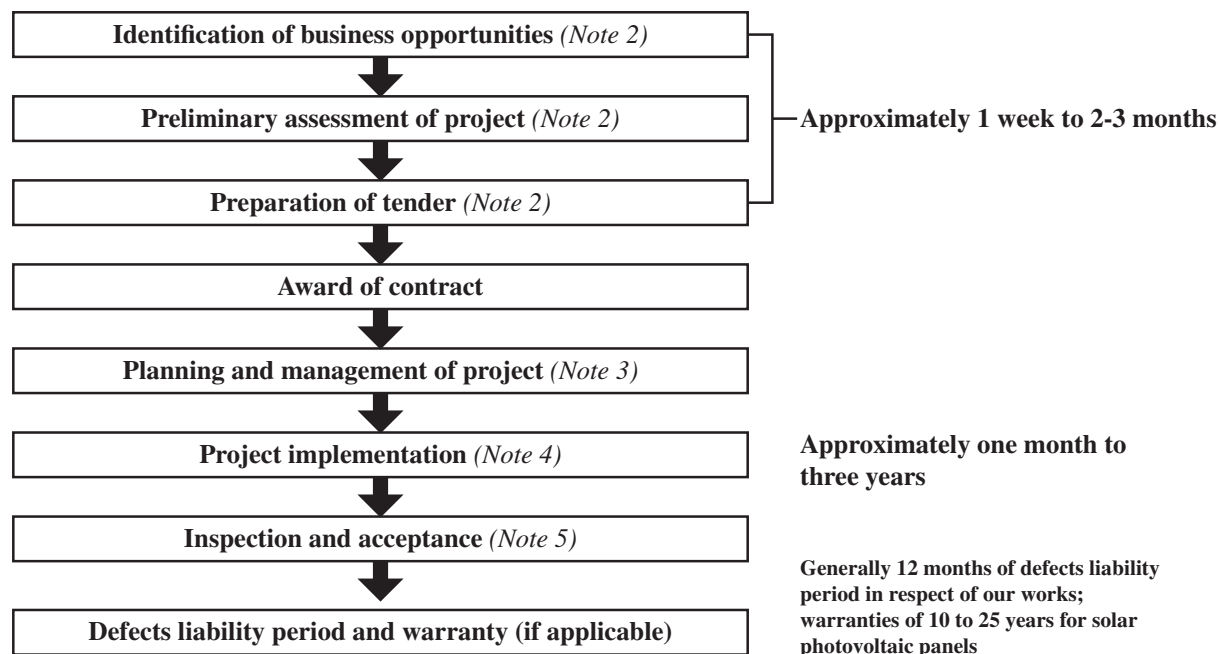


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BUSINESS OPERATIONS

Operation flow

Set out below is a flowchart summarising the principal steps of our business operations (*Note 1*):



Notes:

1. The timeframe is calculated on an approximate basis and may vary from project to project depending on the complexity of the project, the requirements of our customers and/or our agreement with our customers on the timeframe for the principal steps.
2. Such step is handled by our employees in our office.
3. Such step is handled by our project management team which comprises project manager, site agent, engineer, quantity surveyor, site foreman, safety supervisor and safety officer (as the case may be). They may carry out project planning and management works in our office, at the work sites, or in the office of the main contractor/project owner depending on our customers' requests or practical need.
4. Such step may be performed by our direct labour or our subcontractors at the work sites, depending on our capability, resources level, cost effectiveness and the complexity of the project.
5. Such step is handled by our project management team and our customers at the work sites.



Identification of business opportunities

We identify potential projects mainly through invitation for tenders from customers. Our Group has from time to time received invitations to submit tenders from our customers, who are primarily main contractors of construction projects in Hong Kong. Sometimes our customers would seek pre-bid quotation from our Group before they submit their tenders for the main contract. If these customers are subsequently awarded with the project, they would generally engage us to perform the civil engineering, electrical cable engineering and/or solar PV system works involved in such project. Please refer to the paragraph headed “Sales and marketing” below in this section for further details.

For public sector projects in which we act as main contractor, we identify potential projects from publications on the websites of different Government departments. We may also receive invitations from different Government departments to submit tenders since we are registered on the List of Approved Contractors for Public Works maintained by the Development Bureau under Group A on probation of the Roads and Drainage category.

Preliminary assessment of the project

The tender documents and project details provided by our customers generally contain project description, scope of services required, expected commencement date, contract period, payment term and timeframe for submitting the tender.

In general, we would review and evaluate the tender documents and/or project details available to us to assess the scope of services, our capability, the expected complexity, our available financial and human resources and feasibility of the project to determine whether we should proceed with the preparation of tender.

Preparation of tender

Our quantity surveyors and executive Directors are primarily responsible for the preparation of tender submission. We may conduct site visit to the place at which the project is to be undertaken so as to have a better assessment of the complexity of the works involved. In formulating our tendering strategy, our Directors take into account factors including (i) the progress and expected completion date of our existing and, in particular, sizeable projects on hand; (ii) the value of backlog; and (iii) the capacity of our direct labour and machinery. For example, our key project in terms of contract sum and revenue contribution, namely Project No. #01, was substantially completed towards the end of FY2021/22, which meant that we were in need to build up our project portfolio and to utilise the capacity of our direct labour and machinery to be released following the completion of Project No. #01. As such, we adopted a more price

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competitive approach in respect of the tenders submitted during FY2021/22 and as a result our tender success rate for FY2021/22 was higher than other financial years in the Track Record Period. For details of our tender success rate during the Track Record Period, please refer to the paragraph headed “Award of contract” in this section below.

Our tender submission generally includes priced bill of quantities or schedule of rates. The tender submission will be approved and endorsed by our executive Directors before submission to our customers.

We estimate the costs to be incurred in the project based on our past experience and the recent price trends for the subcontracting services and the types of materials and machineries required in the project. We may also obtain non-binding quotations from our subcontractors and/or materials suppliers in making our cost estimation. For further information on our pricing strategy, please refer to the paragraph headed “Pricing strategy” below in this section.

Our customers may arrange interviews with us after receiving our tender submission in order to have a better understanding of our personnel, expertise and experience. We may be required to answer queries in relation to our tender submission. Our customers may also negotiate on the options of our scope of service or propose amendments to our specifications.

Award of contract

Our customers generally confirm our engagement by issuing a letter of award or entering into a formal contract with us. During the Track Record Period, our contracts with customers are generally on re-measurement basis. The contract will specify an estimated contract sum based on the agreed unit rates and the estimated quantities of work items. The actual amount of works to be carried out by us under our contract is subject to our customer’s instructions or orders placed during the contract period and the total actual value of work done may be different from the original estimated contract sum stated in the contract. Our customers will measure the actual quantities of works executed on site and our Group will be paid based on the actual work done.

In addition, the contracts generally set forth the payment terms, project duration and other standard terms of services. For further details, please refer to the paragraph headed “Our customers — Principal terms of engagement” below in this section.



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The following table sets forth the number of projects for which we have submitted tenders, the number of projects awarded and the tender success rate during the Track Record Period:

	FY2021/22	FY2022/23	FY2023/24
Number of projects for which we have submitted tenders	56	74	62
— <i>Public sector</i>	54	66	42
— <i>Private sector</i>	2	8	20
Number of projects awarded	19	21	18
— <i>Public sector</i>	19	18	15
— <i>Private sector</i>	—	3	3
Overall tender success rate (%) ^(Note 1)	33.9	28.4	29.0 ^(Note 2)
— <i>Public sector (%)</i>	35.2	27.3	35.7
— <i>Private sector (%)</i>	0.0	37.5	15.0

Notes:

1. In the above table, success rate for a financial year is calculated based on the number of projects awarded (whether awarded in the same financial year or subsequently) in respect of the tenders submitted during that financial year.
2. Out of the 62 projects tendered during FY2023/24, the tender results of 51 projects were still pending as at the Latest Practicable Date.

Our tender success rate decreased from approximately 33.9% for FY2021/22 to approximately 28.4% for FY2022/23 and remained relatively stable at approximately 29.0% for FY2023/24. The slight decrease in our overall tender success rate from FY2021/22 to FY2022/23 was mainly because (i) considering that Project No. #01 would be substantially completed towards the end of FY2021/22, our Company took the view to strive to increase the likelihood of successful tender by adopting a more price competitive approach in respect of the tenders submitted during FY2021/22, thereby strengthening our project portfolio; and (ii) during FY2022/23 we submitted more tenders (FY2021/22: 56; FY2022/23: 74) with a view to further build up our projects portfolio.

During the Track Record Period, our service revenue was mainly contributed by public sector projects in terms of amount and number of projects, and our service revenue from private sector projects was mainly contributed by the Master Agreement A and the Master Agreement B which are both fixed-term contracts. Considering the market outlook and competitive landscape of the construction industry in Hong Kong, our Directors took the view to focus more on public sector projects than private sector projects during the Track Record Period. For example, according to the Industry Report, government spending on infrastructure has demonstrated stability, increasing at a CAGR of approximately 0.7% from approximately HK\$85.6 billion in 2018 to approximately HK\$88.7 billion in 2023, and the Government intends to maintain its commitment to



investment, as stated in the 2024/2025 Budget Speech, and it is projected that annual capital works expenditures will increase to approximately HK\$106.1 billion in 2024/2025 representing an increase of approximately 13.5% from approximately HK\$93.3 billion in 2018/2019. As such, the number of public sector projects for which we submitted tenders and the number of public sector projects we were awarded during the Track Record Period were greater than that for private sector projects, and our tender success rate for public sector projects was more representative than our private sector projects. Nonetheless, during FY2023/24, we were awarded a key private sector project, namely Project No. #11, with contract sum of approximately HK\$27.4 million, which is one of our material on-going projects as at the Latest Practicable Date.

In view of our financial performance during the Track Record Period and our projects on hand and the value of backlog as at the Latest Practicable Date, our Directors consider that the overall tender success rate during the Track Record Period had been satisfactory.

Formation of project management team

According to our role in each project, we assign different project team members for executing and supervising the works. As a main contractor, our project management team typically comprises project manager, site agent, engineer, quantity surveyor, site foreman and safety officer. For projects in which we act as the subcontractor, we usually form a project management team which consists of site agent, quantity surveyor, site foreman and safety supervisor. Our project management team is generally responsible for (i) formulation of detailed plans and schedule; (ii) engaging, supervising and collaborating with our subcontractors; (iii) supervision of work progress, budget and quality of services rendered; (iv) preparation of progress report; and (v) participation in project meetings and communication with our customers on a continual basis; and (vi) ensuring the works performed fulfil our customers' requirements, and are completed on schedule, within budget and in compliance with all applicable statutory requirements. In general, we determine the manpower allocation to a project management team based on the timeline, scales and complexity of the projects as well as the existing workload of our staff.

Set out below are the major responsibilities of each key member in a project management team:

- our project manager is mainly responsible for preparing and monitoring the master programme, supervising the work of other members of the project team, reviewing the progress report and liaising with customers or the project consultant, suppliers and subcontractors. The project manager plays a key management supervisory role in keeping a project on track. Our project manager also keeps abreast of statutory requirements and provides guidance on dealing with technical and complicated issues.



executes instructions from the customer and deals with progress certification issues. On an ongoing basis, our project manager reports directly to our executive Directors for the projects he oversees;

- our site agent is responsible for supervising our overall workforce on multiple sites, monitoring work efficiency and performance of our subcontractors, communicating with our customers, subcontractors and other members of the project management team on the project status, allocation of resources in a project, and reviewing the progress reports, safety reports and site records;
- our engineer is responsible for assisting our site foreman in overseeing the engineering and technical aspects of the projects such as planning for the site operations and devising suitable methods and procedures;
- our quantity surveyor is responsible for performing cost estimation, determining, procuring and monitoring the quantity of materials and machinery required in the project, managing the project implementation costs and handling the payment applications to our customers;
- our site foreman is responsible for assisting our site agent to supervise and monitor work progress on site, supervising workmanship and quality and preparing site records setting out the works performed by our workers and subcontractors. In general, each site foreman is assigned and stationed at a particular project; and
- our safety officer/safety supervisor is responsible for supervising and overseeing the implementation of site safety measures and monitoring day-to-day occupational health and safety compliance.

Project implementation

We may experience net cash outflows as project up-front costs at the preliminary stage of a project. The up-front costs of our projects generally include project startup costs at the initial stage of a project comprising subcontracting fees for work done by subcontractors, payment made to suppliers for materials and machinery rental costs.

We maintain a pool of site workers who are capable of undertaking different types of construction works. Depending on our capability, resources level, cost effectiveness and the complexity of the project, we may subcontract specific parts of the project to our subcontractors



on our Group's approved list of subcontractors. Our project management team holds regular meetings with our subcontractors and conducts regular inspection to ensure that we strictly adhere to the project schedule and specifications.

Depending on our customers' requests, we are generally required to submit monthly progress reports to our customers throughout project implementation. Our monthly progress reports are prepared by the project management team which will report on the project status and any issue identified throughout the project. After the review and endorsement by our site agents, the monthly progress reports will then be submitted to our customers for record.

We perform in-house quality inspection and project supervision throughout project implementation in accordance with our in-house quality management systems. Our customers also conduct site inspection to monitor the quality of our works. For further information regarding our quality management systems, please refer to the paragraph headed "Quality control" below in this section.

We generally receive progress payments on a monthly basis from our customers based on our works done throughout project implementation. For our projects engaged by the CLP Group, we receive final payment from the CLP Group upon completion of works under the project (in respect of works which are project-based) or each work order (in respect of works which are term contract based) instead of progress payments. According to the Industry Report, the payment arrangements with the CLP Group is in line with the industry practice of the electrical cable engineering. For further details on the payment terms, please refer to the paragraph headed "Our customers — Principal terms of engagement — Payment terms" and "Our customers — Master Agreement A and Master Agreement B for electrical cable engineering works" in this section.

Inspection and acceptance

Upon completion of our works, our project management team conducts final inspection of the works. Our customers will then conduct inspection and examination on our works done to ensure they comply with their quality standards, requirements and specifications. Upon passing the inspection, we will generally receive a completion certificate from our customer.

Defects liability period and warranty (if applicable)

Our contracts generally include a defects liability period of 12 months, following the completion of the relevant site works. For projects in which we act as a subcontractor, if so requested by our customers, our contracts may include a defects liability period following the terms of the main contract on back-to-back basis. During the defects liability period, we are



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typically required to rectify any defect without delay at our own cost if the defect is due to non-conformance of works performed, or due to our neglect or failure to comply with our contractual obligation.

In respect of projects for supply and installation of PV systems, we may provide a 1-year warranty on material and workmanship, while the supplier of the solar PV panels may provide a 25-year warranty on power output for solar PV panels.

According to the Industry Report, our Group's defects liability period is in line with the industry norm.

Leasing of machinery and trading of construction materials

To a limited extent, we leased machinery and traded construction materials to contractors and subcontractors on an ad hoc basis during the Track Record Period, which were ancillary to our construction services.

For instance, in the infrastructure project at the third runway of the Hong Kong International Airport (i.e. Project No. #01), we leased equipment such as excavators, crawler cranes and crane lorries for site works to the contractor. In the same project, we supplied construction materials such as uPVC pipes to the contractor.

PROJECTS UNDERTAKEN DURING THE TRACK RECORD PERIOD

Revenue by types of works

We provide civil, electrical cable engineering and solar PV system works to our customers. The following table sets forth a breakdown of our service revenue by types of works during the Track Record Period:

	FY2021/22		FY2022/23		FY2023/24	
	HK\$'000	%	HK\$'000	%	HK\$'000	%
Civil engineering:	278,276	63.4	175,411	51.8	365,454	69.9
— Site formation works	263,022	59.9	114,596	33.8	309,429	59.2
— Road and drainage works	15,254	3.5	60,815	18.0	56,025	10.7
Electrical cable engineering	127,638	29.1	125,409	37.0	113,244	21.6
Solar PV system	32,907	7.5	38,043	11.2	44,308	8.5
Total service revenue	438,821	100	338,863	100	523,006	100



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During the Track Record Period, the Third Runway Projects have been a main driver of our business and financial performance. For instance, the Third Runway Projects in aggregate contributed service revenue of approximately HK\$254.6 million, HK\$92.7 million and HK\$241.2 million for FY2021/22, FY2022/23 and FY2023/24, respectively, representing approximately 58.0%, 27.4% and 46.1% of our total service revenue for the corresponding financial years.

Notwithstanding it is reported that the third runway of the Hong Kong International Airport is scheduled for completion in 2024, the scope of our Group's involvement in the Third Runway Projects covers more than just the runway itself. This includes, among others, the passenger terminal building, airport apron, and underground works for cable ducting systems, fire service water plumbing, sewerage, oil separation, and seawater cooling discharge systems which require footings and steel structure works to be performed by our Group which are still under construction. Currently, our Third Runway Projects are expected to complete by mid-2025.

In May 2024, our Group was first included on the List of Pre-Qualified Tenderers for Civil Engineering Works of Hong Kong International Airport, enabling our Group to bid for tender projects as main contractors. It is AAHK's policy that all projects must go through a robust and prudent procurement process and adoption of the most appropriate procurement strategies and methods. Such procurement methods may include competitive tendering or limited tendering with the objective to identify the best fit suppliers and obtain the best value of money. To the best knowledge of our Directors, (i) the invitation to tender of all AAHK's projects would be issued and posted on AAHK's website and be accessible by the public, save for minor civil engineering works with value not exceeding HK\$50 million; and (ii) the invitation to tender for AAHK's minor civil engineering works with value not exceeding HK\$50 million would only be sent to or be available for downloading at the ePROS (which is an e-tendering system maintained by AAHK to automate the procurement and tendering process) for contractors which have been included on the List of Pre-Qualified Tenderers for Civil Engineering Works. Since the said inclusion, our Group has received three invitations from AAHK to submit tenders for works involving cabling infrastructure for enterprise 5G enhancement, enabling works for airside access of transit mail centres, and modification works in North and South Aircraft Recovery Equipment Stores, respectively, in August 2024. As of 21 September 2024, (i) our Group has already submitted tender documents on 9 September 2024 via ePROS for one of the tenders; and (ii) the submission period of the other two tenders has not yet lapsed and our Group is in the process of preparing the tender documents for submission. Hence, upon the expected completion of the Third Runway Projects in mid-2025, our Group will also be eligible to submit tenders for various maintenance and upkeep works at the Hong Kong International Airport. In fact, according to AAHK's Annual Report 2023/24, the expenses related to repairs and maintenance, as well as the costs of outsourcing business operations to third-party contractors was approximately HK\$2.33 billion, accounting for approximately 28.1% of AAHK's total operating expenses in FY2023/24. The said expenses have increased by appropriately 19.8% as compared to that of the previous financial year, which shows



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the trend of AAHK to increase its investment in repairs and maintenance of the Hong Kong International Airport in recent years. In addition, our Group is currently in advanced or final stage of negotiation for some projects for which we have submitted tender (the details of which are set out in the paragraph headed “Future Plans and Use of Proceeds — Use of proceeds” in this prospectus). Having considered the above, our Directors consider that the completion of the Third Runway Projects by mid-2025 will not have a material adverse impact on our Group’s business prospects.

For detailed analysis on fluctuation of our service revenue, please refer to the paragraph headed “Financial Information — Principal components of the combined statements of profit or loss — Revenue” in this prospectus.

Revenue by project sectors

During the Track Record Period, we were mainly engaged in public sector projects in Hong Kong. To a lesser extent, we were also engaged in private sector projects in Hong Kong. Public sector projects refer to projects of which the project owners are Government departments and statutory bodies, while private sector projects refer to projects that are not public sector projects. The customers of our private sector projects were main contractors engaged under such projects or the project owners such as the CLP Group. Our public sector projects mainly involved infrastructure and public facilities developments as well as public residential developments. The customers of our public sector projects included various Government departments and main contractors engaged under such projects in which the project owners are Government departments or statutory bodies.

The following table sets forth a breakdown of our service revenue during the Track Record Period by reference to project sectors:

	FY2021/22		FY2022/23		FY2023/24	
	HK\$'000	%	HK\$'000	%	HK\$'000	%
Public sector	288,036	65.6	197,743	58.4	382,976	73.2
Private sector	150,785	34.4	141,120	41.6	140,030	26.8
Total service revenue	438,821	100	338,863	100	523,006	100



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Revenue by our role

We undertook projects as both main contractor and subcontractor during the Track Record Period. The table below sets forth a breakdown of our revenue by reference to our role in the projects during the Track Record Period:

	FY2021/22		FY2022/23		FY2023/24	
	HK\$'000	%	HK\$'000	%	HK\$'000	%
Main contractor	17,353	4.0	63,078	18.6	58,136	11.1
Subcontractor ^(Note)	421,468	96.0	275,785	81.4	464,870	88.9
Total service revenue	438,821	100	338,863	100	523,006	100

Note: In respect of the Master Agreement A with CLPe Solutions Limited, we are the subcontractor in which CLPe Solutions Limited is a company within the CLP Group. Our revenue attributable to the Master Agreement A amounted to approximately HK\$70.3 million, HK\$79.3 million and HK\$81.4 million for FY2021/22, FY2022/23 and FY2023/24, respectively.

Number of projects by range of service revenue recognised

For FY2021/22, FY2022/23 and FY2023/24, there were 43, 59 and 73 projects which contributed a total of approximately HK\$438.8 million, HK\$338.9 million and HK\$523.0 million to our service revenue, respectively. Set out below is a breakdown of our projects based on their respective range of service revenue recognised during the Track Record Period:

	FY2021/22	FY2022/23	FY2023/24
	No. of projects	No. of projects	No. of projects
Revenue recognised			
HK\$100 million or above	1	—	1
HK\$50 million to below HK\$100 million . .	—	1	1
HK\$10 million to below HK\$50 million . . .	8	8	10
HK\$1 million to HK\$10 million	11	19	18
Below HK\$1 million	23	31	43
Total	43	59	73



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Top projects undertaken during the Track Record Period

The following table sets out the details of our top five projects for each of FY2021/22, FY2022/23 and FY2023/24 in terms of revenue contribution to our Group:

FY2021/22

Rank	Project No.	Customers ^(Note 1)	Contract sum ^(Note 2)	Project sector	Location of the project	Type of works	Our role	Date of commencement and completion of our works ^(Note 5)	Revenue (percentage of total revenue recognised for the year)						Estimated revenue to be recognised after the Track Record Period ^(Note 6)
									FY 2021/22		FY 2022/23		FY 2023/24		
									HK\$'000	%	HK\$'000	%	HK\$'000	%	
1	#01	Customer A, Customer C, Customer E, Customer J	HK\$'000 390,371	Public	Hong Kong International Airport	Civil engineering works	Subcontractor	Commencement: October 2019 Completion: June 2022	254,576	48.9	60,600	16.8	—	HK\$'000	
2	#02	Kum Shing Construction	N/A ^(Note 3)	Private	Tsuen Wan	Cable trenching, laying and jointing works	Subcontractor	Commencement: March 2021 Completion: Ongoing	43,201	8.3	44,221	12.2	31,752	6.0	N/A ^(Note 3)
3	#03	CLPe Solutions Limited	N/A ^(Note 3)	Private	Sham Shui Po	Cable trenching, laying and jointing works	Subcontractor ^(Note 4)	Commencement: December 2020 Completion: Ongoing	38,239	7.3	22,757	6.3	20,268	3.9	N/A ^(Note 3)
4	#04	CLPe Solutions Limited	N/A ^(Note 3)	Private	Wong Tai Sin	Cable trenching, laying and jointing works	Subcontractor ^(Note 4)	Commencement: December 2020 Completion: Ongoing	26,312	5.1	49,429	13.7	55,631	10.6	N/A ^(Note 3)



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Rank	Project No.	Customers ^(Note 1)	Contract sum ^(Note 2)	Project sector	Location of the project	Type of works	Our role	Date of commencement and completion of our works ^(Note 5)	Revenue (percentage of total revenue recognised for the year)				Estimated revenue to be recognised after the Track Record Period ^(Note 6)		
									FY2021/22		FY2022/23			FY2023/24	
									HK\$'000	%	HK\$'000	%		HK\$'000	%
5	#05	Customer F	HK\$'000 29,998	Public	At the locations of various schools and non-governmental organisations	Solar PV system works	Subcontractor	Commencement: September 2020 Completion: September 2022	15,718	3.0	2,463	0.7	—	—	HK\$'000
Total for FY2021/22									378,047	72.6					

Notes:

- Please refer to the paragraph headed “Our customers — Top customers” in this section.
- The contract sum shown in the above table represents the adjusted contract sum taken into account the actual work orders on re-measurement basis and variation orders received by our Group as at the Latest Practicable Date.
- The total fixed contract sum is not specified in Master Agreement A and Master Agreement B. Instead, Master Agreement A and Master Agreement B contain a schedule of rates which sets out the standard rates for different types of works, and the contract sum for each work order under Master Agreement A and Master Agreement B is calculated based on the agreed unit price in the schedule of rates (subject to adjustment mechanism) and the actual amount of work carried out by our Group. For details of Master Agreement A and Master Agreement B, please refer to the paragraph headed “Our customers — Master Agreement A and Master Agreement B for electrical cable engineering works” in this section.
- We are directly contracted by CLPe Solutions Limited as subcontractor in which CLPe Solutions Limited is a company within the CLP Group.

Our project may comprise a number of contracts. The commencement date refers to the earliest commencement date of the contracts within the project. The completion date refers to the latest completion date of the contracts within the project.

The estimated revenue to be recognised after the Track Record Period is calculated based on the adjusted contract sum less cumulative revenue recognised up to the end of the Track Record Period.



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Rank	Project No.	Customers ^(Note 1)	Contract sum ^(Note 2)	Project sector	Location of the project	Type of works	Our role	Date of commencement and completion of our works ^(Note 5)	Revenue (percentage of total revenue recognised for the year)						Estimated revenue to be recognised after the Track Record Period ^(Note 6)
									FY2021/22		FY2022/23		FY2023/24		
									HKS'000	%	HKS'000	%	HKS'000	%	
1	#01	Customer A, Customer C, Customer E, Customer J	HKS'000 390,371	Public	Hong Kong International Airport	Civil engineering works	Subcontractor	Commencement: October 2019 Completion: 28 June 2022	254,576	48.9	60,600	16.8	—	—	HKS'000
2	#04	CLPe Solutions Limited	N/A ^(Note 3)	Private	Wong Tai Sin	Cable trenching, laying and jointing works	Subcontractor ^(Note 4)	Commencement: December 2020 Completion: Ongoing	26,312	5.1	49,429	13.7	55,631	10.6	N/A ^(Note 3)
3	#02	Kum Shing Construction	N/A ^(Note 3)	Private	Tsuen Wan	Cable trenching, laying and jointing works	Subcontractor	Commencement: March 2021 Completion: Ongoing	43,201	8.3	44,221	12.2	31,752	6.0	N/A ^(Note 3)
4	#06	Government Department A	99,065	Public	Mui Wo	Road and drainage works	Main contractor	Commencement: November 2021 Completion: Ongoing	3,729	0.7	26,056	7.2	32,903	6.3	36,377
5	#03	CLPe Solutions Limited	N/A ^(Note 3)	Private	Sham Shui Po	Cable trenching, laying and jointing works	Subcontractor ^(Note 4)	Commencement: March 2021 Completion: Ongoing	38,239	7.3	22,757	6.3	20,268	3.9	N/A ^(Note 3)
Total for FY2022/2023									203,063		56.2				



Notes:

1. Please refer to the paragraph headed “Our customers — Top customers” in this section.
2. The contract sum shown in the above table represents the adjusted contract sum taken into account the actual work orders on re-measurement basis and variation orders received by our Group as at the Latest Practicable Date.
3. The total fixed contract sum is not specified in Master Agreement A and Master Agreement B. Instead, Master Agreement A and Master Agreement B contain a schedule of rates which sets out the standard rates for different types of works, and the contract sum for each work order under Master Agreement A and Master Agreement B is calculated based on the agreed unit price in the schedule of rates (subject to adjustment mechanism) and the actual amount of work carried out by our Group. For details of Master Agreement A and Master Agreement B, please refer to the paragraph headed “Our customers — Master Agreement A and Master Agreement B for electrical cable engineering works” in this section.
4. We are directly contracted by CLPe Solutions Limited as subcontractor in which CLPe Solutions Limited is a company within the CLP Group.
5. Our project may comprise a number of contracts. The commencement date refers to the earliest commencement date of the contracts within the project. The completion date refers to the latest completion date of the contracts within the project.
6. The estimated revenue to be recognised after the Track Record Period is calculated based on the adjusted contract sum less cumulative revenue recognised up to the end of the Track Record Period.



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Rank	Project No.	Customer (Note 1)	Contract sum (Note 2)	Project sector	Location of the project	Type of works	Our role	Date of commencement and completion of our works (Note 5)	Revenue (percentage of total revenue recognised for the year)						Estimated revenue to be recognised after the Track Record Period (Note 6)
									FY2021/22		FY2022/23		FY2023/24		
									HK\$'000	%	HK\$'000	%	HK\$'000	%	
1	#07	Customer G	HK\$'000 577,132	Public	Hong Kong International Airport	Civil engineering works	Subcontractor	Commencement: December 2022 Completion: Ongoing	N/A	N/A	9,747	2.7	171,584	32.6	395,801
2	#04	CLPe Solutions Limited	N/A (Note 3)	Private	Wong Tai Sin	Cable trenching, laying and jointing works	Subcontractor (Note 4)	Commencement: December 2020 Completion: Ongoing	26,312	5.1	49,429	13.7	55,631	10.6	N/A (Note 3)
3	#08	Wing Hing Construction Company Limited	189,178	Public	Hong Kong International Airport	Civil engineering works	Subcontractor	Commencement: July 2022 Completion: Ongoing	N/A	N/A	7,295	2.0	43,721	8.3	138,163
4	#06	Government Department A	99,065	Public	Mui Wo	Road and drainage works	Main contractor	Commencement: November 2021 Completion: Ongoing	3,729	0.7	26,056	7.2	32,903	6.3	43,627
5	#02	Kum Shing Construction	N/A (Note 3)	Private	Tsuen Wan	Cable trenching, laying and jointing works	Subcontractor	Commencement: March 2021 Completion: Ongoing	43,201	8.3	44,221	12.2	31,752	6.0	N/A (Note 3)
Total for FY2023/24													335,591		63.8



Notes:

1. Please refer to the paragraph headed “Our customers — Top customers” in this section.
2. The contract sum shown in the above table represents the adjusted contract sum taken into account the actual work orders on re-measurement basis and variation orders received by our Group as at the Latest Practicable Date.
3. The total fixed contract sum is not specified in the Master Agreement A and Master Agreement B. Instead, the Master Agreement A and Master Agreement B contain a schedule of rates which sets out the standard rates for different types of works, and the contract sum for each work order under the Master Agreement A is calculated based on the agreed unit price in the schedule of rates (subject to adjustment mechanism) and the actual amount of work carried out by our Group. For details of the Master Agreement A and Master Agreement B, please refer to the paragraph headed “Our customers — Master Agreement A and Master Agreement B for electrical cable engineering works” in this section.
4. We are directly contracted by CLPe Solutions Limited as subcontractor in which CLPe Solutions Limited is a company within the CLP Group.
5. Our project may comprise a number of contracts. The commencement date refers to the earliest commencement date of the contracts within the project. The completion date refers to the latest completion date of the contracts within the project.
6. The estimated revenue to be recognised after the Track Record Period is calculated based on the adjusted contract sum less cumulative revenue recognised up to the end of the Track Record Period.



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Backlog

The following table sets out movement in the number of our projects during the Track Record Period and up to 31 July 2024:

	FY2021/22	FY2022/23	FY2023/24	From 1 April 2024 up to 31 July 2024
Opening number of projects ^(Note 1) . . .	15	27	32	24
Add: Number of new projects awarded to us ^(Note 2)	27	32	29	9
Less: Number of projects completed ^(Note 3)	(15)	(27)	(37)	(6)
Ending number of projects^(Note 4) . . .	27	32	24	27

Notes:

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

Considering that Project No. #01 would be substantially completed towards the end of FY2021/22, we took the view to strive to increase the likelihood of successful tenders by adopting a more price competitive approach in respect of the tenders submitted during FY2021/22 thereby strengthening our project portfolio, and as a result the number of our new projects awarded increased from 27 for FY2021/22 to 32 for FY2022/23 (including our key projects, namely Project No. #07 and Project No. #08). In balancing our resources to undertake the abovementioned new key projects and our capacity to take up other additional new projects, we lowered the number of tenders submitted during FY2023/24 resulting in the decrease in the number of projects awarded during the same financial year.



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The following table sets forth the movement in the value of backlog of our projects (excluding the Master Agreement A, the Master Agreement B and the Master Agreement C) during the Track Record Period and up to 31 July 2024:

	FY2021/22	FY2022/23	FY2023/24	From 1 April 2024 up to 31 July 2024
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Opening value of backlog as at the beginning of the relevant year/period.	120,651	221,364	722,016	707,582
Add: Total value of contract works awarded during the relevant year/period ^(Note 1)	414,793	715,962	395,427	340,147
Less: Total service revenue recognised during the relevant year/period. .	(314,080)	(215,310)	(409,861)	(232,278)
Ending value of backlog to be carried forward to the next year/period (Notes 2 and 3)	<u>221,364</u>	<u>722,016</u>	<u>707,582</u>	<u>815,451</u>

Notes:

1. Total value of contract works awarded means (i) the original estimated contract sum of new projects awarded, or where applicable, the adjusted contract sum taking into account the amount of actual work orders on re-measurement basis; and (ii) the value of variation orders issued by our customers in the relevant year/period indicated.
2. Ending value of backlog means the portion of the total estimated service 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.
3. For details of the major projects constituting our backlog value as at 31 July 2024, please refer to the paragraph headed "Projects on hand" in this section below.

As at 31 March 2024, our backlog value comprised (i) approximately HK\$657.2 million in respect of site formation works; (ii) approximately HK\$45.6 million in respect of road and drainage works; and (iii) approximately HK\$4.8 million in respect of solar PV system works.

Our backlog value increased significantly from approximately HK\$221.4 million as at 31 March 2022 to approximately HK\$722.0 million as at 31 March 2023. Such significant increase was mainly due to (i) the addition of value of contract works for key projects awarded during FY2022/23 including Project No. #07 and Project No. #08; and (ii) the decrease in service revenue recognised for FY2022/23, which was mainly because one of our Third Runway Projects, namely,



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Project No. #01, was substantially completed towards the end of FY2021/22 and as a result contributed a substantially lower amount of service revenue for FY2022/23. Our backlog value then remained relatively stable at approximately HK\$707.6 million as at 31 March 2024, in which the addition of value of contract works for projects awarded during FY2023/24 (including Project No. #10, Project No. #11 and Project No. #13) roughly outweighed the service revenue recognised during the same financial year.

For detailed analysis of fluctuation of our service revenue during the Track Record Period, please refer to the paragraph headed “Financial Information — Principal components of the combined statements of profit or loss — Revenue” in this prospectus.

The Master Agreement A, the Master Agreement B and the Master Agreement C are not included in our backlog value in the above table as the total fixed contract sum is not specified in the agreements. Instead, the Master Agreement A, the Master Agreement B and the Master Agreement C contain a schedule of rates which sets out the standard rates for different types of works, and the contract sum for each work order under the Master Agreement A, the Master Agreement B and the Master Agreement C is calculated based on the agreed unit price in the schedule of rates and the actual amount of work carried out by our Group. Although Master Agreement C stated an estimated total work amount of HK\$225 million, such amount was only an indicative estimation and was not a fixed contract sum because the amount of fees that our Group was entitled to charge under the Master Agreement C depended on the actual amount of work carried out, rather than as a fixed lump sum that our Group would be entitled to charge for carrying out the specified works as in a standard construction contract. For details of the Master Agreement A and the Master Agreement B, please refer to the paragraph headed “Our customers — Master Agreement A and Master Agreement B for electrical cable engineering works” in this section. The following table sets forth the amount of service revenue recognised attributable to the Master Agreement A, the Master Agreement B and the Master Agreement C during the Track Record Period:

	FY2021/22	FY2022/23	FY2023/24
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Service revenue attributable to:			
Master Agreement A	70,306	79,332	81,392
Master Agreement B ^(Note 1)	43,201	44,221	31,752
Master Agreement C ^(Note 2)	11,235	—	—
Total	124,742	123,553	113,144



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Notes:

1. Service revenue attributable to the Master Agreement B decreased from approximately HK\$44.2 million for FY2022/23 to approximately HK\$31.8 million for FY2023/24. Such decrease was mainly due to two large-scale work orders issued with an accumulated order value exceeding HK\$10 million each, namely a renovation work project for a road in Tsing Yi and a large-scale power substation overhaul project in Kwai Chung, during FY2021/22 and FY2022/23, thereby resulting in an increase in the overall order values under the Master Agreement B for FY2021/22 and FY2022/23. According to the Industry Report, the Urban Renewal Authority has explored to re-plan, renovate and revitalise old districts including Tsuen Wan in the foreseeable future, coupled with the Government's plan in promoting electric vehicles and installing fast charging facilities in districts including Tsuen Wan, our Directors are of the view that the decreasing trend of service revenue attributable to the Master Agreement B is not expected to continue in FY2024/25.
2. Since the service revenue attributable to the Master Agreement C only amounted to HK\$11.2 million for FY2021/22, which was substantially lower than the aggregate service revenue attributable to the Master Agreement A and the Master Agreement B of approximately HK\$113.5 million for FY2021/22, our Directors considered that it was not economically justified to devote resources and reserve a designated pool of direct labour and machinery for provision of services under the Master Agreement C. In light of the above, our Group and the main contractor under the Master Agreement C (which does not belong to the CLP Group) had reached a mutual understanding that parties would not further perform the Master Agreement C in practice since FY2022/23. Starting from FY2022/23, the main contractor of the Master Agreement C had not issued to our Group any work orders and our Group had not requested for or accepted any work orders under the Master Agreement C. As a result, no service revenue was recognised under the Master Agreement C for both FY2022/23 and FY2023/24. Our Directors confirmed that there has been no dispute or claim lodged by or against our Group in relation to the Master Agreement C. For details of the salient terms of the Master Agreement C, please refer to the paragraph headed "Business — Our customers — Master Agreement C" in this prospectus.



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PROJECTS ON HAND

As at 31 July 2024, our Group had 27 projects on hand (representing projects that have commenced but not completed as well as projects that have been awarded to us but not yet commenced). The following table sets out the details of our material on-going projects with contract sum over HK\$10 million (excluding the Master Agreement A and the Master Agreement B) as at 31 July 2024:

Project No.	Customer	Contract sum (Note 1)	Project sector	Location of the project	Type of works	Our role	Date of commencement and completion of our works (Note 2)	Revenue recognised during the Track Record Period			Estimated revenue to be recognised after the Track Record Period (Note 3)
								FY2021/22			
								FY2021/22	FY2022/23	FY2023/24	
#07	Customer G	HK\$'000 577,132	Public	Hong Kong International Airport	Civil engineering works	Subcontractor	Commencement: December 2022 Completion: June 2025	HK\$'000	HK\$'000	HK\$'000	395,801
								N/A	9,747	171,584	
#08	Wing Hing Construction Company Limited	189,178	Public	Hong Kong International Airport	Civil engineering works	Subcontractor	Commencement: July 2022 Completion: January 2025	N/A	7,295	43,721	138,163
#06	Government Department A	99,065	Public	Mui Wo	Road and drainage works	Main contractor	Commencement: November 2021 Completion: June 2025	3,729	26,056	32,903	36,377
#05	China Road and Bridge Corporation	29,687	Public	Siu Ho Wan	Civil engineering works	Subcontractor	Commencement: June 2022 Completion: September 2024	N/A	5,667	19,455	4,565



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Project No.	Customer	Contract sum (Note 1)	Project sector	Location of the project	Type of works	Our role	Date of commencement and completion of our works (Note 2)	Revenue recognised during the Track Record Period				Estimated revenue to be recognised after the Track Record Period (Note 3)
								FY2021/22	FY2022/23	FY2023/24		
#10 . . .	China Road and Bridge Corporation	HK\$'000 60,750	Public	Yuen Long	Site formation works	Subcontractor	Commencement: June 2023 Completion: November 2027	HK\$'000 N/A	HK\$'000 N/A	HK\$'000 17,885	HK\$'000 42,865	
#11 . . .	Customer K	27,444	Private	Sai Sha Road	Civil engineering works	Subcontractor	Commencement: 16 January 2024 Completion: October 2024	N/A	N/A	2,995	24,449	
#12 . . .	Customer F	32,106	Public	At the locations of various schools and non-governmental organisations	Solar PV system works	Subcontractor	Commencement: 1 September 2022 Completion: August 2024	N/A	18,672	12,792	642	
#13 . . .	Customer L	57,067	Public	Automatic people mover (APM) and baggage handling system (BHS) tunnels at the Hong Kong International Airport	Civil engineering works	Subcontractor	Commencement: 1 April 2024 Completion: March 2026	N/A	N/A	N/A	57,067	
#14 . . .	Customer M	49,222	Private	Fanling; Yuen Long; Diamond Hill and Yau Ma Tei	Substations refurbishment	Main contractor	Commencement: May 2024 Completion: December 2024	N/A	N/A	N/A	49,222	



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Project No.	Customer	Contract sum (Note 1)	Project sector	Location of the project	Type of works	Our role	Date of commencement and completion of our works (Note 2)	Revenue recognised during the Track Record Period			Estimated revenue to be recognised after the Track Record Period (Note 3)
								FY2021/22	FY2022/23	FY2023/24	
T01. . . .	Customer L	HK\$'000 266,432	Private	Kowloon City	Site formation works	Subcontractor	Commencement: July 2025 Completion: July 2027	HK\$'000 N/A	HK\$'000 N/A	HK\$'000 N/A	HK\$'000 266,432

Notes:

1. The contract sum shown in the above table represents the adjusted contract sum, taken into account actual work orders on re-measurement basis and variation orders received by our Group as at the Latest Practicable Date.
2. The expected completion date for a particular project is provided based on our management's best estimation. In making the estimation, our management takes into account factors including the expected completion date specified in the relevant contract (if any), the extension period granted by our customers (if any) and the actual work schedule.
3. The estimated revenue to be recognised after the Track Record Period is calculated based on the adjusted contract sum less cumulative revenue recognised up to the end of the Track Record Period.



OUR CUSTOMERS

Characteristics of our customers

During the Track Record Period, our customers mainly included construction and/or infrastructure contractors (including joint ventures formed by the construction and/or infrastructure contractors), the CLP Group and its main contractors, and various Government departments. For instance, for FY2023/24, approximately 70.9%, 16.9% and 10.8% of our total revenue was contributed by construction contractors (including joint ventures formed by construction contractors), the CLP Group and Government departments, respectively. For FY2021/22, FY2022/23 and FY2023/24, the number of our customers was 30, 27 and 30 customers, respectively. During the Track Record Period, all of our customers were located in Hong Kong and our revenue was denominated in Hong Kong dollars.

Principal terms of engagement

During the Track Record Period, we undertook some of our electrical cable engineering works and all of our civil engineering works on a project-by-project basis. For our solar PV works, we undertook works on a project-by-project basis, as well as providing maintenance services on an annual basis. Our executive Directors consider such arrangement is in line with the civil and electrical cable engineering works industry practice in Hong Kong. Our customers generally confirm our engagement by issuing a letter of award or entering into a formal contract with us. The principal terms of our engagement with customers are summarised as follows:

Scope of works

The contracts normally set out the scope of services to be carried out by our Group and other project specifications or requirements. Our customers generally require us to complete our works within a specified period and in accordance with their specified work schedule.

Duration

The contract usually specifies the commencement date and duration of the project implementation, typically ranging from one month to three years, subject to extension granted by the customers where necessary.



Contract sum

During the Track Record Period, our contracts with customers are generally on re-measurement basis. The contract will specify an estimated contract sum based on the agreed unit rates and the estimated quantities of work items. The actual amount of works to be carried out by us under our contract is subject to our customer's instructions or orders placed during the contract period and the total actual value of work done may be different from the original estimated contract sum stated in the contract. Our customers will measure the actual quantities of works executed on site and our Group will be paid based on the actual work done. Depending on our negotiations with customers, some of our customers may also engage us based on a lump sum price under which we are generally required to carry out the specified works required by our customers of fixed quantity at an agreed lump sum price.

Payment terms

Our Group generally submits a progress payment application to our customer on a monthly basis with reference to the amount of works completed. Upon receiving our payment application for progress payments, our customer will examine and certify our works done by issuing a payment certificate to us. The credit term granted by us to our customers is generally 7 to 60 days from the issue of payment certificate.

Our Group adopted various internal policies and procedures to manage and enhance collection of trade receivables and unbilled revenue. These internal policies and procedures include (i) submitting progress payment applications to our customers on a monthly or regular basis with reference to the amount of works completed to avoid unnecessary delay in billing; (ii) maintaining a list of bills issued for each project and regularly updating the status and amount of funds received for each bill; (iii) compiling trade receivable ageing report on a monthly basis; (iv) reporting to chief financial officer and relevant project-in-charge in respect of bills that remain outstanding for over 90 days and instructing relevant project managers to closely follow up with clients for settlement of the outstanding bills; and (v) reporting to project-in-charge and our Directors the reasons for bills that remain outstanding for over 180 days and convening meetings to discuss and implement appropriate debt collection measures.

Insurance

In projects where we act as the main contractor, we are generally responsible for taking out all necessary insurances for us and our subcontractors, such as contractors' all risk insurance and employees' compensation insurance. In other projects where we act as a subcontractor, the main contractors would normally take out the aforesaid insurance policies covering their own liabilities as well as our liabilities.



Procurement of materials

Depending on the contract terms agreed with our customers, materials may be (i) procured by us at our cost; (ii) provided by our customers at their cost; or (iii) procured by our customers for our use and such costs will be subsequently deducted in the relevant payment certificates issued to us. We typically purchase materials from our internal list of approved suppliers. In the circumstances where our customers procure certain materials and provide to us for our use at our cost, we would regard such customer as our supplier of the relevant materials, further details of which are discussed in the paragraph headed “Top five customers who were also our suppliers” below in this section. On occasions, our customers may require us to procure materials with certain specifications.

Defects liability period and warranty (if applicable)

Our contracts generally include a defects liability period of 12 months, following completion of the relevant works. For projects in which we act as subcontractor, if so requested by our customers, our contracts may include a defects liability period following the terms of the main contract on back-to-back basis. During the defects liability period, we are typically required to rectify any defect without delay at our own cost if the defect is due to our non-conformance of works performed, or due to our neglect or failure to comply with our contractual obligation.

In respect of projects for supply and installation of PV systems, we may provide a 1-year warranty on material and workmanship, while the supplier of the solar PV panels may provide a 25-year warranty on power output for solar PV panels.

Our Directors confirm that during the Track Record Period and up to the Latest Practicable Date, (i) our Group had not undertaken any major rectification works during the defects liability period, and (ii) none of our customers had lodged any material complaint against our Group.

Indemnification for underperformance

We are in general contractually obliged to indemnify the main contractors for our Group’s underperformance, which has not occurred during the Track Record Period and up to the Latest Practicable Date.

Retention monies

Depending on the contract terms, our customers may hold up a certain percentage of each payment made to us as retention monies. Our customers may withhold up to 10% of each of our progress payment as retention monies and subject to a cap of 5% of the total contract sum.



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Depending on the contract terms, half of the retention monies are generally released upon completion of our works to the satisfaction of the main contractor or project owner. The remaining half are generally released upon expiry of the defects liability period of the relevant contracts. Alternatively, the retention monies are released pursuant to the terms of the main contracts on back-to-back basis.

The following table sets forth the amounts of retention monies incurred by and released to our Group during the Track Record Period and up to 31 July 2024.

	FY2021/22	FY2022/23	FY2023/24	Period from 1 April 2024 to 31 July 2024
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Retention monies incurred.	780	6,438	13,179	14,924
Retention monies released	3,064	7,358	3,247	3,030

As at 31 March 2022, 31 March 2023 and 31 March 2024, our gross retention receivables amounted to approximately HK\$7.4 million, HK\$6.4 million and HK\$16.5 million, respectively. The gross retention receivables of HK\$16.5 million as at 31 March 2024 was mainly attributable to the Third Runway Projects. Please refer to the paragraph headed “Financial Information — Description of certain line items in the combined statements of financial position — Contract assets and liabilities” in this prospectus for a further discussion and analysis regarding our retention receivables.

To the best knowledge and information of our Directors, there was no late release of retention monies by our Group during the Track Record Period and up to the Latest Practicable Date.

Variation orders

A variation order may vary the original scope of work. Our customers may request addition or alteration of works beyond the scope of the contract during project implementation. Where the works under the variation order are the same or similar to the works prescribed in the contract, the rate of the works under the variation order is usually similar with that of the contract. If there are no equivalent or similar items under the contract for reference, we will further agree on the rates with our customers. A variation order is usually placed by way of a purchase order by our customers describing the detailed works to be performed under such variation order.



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The following table sets forth the details of the significant variation orders in respect of our top five projects during the Track Record Period and our material on-going projects on hand as at 31 July 2024 with contract sum over HK\$10 million (excluding the Master Agreement A and the Master Agreement B):

Project No.	Type of works	Original contract	Contract value of the variation orders				Revised contract
		sum					sum
			For the period from 1 April 2024 to 31 July 2024				
			FY2021/22	FY2022/23	FY2023/24		
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
#01 ^(Note)	Civil engineering works	311,712	36,262	—	—	—	390,371
#07	Civil engineering works	480,051	N/A	85,819	7,474	10,305	583,649
#09	Civil engineering works	24,297	N/A	3,418	1,972	289	29,976
#10	Site formation works	53,945	N/A	—	6,805	—	60,750

Note: Variation orders with contract value of approximately HK\$42.4 million was awarded prior to the Track Record Period.

Liquidated damages

Liquidated damages clause may be included in the contracts to protect our customers against late completion of work. We may be liable to pay liquidated damages to our customers if we are unable to deliver or perform the contractual works within the time specified in or in accordance with the contract. Our customer is entitled to recover all additional costs, expenses and losses incurred in connection with our default. None of the liquidated damages, additional costs, expenses or losses is covered by any insurance policies maintained by our Group. During the Track Record Period, there were no material liquidated damages imposed by our customers against us.

Termination

Our customers may terminate our contracts if, among other things, we fail to proceed with the works with due diligence, fail to execute the works in accordance with the contracts, fail to remove defective materials or make good defective work after being instructed by our customers. During the Track Record Period and up to the Latest Practicable Date, none of our contracts were terminated pursuant to the termination clause.



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Master Agreement A and Master Agreement B for electrical cable engineering works

Master Agreement A

We entered into the Master Agreement A on a fixed-term contract basis with CLPe Solutions Limited (as main contractor) for the provision of zonal cable trenching, laying and jointing works as well as emergency and cable fault repair, in which CLPe Solutions Limited would issue work orders and instructions to us and we are responsible for performing the works in accordance with such work orders and instructions. The salient terms of the Master Agreement A are set forth below:

Duration of contract and renewal	Three years, commencing from 1 December 2020 and expiring on 30 November 2023, subject to renewal. Upon the expiry of the original term, CLPe Solutions Limited may exercise an option to extend the term for up to two years on an annual basis.

Upon the expiry of the original term (i.e. 30 November 2023), CLPe Solutions Limited exercised the renewal option for one year (i.e. until 30 November 2024). Our executive Directors confirm that, as at the Latest Practicable Date, (i) CLPe Solutions Limited has not expressed any indication that CLPe Solutions Limited will not exercise the renewal option for another year; and (ii) we are currently negotiating with CLPe Solutions Limited on a new fixed-term master agreement with a tentative initial term of four years with option to extend the term for up to four years on an annual basis commencing in December 2024.

Scope of works	Generally include cable trenching, laying and jointing works as well as emergency and cable fault repair. The details of the scope of works and the specifications are to be set out in the work orders and instructions issued by CLPe Solutions Limited to our Group during the term of the agreement.

Zones	Wong Tai Sin and Sham Shui Po zones



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Contract sum	The total fixed contract sum is not specified in the agreement. The fee we are entitled to charge for our works is calculated with reference to standard rates (subject to the contract price adjustment mechanism as explained below) contained in the schedule of rates in the agreement and the work orders and instructions issued by CLPe Solutions Limited. The schedule of rates contains the standard rates for different types of works. The contract sum for each works may be increased or decreased in the event of any fluctuations in the contract sum under the main contract, for the same work order issued by the project owner under the main contract. The contract sum for each works payable to our Group shall be adjusted at the sole discretion of the project owner with reference to the composite consumer price index compiled by the Census and Statistics Department and calculated according to the calculation mechanism specified in the agreement.
Payment terms	Our Group submits final payment application to CLPe Solutions Limited for the works performed by us upon completion of works under each work order. Upon receiving our payment application, CLPe Solutions Limited will issue a payment certificate to us, and make final payment to our Group.
Insurance	CLPe Solutions Limited is responsible for procuring and maintaining contractors' all risk insurance and third party liability insurance as well as employees' compensation insurance for frontline workers.
Defects liability period	During the defects liability period, we are typically required to rectify any defect or imperfection of our works at our own costs unless such defect or imperfection is caused by the act, neglect or default of the project owner, its representative or the CLP Group.
Retention monies	The agreement specifies the maximum amount of retention monies under the agreement. The retention monies are released upon expiry of the defects liability period of the last work order placed under the agreement.



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Termination

CLPe Solutions Limited may terminate the Master Agreement A by serving written notice on our Group in the following circumstances:

- (i) if the employment of CLPe Solutions Limited is determined for any reason before our Group has fully performed our obligations under the Master Agreement A;
- (ii) if our Group:
 - (a) has abandoned the Master Agreement A;
 - (b) without reasonable excuse has failed to commence works pursuant to the Master Agreement A;
 - (c) has suspended the progress of works under the Master Agreement A for seven days after receiving notice in writing from CLPe Solutions Limited to proceed;
 - (d) has failed to comply with an order given to remove work and materials not in accordance with the Master Agreement A after being directed in writing to do so by CLPe Solutions Limited;
 - (e) despite a previous warning in writing, has failed to proceed with the Master Agreement A with due diligence or is persistently in breach of any obligation under the Master Agreement A;
 - (f) has assigned the whole or any part of the benefit of the Master Agreement A or sub-let the whole of the Master Agreement A without the previous written consent of CLPe Solutions Limited;
 - (g) (or our employees or sub-contractors or agents) has committed any act of corruption in connection directly or indirectly with the Master Agreement A or the tender exercise in respect thereof; or



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- (h) commits an act of bankruptcy or enters into a deed of arrangement with our creditors or, goes into liquidation (other than a voluntary liquidation for the purposes of re-construction), or has a receiver appointed for all or part of his undertaking.

Master Agreement B

We entered into the Master Agreement B on a fixed-term contract basis with Kum Shing Construction for the provision of zonal cable trenching, laying and jointing works as well as emergency and cable fault repair, in which Kum Shing Construction (as main contractor of the CLP Group) would issue work orders and instructions to us and we are responsible for performing the works in accordance with such work orders and instructions. The salient terms of the Master Agreement B are set forth below:

Duration of contract and renewal	Three years, commencing from 1 December 2020 and expiring on 30 November 2023, subject to renewal.

Upon the expiry of the original term, Kum Shing Construction may exercise an option to extend the term for up to two years on an annual basis.

Upon the expiry of the original term (i.e. 30 November 2023), Kum Shing Construction exercised the renewal option for one year (i.e. until 30 November 2024). Our executive Directors confirm that, as at the Latest Practicable Date, (i) Kum Shing Construction has not expressed any indication that Kum Shing Construction will not exercise the renewal option for another year; and (ii) we are currently negotiating with Kum Shing Construction on a new fixed-term master agreement with a tentative initial term of four years with option to extend the term for up to four years on an annual basis commencing in December 2024.

Scope of works	Generally include cable trenching, laying and jointing works as well as emergency and cable fault repair. The details of the scope of works and the specifications are to be set out in the work orders and instructions issued by Kum Shing Construction to our Group during the term of the agreement.

Zone	Tsuen Wan zone



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Contract sum	The total fixed contract sum is not specified in the agreement. The fee we are entitled to charge for our works is calculated with reference to standard rates (subject to the contract price adjustment mechanism as explained below) contained in the schedule of rates in the agreement and the work orders and instructions issued by Kum Shing Construction. The schedule of rates contains the standard rates for different types of work.
Payment terms	Our Group submits final payment application to Kum Shing Construction for the works performed by us upon completion of works under each work order. Upon receiving our payment application, Kum Shing Construction will issue a payment certificate to us, and make final payment to our Group.
Provision of raw materials	At Kum Shing Construction's discretion and agreement, Kum Shing Construction will provide the raw materials required for the subcontracted works to our Group free of charge, and the quantity of raw materials required shall be determined solely by Kum Shing Construction.
Insurance	Kum Shing Construction is responsible for procuring and maintaining employee's compensation insurance and contractors' all risks insurance.
Defects liability period	During the defects liability period, we are typically required to rectify any defect or imperfection of our works at our own costs unless such defect or imperfection is caused by the act, neglect or default of the project owner, its representative or Kum Shing Construction.
Retention monies	At a rate specified in the agreement of the subcontracting fees paid by Kum Shing Construction.
Termination	Kum Shing Construction may terminate the Master Agreement B by serving written notice on our Group in the following circumstances: (i) if the employment of Kum Shing Construction is determined for any reason before our Group has fully performed our obligations under the Master Agreement B;



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(ii) if our Group:

- (a) commits an act of bankruptcy or enters into a deed of arrangement with our creditors or, goes into liquidation (other than a voluntary liquidation for the purposes of re-construction), or allows or permits our properties to be subjects to be taken by the enforcement of laws or equity;
- (b) fails to diligently carry out the works under the Master Agreement B;
- (c) fails to perform the works pursuant to the Master Agreement B or any other obligations; or
- (d) refuses or fails to remove defective materials or rectify defective works,

and the aforesaid situation(s) continues after 10 days from the date of written notice served by Kum Shing Construction; or

Kum Shing Construction may also, without providing any reason, terminate the Master Agreement B by serving a 14-day notice in writing.

Exclusivity for works under the Master Agreement A and Master Agreement B

We are the only direct subcontractor of CLPe Solutions Limited and Kum Shing Construction (both as main contractor) for the scope of works set out in the Master Agreement A and the Master Agreement B (i.e. cable trenching, laying and jointing works as well as emergency and cable fault repair), respectively.

Subcontracting of works under the Master Agreement A and Master Agreement B

We reserve a designated pool of direct labour and machinery to provide our services under the Master Agreement A and the Master Agreement B as we primarily rely on our own direct labour rather than subcontracting the works. Occasionally, we also subcontracted certain works thereunder during the Track Record Period. During the Track Record Period, (i) for the Master Agreement A, we mainly deployed our direct labour for performing the works and incurred more employee expenses than subcontracting fees; and (ii) for the Master Agreement B, we gradually deployed more direct labour and reduced the use of subcontractors, in which the proportion of



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subcontracting fees to the service revenue attributable to the Master Agreement B decreased from approximately 51.5% for FY2021/22 to approximately 30.8% for FY2022/23 to approximately 5.7% for FY2023/24 while the proportion of employee expenses to the service revenue attributable to the Master Agreement B increased from approximately 22.9% for FY2021/22 to approximately 35.2% for FY2022/23 to approximately 51.2% for FY2023/24.

Under the Master Agreement A and the Master Agreement B, we shall not subcontract our works without previous written consent of CLPe Solutions Limited and Kum Shing Construction, respectively. To the best knowledge of our executive Directors, both CLPe Solutions Limited and Kum Shing Construction are aware of our occasional subcontracting arrangement. Our executive Directors are of the view that our occasional subcontracting arrangement does not constitute a material breach of the Master Agreement A and Master Agreement B and that our Group's occasional subcontracting arrangement has no material impact on our Group's operations, considering that:

- the term of the Master Agreement A and Master Agreement B commenced back in December 2020 and the current term is due to expire in November 2024. Since the commencement date of the Master Agreement A and Master Agreement B and up to the Latest Practicable Date, each of CLPe Solutions Limited and Kum Shing Construction had not lodged any complaint and had not served any notice or initiated any litigation regarding our Group's occasional subcontracting arrangement. Our executive Directors are of the view that if CLPe Solutions Limited or Kum Shing Construction have suffered any loss or damage from our Group's occasional subcontracting arrangement they would have already taken actions and not wait until towards the expiry of the Master Agreement A and Master Agreement B;
- during the Track Record Period and up to the Latest Practicable Date, both CLPe Solutions Limited and Kum Shing Construction had not refused to certify our works performed by our subcontractor(s), which again suggested that CLPe Solutions Limited and Kum Shing Construction did not suffer in terms of works quality and completion of works due to our occasional subcontracting arrangement; and
- we maintained a good working relationship with CLPe Solutions Limited and Kum Shing Construction, and as at the Latest Practicable Date, we are currently negotiating with CLPe Solutions Limited and Kum Shing Construction on new fixed-term master agreements which shall commence in December 2024. Our executive Directors confirm that going forward our Group will only deploy our direct labour for the new fixed-term master agreements with CLPe Solutions Limited and Kum Shing Construction.



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Based on the above, including the fact that neither CLPe Solutions Limited nor Kum Shing Construction had suffered any loss or damage arising from the above arrangements, the Hong Kong Legal Counsel is of the view that the above arrangements amount to an acquiescence of the above subcontracting arrangements by CLPe Solutions Limited and Kum Shing Construction, and accordingly, the likelihood of civil action against our Group is remote and the potential legal and financial impact on our Group is minimal.

Work flows for works under the Master Agreement A and Master Agreement B

Upon receipt of a work order from the main contractor under the Master Agreement A or the Master Agreement B, our Group will deploy our direct labour to the works site. During the construction period, we will submit daily reports to the main contractor. The main contractor will also monitor the work progress and quality at the work site on a regular basis.

In case of emergency repair, the main contractor would inform our Group of details of the repair work (including but not limited to location of work site, nature of repair work, etc.) through the designated contact point instead in light of the time constraint. The main contractor will be responsible for applying for the requisite licence or permit from the Highways Department and provide the same to us once it is available. Subsequent to receiving the requisite licence or permit, our Group will inform the Road Management Office of the Hong Kong Police Force of the work to be conducted, and deploy our direct labour to the work site to carry out the repair work required.

Upon completion of the work, our project management team will conduct final inspection of the work. The main contractor and/or the CLP Group (being the project owner) will then conduct inspection and examination on the work done to ensure they comply with their quality standards, requirements and specifications.

Upon passing the inspection, we will submit documents to the main contractor which will, upon satisfaction, submit the same to the project owner for payment.



Latest status of renewal

Our Directors are of the view that, notwithstanding that there is no specific provision under the Master Agreement A and the Master Agreement B setting out criteria which our Group must fulfill for further renewal and/or entering into new master agreements thereafter, there is no impediment for renewal of both the Master Agreement A and the Master Agreement B or entering into new fixed-term master agreements on the following grounds:

- our first subcontracting agreements (the “**First Subcontracting Agreements**”) entered into by Tai Shan Engineering and Wing Lee Construction to provide zonal cable trenching, laying and jointing works as well as emergency and cable fault repair as subcontractor in projects of which the CLP Group was the project owner were entered into back in 2016;
- pursuant to the First Subcontracting Agreements, our Group was engaged to provide cable trenching, laying and jointing works as well as emergency and cable fault repair in Yuen Long and Tsuen Wan zones respectively for a fixed term of two years, commencing from 2016 and expiring in 2018, subject to renewal. Upon the expiry of the original term, the respective main contractors may exercise an option to extend the term for up to two years on an annual basis. Taking into account our performance in the first two years and the report from the project owner, both main contractors had exercised their rights under the First Subcontracting Agreements to extend the original term for further two years, causing the term of the First Subcontracting Agreements be prolonged to four years up to 2020;
- upon expiry of the First Subcontracting Agreements, we entered into the Master Agreement A and the Master Agreement B with the respective main contractors for the provision of zonal cable trenching, laying and jointing works as well as emergency and cable fault repair (which are substantially similar to the scope of services under the First Subcontracting Agreements) in Wong Tai Sin, Sham Shui Po and Tsuen Wan zones respectively for a fixed term of three years commencing from 1 December 2020 and expiring on 30 November 2023, subject to a renewal option for up to two years on an annual basis. Upon the expiry of the original term (i.e. 30 November 2023), the terms of the Master Agreement A and the Master Agreement B were both extended for one year up to 30 November 2024.



BUSINESS

- Pursuant to the Master Agreement A and the Master Agreement B, our Group is obliged to provide emergency and cable fault repair in the relevant zones on the instructions of the main contractors. Notwithstanding that the recent power outage in Wong Tai Sin in June 2024 was not caused by or in any way related to our service quality or performance, our Group as the subcontractor under the Master Agreement A and upon receipt of the instruction of CLPe Solutions Limited on the date of the said power outage, had taken part in the emergency repair works. In order to provide emergency repair support, we promptly dispatched personnel to handle the power outage and completed the emergency repair work by the following day. In July 2024, our Group's performance in supporting the emergency and cable fault repairs in the said power outage was commended by the CLP Group.
- as at the Latest Practicable Date,
 - (i) our Group has been acting as the subcontractors for the provision of zonal cable trenching, laying and jointing works as well as emergency and cable fault repair in projects of the CLP Group for almost eight years;
 - (ii) the respective main contractors of the Master Agreement A and the Master Agreement B has not expressed any indication that they will not exercise the renewal option to extend for another year; and
 - (iii) we are currently negotiating with CLPe Solutions Limited and Kum Shing Construction on new fixed-term master agreements with a tentative initial term of four years with option to extend the term for up to four years on an annual basis commencing in December 2024.

Master Agreement C

We entered into the Master Agreement C on a fixed-term contract basis with the main contractor of the CLP Group for the provision of zonal cable trenching, laying and jointing works as well as emergency and cable fault repair, in which the main contractor would issue work orders and instructions to us and we are responsible for performing the works in accordance with such work orders and instructions.



BUSINESS

As discussed in the paragraph headed “Business — Projects undertaken during the Track Record Period — Backlog”, the main contractor of the Master Agreement C had not issued to our Group any work orders and our Group had not requested for or accepted any work orders under the Master Agreement C since FY2022/23. Thus, no service revenue was recognised under the Master Agreement C for FY2022/23 and FY2023/24. Our Directors confirmed that there has been no dispute or claim lodged by or against our Group in relation to the Master Agreement C. The salient terms of the Master Agreement C are set forth below:

Duration of contract	Three years, commencing from 1 December 2020 and expiring on 30 November 2023. The Master Agreement C has expired since 30 November 2023.
Scope of works	Generally include cable trenching, laying and jointing works as well as emergency and cable fault repair. The details of the scope of works and the specifications are to be set out in the work orders and instructions issued by the main contractor to our Group during the term of the agreement.
Rights and obligations of the main contractor	The main contractor shall procure materials on our behalf if our Group is in need and the main contractor agrees to do so.
Rights and obligations of our Group	Our Group shall supply materials, equipment and machinery and complete works per work orders and instructions issued by the main contractor pursuant to the terms and conditions of the main contract.
Zone	Yuen Long zone



BUSINESS

Contract sum	The total fixed contract sum is not specified in the agreement. The fee we are entitled to charge for our works is calculated with reference to standard rates (subject to the contract price adjustment mechanism as explained above) contained in the schedule of rates in the agreement and the work orders and instructions issued by the main contractor. The schedule of rates contains the standard rates for different types of works. Although Master Agreement C stated an estimated total work amount of HK\$225 million, such amount was only an indicative estimation and was not a fixed contract sum because the amount of fees that our Group was entitled to charge under the Master Agreement C depended on the actual amount of work carried out, rather than as a fixed lump sum that our Group would be entitled to charge for carrying out the specified works as in a standard construction contract.
Payment terms	Our Group submits final payment application to the main contractor for the works performed by us upon completion of works under each work order. Upon receiving completion certificate from the project owner, the main contractor will make final payment to our Group.
Insurance	The main contractor is responsible for procuring and maintaining contractors' all risk insurance and third party liability insurance as well as employees' compensation insurance for frontline workers.
Defects liability period	During the defects liability period, we are typically required to rectify any defect or imperfection of our works at our own costs unless such defect or imperfection is caused by the act, neglect or default of the project owner, its representative or the main contractor.



BUSINESS

Termination

If the main contractor discovers that our Group:

- (a) is not capable of completing or relinquishes the project;
- (b) is subject to criminal liability;
- (c) deliberately exaggerates numbers or amounts of projects with an intent to deceive the main contractor or the project owner;
- (d) has failed to provide reasonable explanation to the main contractor's satisfaction twice or more within three months in relation to written complaints of our performance issued to the main contractor by the project owner,

the main contractor may terminate the Master Agreement C by serving on our Group a notice in writing.

Top customers

For FY2021/22, FY2022/23 and FY2023/24, the percentage of our total revenue attributable to our top customer for each year amounted to approximately 32.4%, 24.0% and 32.6% respectively, while the percentage of our total revenue attributable to our top five customers for each year in aggregate amounted to approximately 84.6%, 61.0% and 72.3%, respectively. The following table sets out information of our top five customers for FY2021/22, FY2022/23 and FY2023/24:



BUSINESS

FY2021/22

Rank	Customer	Year of commencement of business relationship	Type of works	Typical credit terms ^(Note 11) and payment method	Revenue derived from the customer	
					HK\$'000	%
1	Customer A ^(Note 1)	Since 2020	Civil engineering works	30 or 45 days upon receipt of application for payment; by cheque	168,464	32.4
2	Customer C ^(Note 2)	Since 2021	Civil engineering works	30 or 45 days upon receipt of application for payment; by cheque	124,551	23.9
3	CLPe Solutions Limited ^(Note 3)	Since 2020	Cable trenching, laying and jointing works	7 days; by telegraphic transfer	84,026	16.1
4	Kum Shing Construction ^(Note 4)	Since 2016	Cable trenching, laying and jointing works	30 days; by cheque	43,201	8.3
5	Customer E ^(Note 5)	Since 2020	Civil engineering works	15 days; by cheque	20,408	3.9
Top five customers in aggregate					440,650	84.6
All other customers					79,701	15.4
Total revenue					520,351	100



BUSINESS

FY2022/23

Rank	Customer	Year of commencement of business relationship	Type of works	Typical credit terms ^(Note 11) and payment method	Revenue derived from the customer	
					HK\$'000	%
1	CLPe Solutions Limited ^(Note 3)	Since 2020	Cable trenching, laying and jointing works	7 days; by telegraphic transfer	86,656	24.0
2	Kum Shing Construction ^(Note 4)	Since 2016	Cable trenching, laying and jointing works; solar PV system works	30 days; by cheque	44,940	12.4
3	Government Department B ^(Note 7)	Since 2020	Road and drainage works	14 days, by telegraphic transfer	31,532	8.7
4	Customer C ^(Note 2)	Since 2021	Civil engineering works	30 or 45 days upon receipt of application for payment; by cheque	30,275	8.4
5	Government Department A ^(Note 6)	Since 2021	Road and drainage works	10 days; by telegraphic transfer	27,109	7.5
Top five customers in aggregate					220,512	61.0
All other customers					140,695	39.0
Total revenue					361,207	100



BUSINESS

FY2023/24

Rank	Customer	Year of commencement of business relationship	Type of works	Typical credit terms ^(Note 11) and payment method	Revenue derived from the customer	
					HK\$'000	%
1	Customer G ^(Note 8)	Since 2022	Civil engineering works	60 days; by telegraphic transfer or cheque	171,584	32.6
2	CLPe Solutions Limited ^(Note 3)	Since 2020	Cable trenching, laying and jointing works	7 days; by telegraphic transfer	88,892	16.9
3	Wing Hing Construction Company Limited ^(Note 9)	Since 2022	Civil engineering works	45 days; by cheque	43,721	8.3
4	China Road and Bridge Corporation ^(Note 10)	Since 2022	Civil engineering works	30 or 35 days; by cheque	42,162	8.0
5	Government Department A ^(Note 6)	Since 2021	Road and drainage works	10 days; by telegraphic transfer	34,327	6.5
Top five customers in aggregate					380,686	72.3
All other customers					145,413	27.7
Total revenue					526,099	100



BUSINESS

Notes:

1. Customer A is a joint venture formed among four companies. The first of the companies is an international management contractor which is an industry leader in the construction industry. The second of the companies is a state-owned holding company, offering financing, planning, construction, equipment manufacturing and management services in the global energy and electricity, water resources, environmental construction, construction and property sectors. The third of the companies is one of the largest construction contractors in Hong Kong. The fourth of the companies is an engineering company in Hong Kong.
2. Customer C is a joint venture which is wholly interested in by a PRC company that provides construction general contracting services. The PRC company contracts hydro projects, municipal public works, housing construction projects, etc..
3. CLPe Solutions Limited is a wholly-owned subsidiary of a listed company in Hong Kong. The CLP Group is one of the largest investor-owned power businesses in Asia, which provides power generation, power transmission and distribution, and customer service.
4. Kum Shing Construction is a leader in the development, operation and maintenance of the energy infrastructure industry in Hong Kong with over 60 years of history since its establishment in 1963. With over 2,000 employees, it offers a full range of customised and specialised services in civil, building, electrical, and mechanical engineering for clients in the power utilities, transportation sector, and works departments of the Government and for projects ranging from underground cabling works on the roads to the extensive network of street lights, heavy machinery and high-voltage electrical services in power plants and substations to works involving electrical & mechanical systems and civil engineering to the development of Hong Kong's railway network.
5. Customer E is a Hong Kong company in the engineering and construction industry.
6. Government Department A is a government department responsible for drainage and sewerage.
7. Government Department B is a government department responsible for developing Hong Kong's road and railway network as well as road maintenance.
8. Customer G is a joint venture between a PRC construction contractor and a Hong Kong land developer. The PRC construction contractor is a leading enterprise in the construction industry in PRC.
9. Wing Hing Construction Company Limited is a civil engineering company in Hong Kong. It provides services in airport infrastructural works, roads and drainage works, civil works, structural steelworks, public utilities works, and landscaping works.
10. China Road and Bridge Corporation is a state-owned company, and provides a diversified range of services including design, engineering, construction, project management and investment in all kinds of infrastructure projects.
11. Our typical credit terms with our top five customers which are government departments or quasi-public organisations (such as CLPe Solutions Limited) during the Track Record Period were generally within half-month, whereas our typical terms with our top five customers which are non-public organisations (such as Customer A, Customer C and Kum Shing Construction) during the Track Record Period were generally one to two months. As advised by Frost and Sullivan, the above typical credit terms are in line with industry practice.

None of our Directors, their close associates or any Shareholder who owned more than 5% of the number of issued shares of our Company as at the Latest Practicable Date had any interest in any of our top five customers during the Track Record Period.



Customer concentration

For FY2021/22, FY2022/23 and FY2023/24, the percentage of our total revenue attributable to our top customer for each year amounted to approximately 32.4%, 24.0% and 32.6%, respectively. The percentage of our total revenue attributable to our top five customers for each year in aggregate amounted to approximately 84.6%, 61.0% and 72.3%, respectively for the same years. As advised by Frost & Sullivan, client concentration is a common occurrence within the civil engineering sectors, in both public and private sectors. Our Directors consider that our Group's business model is sustainable despite such customer concentration due to the following factors:

- Our top five customers for each year during the Track Record Period, such as Customer A, Customer C, Customer E, Customer G, China Road and Bridge Corporation and Wing Hing Construction Company Limited were/are our customers in respect of our Third Runway Projects, which was our largest project during the Track Record Period in terms of revenue contribution. According to the Industry Report, the Third Runway Projects are one of the largest public infrastructure projects in Hong Kong in terms of total contract sum, at approximately HK\$141.5 billion, and was awarded to a limited number of main contractors. Under the circumstances, it is common for construction contractors which participate in the Third Runway Projects to rely on those main contractors or their subcontractors.
- While it appears that a majority of our revenue was derived from a few customers during the Track Record Period, our Directors consider that our Group does not exhibit over dependency on any of our major customers as our Group undertook projects with considerably different scales. A sizeable project undertaken by our Group would contribute to a significant portion of our Group's revenue in a particular financial year, which would result in the relevant customer becoming one of our top customers for that particular financial year. In addition, large projects tend to last more than one financial year, our customers of these large projects may remain to be our major customers for consecutive years. As advised by Frost & Sullivan, client concentration is a common occurrence within the civil engineering sector, in both public and private sectors.
- As illustrated above, our customer concentration was mainly driven by our participation in sizeable projects such as the Third Runway Projects, which is non-recurring, rather than relying on a small number of particular recurring customers (save for CLPe Solutions Limited and Kum Shing Construction under term contracts as disclosed



below). In addition, Customer A, Customer C and Customer G are joint ventures, which to the best knowledge of the executive Directors, are joint ventures specifically set up for specific projects which is a common industry practice according to the Industry Report.

- We are directly contracted by CLPe Solutions Limited, to provide zonal cable trenching, laying and jointing works as well as emergency and cable fault repair under the Master Agreement A in which we cover the Sham Shui Po and Wong Tai Sin zones. In addition, we are the subcontractor of Kum Shing Construction, which is the main contractor of the CLP Group, under the Master Agreement B to provide cable trenching, laying and jointing works as well as emergency and cable fault repair in which we cover the Tsuen Wan zone. According to the Industry Report, it is common for construction contractors to rely on those main contractors which provides zonal electrical cable engineering works for the CLP Group as the project owner. It is not uncommon for the CLP Group to issue tenders for electrical cable engineering work projects to contractors located in different districts across Hong Kong. This allows them to leverage the expertise and resources of contractors based in various parts of Hong Kong to carry out necessary infrastructure and maintenance work for their electrical grid and distribution network.
- Prior to the Track Record Period, we were a subcontractor to provide zonal electrical cable engineering works where the CLP Group was the project owner. Our executive Directors are of the view that the CLP Group and/or its main contractors regard us as their preferred business partner, attributable to their confidence in our ability to consistently deliver quality service and meet their needs.
- The Master Agreement A and the Master Agreement B are fixed-term contracts. Their terms are three years (commencing from 1 December 2020 to 30 November 2023) with renewal options. Upon the expiry of the original terms, CLPe Solutions Limited and Kum Shing Construction may respectively exercise an option to extend the term for up to two years on an annual basis. Upon the expiry of the original terms (i.e. 30 November 2023), CLPe Solutions Limited and Kum Shing Construction respectively exercised the renewal option for one year (i.e. until 30 November 2024). Our executive Directors confirm that, as at the Latest Practicable Date, (i) both CLPe Solutions Limited and Kum Shing Construction have not expressed any indication that CLPe Solutions Limited and Kum Shing Construction will not exercise the renewal option for another year; and (ii) we are currently negotiating with CLPe Solutions Limited and Kum Shing Construction on new fixed-term master agreements with a tentative initial term of four years with an option to extend the term for up to four years on an annual basis commencing in December 2024.



Top five customers who were also our suppliers

Contra-charge arrangement

When we undertake projects for our customers, there may be occasions where our customers procure materials and provide other services on our behalf and subsequently deduct such amounts in the relevant progress payments to us. Such arrangement is generally known as “contra-charge arrangement”, and the amounts involved are referred to as “contra-charge”. The procurement made by our customers on our behalf mainly include materials such as fuel and concrete. While the formal contracts with our customers generally do not impose specific condition or requirement on us to procure specific types of materials and/or services from them for the use in their projects, our customers may in practice supply certain materials and other services to us for the use in their projects at our costs.

According to the Industry Report, on some occasions, the main contractors may provide certain materials and/or services to their subcontractors. The main contractors would subsequently deduct such amounts in the relevant payment certificates issued to the subcontractors. Based on the Industry Report, main contractors adopted the aforesaid arrangements mainly for the purpose of (i) improving cost effectiveness as main contractors could generally negotiate a more favourable pricing for placing bulk purchase orders with suppliers; and (ii) facilitating procurement efficiency by centralising the procurement of materials used for performing different types of construction works under the same construction project. In addition, contra-charge is common in the construction industry especially in more sizeable projects.

For FY2021/22, FY2022/23 and FY2023/24, we incurred approximately HK\$18.3 million, HK\$17.1 million, and HK\$0.8 million, respectively, for the procurement of materials and other services from our customers, representing approximately 4.3%, 6.0% and 0.2% of our total cost of services for the corresponding years, respectively.



BUSINESS

The following table sets forth the details of our transactions with our top five customers in which there were contra-charge arrangements during the Track Record Period for FY2021/22, FY2022/23 and FY2023/24:

	Types of goods/services procured by our Group	FY2021/22		FY2022/23		FY2023/24	
		HK\$'000	%	HK\$'000	%	HK\$'000	%
Customer A							
Revenue derived and approximate % of our total revenue		168,464	32.4	23,607	6.5	—	—
Procurement of amounts and approximate % of our total cost of services	Fuel	8,046	1.9	1,288	0.5	—	—
Customer C							
Revenue derived and approximate % of our total revenue		124,551	23.9	30,275	8.4	—	—
Procurement of amounts and approximate % of our total cost of services	Fuel	10,033	2.4	2,154	0.8	—	—
Kum Shing Construction							
Revenue derived and approximate % of our total revenue		43,201	8.3	44,940	12.4	32,681	6.2
Procurement of amounts and approximate % of our total cost of services	Electrical supplies	54	0.0	—	—	—	—
Customer E							
Revenue derived and approximate % of our total revenue		20,408	3.9	22,085	6.1	—	—
Procurement of amounts and approximate % of our total cost of services	Subcontracting services	—	—	4,737	1.7	—	—
Wing Hing Construction Company Limited							
Revenue derived and approximate % of our total revenue		—	—	7,295	2.0	43,721	8.3
Procurement of amounts and approximate % of our total cost of services	Miscellaneous	—	—	—	—	20	0.0



BUSINESS

Types of goods/services procured by our Group	FY2021/22		FY2022/23		FY2023/24	
	HK\$'000	%	HK\$'000	%	HK\$'000	%
China Road and Bridge Corporation						
Revenue derived and approximate % of our						
total revenue	—	—	21,934	6.1	42,162	8.0
Procurement of amounts and approximate %						
of our total cost of services						
Fuel and concrete	—	—	8,928	3.1	740	0.2

During the Track Record Period, our contra-charge was mainly incurred in our Third Runways Project (i.e. attributable to Customer A, Customer C, Customer E, Customer G, Wing Hing Construction Company Limited and China Road and Bridge Corporation) in respect of fuel and subcontracting services. Our contra-charge arrangement under our Third Runways Project was for the purposes of (i) improving cost effectiveness as the main contractor could negotiate a more favourable pricing for fuel for placing bulk purchase orders; and (ii) expediting the work progress.

Overlapping customers

1. Transaction with Chit Tat Electrical

During the Track Record Period, we subcontracted one of our Third Runways Projects (i.e. Project No. #01). In the said project, we also leased our machinery to Chit Tat Electrical and earned rental income. Separately, during the Track Record Period, Chit Tat Electrical subcontracted certain electrical engineering works projects (with total contract sum of approximately HK\$4.8 million) to us and paid us subcontracting fees.

In fact, Chit Tat Electrical is a wholly owned subsidiary of Accel Group Holdings Limited (stock code: 1283), a company listed on the Main Board of the Stock Exchange) (“**Accel Group**”), in which our executive Director, Ms. Tse Ka Wing, serves as the independent non-executive director of Accel Group. Ms. Tse confirmed that she is not involved in the operation of Accel Group.



BUSINESS

The following table sets forth the details of our transactions with Chit Tat Electrical who supplied materials to us for FY2021/22, FY2022/23 and FY2023/24:

	FY2021/22	FY2022/23	FY2023/24
Revenue			
Service revenue (HK\$'000)	2,897	1,857	—
Rental income (HK\$'000)	5,160	—	—
Percentage to our total revenue	1.5%	0.5%	—
Cost of services (subcontracting fees)			
Subcontracting fees (HK\$'000)	24,587	5,490	—
Percentage to our cost of services	5.8%	1.9%	—

2. Transaction with Kai Fung Construction

In addition, during the Track Record Period, we also provided construction services, truck rental services and supplied materials to, and purchased materials from, Kai Fung Construction which is a company wholly owned by Mr. Yiu Fai. For details, please refer to the section headed “History, Development and Reorganisation” in this prospectus.

PRICING STRATEGY

Our pricing is generally determined based on certain mark-up over our estimated costs. We estimate our costs to be incurred in a project to determine our tender price and there is no assurance that the actual amount of costs would not exceed our estimation during the performance of our projects. 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 for further details of the associated risks in this regard.

In order to minimise the risk of inaccurate estimate and cost overruns, the pricing of our services is overseen by our management team, whose background and experience are disclosed in the section headed “Directors and Senior Management” in this prospectus, based on our pricing strategy described in the following paragraphs.

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 price trend for the types of materials and subcontracting services required; (iii) the complexity and the location of the project; (iv) the estimated number and types of machinery required; (v) the completion time requested by customers; and (vi) the availability of our labour and financial resources.



BUSINESS

We prepare our tender price based on a certain percentage of mark-up over our estimated cost. The percentage of mark-up may vary substantially from project to project due to factors such as (i) the size, duration and sector of the project; (ii) years of business relationship with the customer; (iii) credit history and financial track record of the customer; (iv) the prospect of obtaining future contracts from the customer; (v) any possible positive effect on our Group's reputation in the civil and electrical cable engineering industries; (vi) the likelihood of any material deviation of the actual cost from our estimation having regard to the price trend of key cost components; and (vii) the prevailing market condition.

Our Directors confirm that our Group had no cost overrun and loss-making project during the Track Record Period and up to the Latest Practicable Date.

SALES AND MARKETING

During the Track Record Period, we secured new business mainly through invitations for tender by customers. For public sector projects in which we act as a main contractor, we identify potential projects from publications on the websites of different Government departments. We may also receive invitations from different Government departments to submit tenders since we are registered on the List of Approved Contractors for Public Works maintained by the Development Bureau under Group A on probation of the Roads and Drainage category. Our Directors consider that due to our proven track record and our relationship with our existing customers, we are able to leverage our existing customer base and our reputation in the civil and electrical cable engineering industries in Hong Kong such that we do not rely heavily on marketing activities other than liaising with existing and potential customers from time to time for relationship building and management.

Seasonality

Our Directors believe that the civil and electrical cable engineering industries in Hong Kong do not exhibit any significant seasonality as civil and electrical cable engineering works projects take place throughout the year in Hong Kong based on the experience of our Directors.



OUR SUPPLIERS

Characteristics of our suppliers

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) subcontractors; (ii) suppliers of materials such as steel, uPVC pipes and solar PV panels and (iii) suppliers of other miscellaneous services such as machinery rental services, testing services and technical consultancy services. During the Track Record Period, the majority of our top suppliers were located in Hong Kong and our purchases were mainly denominated in Hong Kong dollars and, to a limited extent, RMB.

Our executive Directors confirm that, during the Track Record Period, we did not experience any material shortage or delay in the supply of goods and services that we required.

We may obtain quotations from our suppliers in making our cost estimation during the tender phase. We will contact the suppliers that we have obtained quotations from during the tender phase, and may further negotiate on the pricing and contract terms with them after we are awarded with the projects.

Principal terms of engagement

Our subcontractors

We engage our subcontractors on a project-by-project basis. We have not committed to any minimum purchase amount with our subcontractors. The salient terms included in our subcontracting agreements are summarised as follows:

Scope of services

The subcontracting agreement generally sets out the scope of services to be provided by our subcontractors. We require our subcontractors to complete the subcontracted works according to our customers' specifications, drawings and requirements.

Subcontracting fees

The contracts with our subcontractors are on re-measurement basis. Under the re-measurement contracts, the final contract sum will be determined based on the agreed unit rates of each item set out in the bill of quantities or schedule of rate and the actual quantities of work done.

BUSINESS

Defects liability period

Our subcontractors shall be responsible for rectifying works defects arising from works subcontracted to them following the completion of the relevant subcontracted works to the satisfaction of the main contractor or project owner.

Indemnification for underperformance

Our subcontractors shall be responsible for indemnifying us for underperformance. We could obtain indemnification by deducting retention monies received from our subcontractors in satisfaction of the indemnification amount, or deducting the cost of rectifying the works from any amount due to our subcontractors.

Payment arrangements

Our subcontractors are required to submit progress payment applications to us setting out the details of the completed work on a monthly basis. Depending on our contract terms with subcontractors, we may generally withhold up to 10% of each payment made to our subcontractors as retention monies. Generally, the retention monies are partially released upon completion of the project, expiry of the defects liability periods or a pre-agreed time period.

The following table sets forth the amounts of retention monies incurred by and released to our subcontractors during the Track Record Period and up to 31 July 2024:

	FY2021/22	FY2022/23	FY2023/24	Period from 1 April 2024 to 31 July 2024
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Retention monies incurred	8,285	2,388	4,294	7,106
Retention monies released	882	7,999	3,633	—

As at 31 March 2022, 31 March 2023 and 31 March 2024, our retention payables to subcontractors amounted to approximately HK\$1.5 million, HK\$2.9 million and HK\$6.8 million, respectively. Please refer to the paragraph headed “Financial Information — Description of certain line items in the combined statements of financial position — Trade and retention payables” in this prospectus for further details.



BUSINESS

Arrangements for materials

Materials are (i) provided by our subcontractors at their cost; or (ii) procured by us at our cost; or (iii) procured by us for our subcontractors' use at their cost and the amount we incurred for the purchases will be deducted from our payment to our subcontractors.

Safety and prohibition of illegal workers

Our subcontractors are required to carry out the subcontracted works in accordance with the relevant laws and regulations and the safety policies of ours and our customers. Our subcontractors are also prohibited from hiring illegal workers. In the event of any non-compliance, the relevant subcontractor shall indemnify our Group against any action, loss, damages arising from such non-compliance.

To the best knowledge and information of our Directors, no illegal worker had been hired for our Group's projects during the Track Record Period and up to the Latest Practicable Date.

Suppliers of materials

We engage our suppliers of materials on a project-by-project basis. We have not committed to any minimum purchase amount with our suppliers of materials. Our purchase orders generally specify the unit price, volume, delivery date, product specification and types of materials we required. The purchased materials are generally delivered directly to the project sites. For materials supplied by suppliers in Hong Kong, the transportation costs for the materials supplied are generally borne by our suppliers. For materials supplied by suppliers in the PRC, the suppliers are responsible for the delivery of the materials on board and we arrange for the materials to be delivered to the destination designated by us in Hong Kong.

The major types of materials sourced from our suppliers included steel, uPVC pipes and solar PV panels. We conduct physical inspection on the materials upon their arrival. Any materials that fail to comply with the specifications or standards provided in the purchase order will be returned to the suppliers for replacement. Our suppliers of materials charge us based on the total quantity of our purchase.



BUSINESS

Framework supply agreement with Lik Kar Trading Development Co., Limited (“Lik Kar”)

In 2020, we entered into a framework supply agreement with Lik Kar for the supply of materials for Project No. #01. We placed an order with Lik Kar for each purchase during the term of the agreement. The salient terms of the framework supply agreement are summarised as follows:

Term	Four years
Products to be procured	uPVC pipes
Delivery	Lik Kar shall be responsible for the delivery of products to the locations designated by our Group within the time specified in the agreement and shall be responsible for any loss or damage to the products during transportation. Lik Kar shall be responsible for the delivery of products by road. If our Group requests for the products to be delivered by sea, we shall compensate Lik Kar for the additional fees in the amount specified in the agreement.
Pricing	The price of the products is determined by the unit price stipulated in the agreement and the total volume purchased.
Exclusivity	Lik Kar is not allowed to supply product or service to any other subcontractor under Project No. #01 or any other relevant construction project.
Products return arrangement	If there is any damage or defect to the products, we are entitled to return the products.
Payment and credit terms	Generally, payment for the purchase of products is to be made within 50 days from the last day of each month. Lik Kar grants a credit limit of HK\$1.5 million to our Group. In case the credit limit is exceeded, our Group is required to make payment within seven days.



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Termination	The agreement can be terminated if: (i) either party is in breach of the agreement or purchase order; (ii) either party is subject to an order for dissolution; or (iii) upon mutual consent in writing.
Renewal	If there is any purchase order that has not been fulfilled at the expiry of the agreement, the term of the agreement can be extended upon mutual consent in writing.

The framework supply agreement that our Group entered into with Lik Kar expired in March 2024 and had not been renewed thereafter. For FY2021/22, FY2022/23 and FY2023/24, the amount of materials that we purchased from Lik Kar under the framework supply agreement were approximately HK\$29.9 million, HK\$1.5 million and nil, respectively. Such decrease in purchase amount was due to the completion of Project No. #01 during FY2022/23.

Suppliers of miscellaneous services

We also procure services from suppliers of miscellaneous services such as machinery rental services and technical consultancy services. Our purchase orders generally specify the price, scope of services required and delivery date. We have not committed to any minimum purchase amount with our suppliers of miscellaneous services.



BUSINESS

Top suppliers

For FY2021/22, FY2022/23 and FY2023/24, the percentage of our total purchases from our top supplier for each year amounted to approximately 7.7%, 3.7% and 10.6% of our total cost of services, respectively, while the percentage of our total purchases from our top five suppliers for each year in aggregate amounted to approximately 30.3%, 13.5% and 22.3%, respectively. The following tables set out information of our top five suppliers for FY2021/22, FY2022/23 and FY2023/24:

FY2021/22

Rank	Supplier	Nature of transactions with the suppliers	Year of commencement of business relationship	Typical credit terms ^(Note 13) and payment method	Cost of services attributable to the suppliers	
					HK\$'000	%
1	Lik Kar Trading Development Co., Limited <i>(Note 1)</i>	Mainly supply of raw materials	Since 2016	7 or 50 days; by cheque	32,791	7.7
2	Jun Yat Construction Co., Limited <i>(Note 2)</i>	Mainly leasing of machinery	Since 2020	30 days; by cheque	30,854	7.2
3	Tak Lee Machinery Company Ltd <i>(Note 3)</i>	Mainly leasing of machinery	Since 2020	1 month after monthly statement; by cheque	25,262	5.9
4	Chit Tat Electrical <i>(Note 4)</i>	Mainly subcontracting works	Since 2021	45 days; by cheque	24,587	5.8
5	World Harvest Construction Limited <i>(Note 5)</i>	Mainly subcontracting works	Since 2020	Advance payment and 45 days for each payment application; by cheque	15,842	3.7
Top five suppliers in aggregate					129,336	30.3



BUSINESS

FY2022/23

Rank	Supplier	Nature of transactions with the suppliers	Year of commencement of business relationship	Typical credit terms ^(Note 13) and payment method	Cost of services attributable to the suppliers	
					HK\$'000	%
1	Supplier F ^(Note 6)	Mainly subcontracting works	Since 2022	Advance payment and 45 days for each payment application; by cheque	10,457	3.7
2	HK Huangshangyou Steel Industrial Limited ^(Note 7)	Mainly subcontracting works	Since 2021	30 days; by cheque	7,775	2.7
3	Shun Tung Construction Limited ^(Note 8)	Mainly subcontracting works	Since 2017	Advance payment and 7 days; by cheque	7,017	2.4
4	China Road and Bridge Corporation ^(Note 9)	Mainly fuel supply	Since 2022	By way of contra charges ^(Note a)	6,740	2.4
5	Ohoo (International) Consultation Limited ^(Note 10)	Mainly subcontracting works	Since 2020	Advance payment and 7 to 10 days; by cheque	6,591	2.3
Top five suppliers in aggregate					<u>38,580</u>	<u>13.5</u>

Note a:

For details, please refer to the paragraph headed “Top five customers who were also our suppliers — Contra charge arrangement” in this section.



BUSINESS

FY2023/24

Rank	Supplier	Nature of transactions with the suppliers	Year of commencement of business relationship	Typical credit terms ^(Note 13) and payment method	Cost of services attributable to the suppliers	
					HK\$'000	%
1	Jun Yat Construction Co., Limited ^(Note 2)	Mainly leasing of machinery	Since 2022	30 days; by cheque	42,895	10.6
2	HK Huangshangyou Steel Industrial Limited ^(Note 7)	Mainly subcontracting works	Since 2021	30 days; by cheque	19,801	4.9
3	Workbase Engineering Limited ^(Note 11)	Mainly subcontracting works	Since 2021	30 days; by cheque	10,465	2.6
4	Teso. Add Company Limited ^(Note 12)	Mainly fuel supply	Since 2023	30 days; by cheque	10,229	2.5
5	Tak Lee Machinery Company Ltd ^(Note 3)	Mainly leasing of machinery	Since 2020	1 month after monthly statement; by cheque	6,794	1.7
Top five suppliers in aggregate					90,184	22.3

Notes:

- Lik Kar Trading Development Co., Limited is incorporated in Hong Kong, and sells PVC, uPVC PE and HDPE pipes and accessories.
- Jun Yat Construction Co., Limited is incorporated in Hong Kong, and is principally engaged in site formation work and the provision of heavy transport vehicles and construction machinery rental services.
- Tak Lee Machinery Company Ltd, being a subsidiary of a company listed in Hong Kong which is principally engaged in the sale of new and used heavy equipment and spare parts, the leasing of heavy equipment, and the provision of maintenance and ancillary services.
- Chit Tat Electrical is a construction contractor company in Hong Kong, being a subsidiary of a company listed in Hong Kong, Accel Group Holdings Limited (stock code: 1283), which is principally engaged in supply, installation and maintenance of MVAC systems, drainage systems, water supply, swimming pool and fountain systems, electrical and control systems as well as smart electrical control systems in buildings. Based on the latest annual report of Accel Group Holdings Limited, its revenue amounted to over HK\$500 million for the year ended 31



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March 2023. Ms. Tse Ka Wing, our executive Director, is an independent non-executive director of Accel Group Holdings Limited. Ms. Tse has confirmed that she is not involved in the operations of Accel Group Holdings Limited as an independent non-executive director.

5. Please refer to the below paragraph for background of World Harvest Construction Limited.
6. Supplier F is a company incorporated in Hong Kong, and is engaged in the construction industry.
7. HK Huangshangyou Steel Industrial Limited is a company incorporated in Hong Kong, and is principally engaged in structure manufacturing and installation, and the steel industry.
8. Shun Tung Construction Limited is a company incorporated in Hong Kong, and is an electrical project contractor.
9. Please refer to Note 10 under the paragraph headed “Top customers” in this section.
10. Ohoo (International) Consultation Limited is a company incorporated in Hong Kong, and is involved in the construction industry.
11. Workbase Engineering Limited, being a subsidiary of a company listed in Hong Kong which is a contractor of foundation works in Hong Kong, is principally engaged in the provision of foundation and related works.
12. Teso. Add Company Limited is a company incorporated in Hong Kong, and is a chemical trader.
13. Our typical credit terms with our top five suppliers for projects that are not related to works under the Master Agreement A or the Master Agreement B (i.e. non-CLP group projects) during the Track Record Period generally ranged from 30 days to 45 days.

Regarding subcontracting works provided for the CLP group projects by our suppliers (such as World Harvest Construction Limited, Supplier F, Shun Tung Construction Limited and Ohoo (International) Consultation Limited), considering the credit profile of CLP Group (being the project owner), our Group will first make partial payment in advance shortly after submission of progress payment applications or bills to us by our suppliers despite that formal certification of works done and issuance of the payment certificate by our main contractors to us are yet to be carried out. Our Directors confirmed that, during the Track Record Period and up to Latest Practicable Date, our Group has not experienced any incidents where we made partial payment to our relevant suppliers in advance but our main contractors failed to settle our bills.

As advised by Frost and Sullivan, the above typical credit terms are in line with industry practice.

Relationship with World Harvest Construction Limited

World Harvest Construction Limited is a private limited liability company incorporated in April 2020 in Hong Kong, which is owned as to 50% and 50% by Mr. Yiu San Pan (姚新斌) and Mr. Yiu Hung Wah (姚恒華), respectively. Mr. Yiu San Pan is the nephew of Mr. Yiu and Mr. Yiu Wang Lung, whereas Mr. Yiu Hung Wah is the brother of Mr. Yiu and Mr. Yiu Wang Lung.



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World Harvest Construction Limited is principally engaged in the provision of engineering services. It was incorporated by Mr. Yiu San Pan and Mr. Yiu Hung Wah who used to work with our Group before starting their own business by the said incorporation. To the best knowledge of our Directors, they decided to start their own business as career advancement. Our Directors confirm that each of Mr. Yiu San Pan and Mr. Yiu Hung Wah did not involve in any misconduct or underperformance during their respective employment with our Group. During the Track Record Period, our Group had subcontracted to World Harvest Construction Limited certain cable trenching, laying and jointing works in Tsuen Wan zone under the Master Agreement B. Our Directors considered that despite that World Harvest Construction Limited was merely incorporated in 2020, its directors have been equipped with the necessary expertise and experience in providing the relevant services since Mr. Yiu San Pan and Mr. Yiu Hung Wah were involved in handling the CLP Group projects under the First Subcontracting Agreements during their employment with our Group. As a result, World Harvest Construction Limited had been one of our subcontractors for works in Tsuen Wan zone under the Master Agreement B. For FY2021/22, FY2022/23, and FY2023/24, the subcontracting fee we paid to World Harvest Construction Limited amounted to approximately HK\$15.8 million, HK\$2.8 million and HK\$0.8 million, respectively, representing 3.7%, 1.0% and 0.2% of our cost of services in the corresponding year respectively. For FY2021/22, World Harvest Construction Limited was one of our top five suppliers. Nevertheless, our subcontracting fees to World Harvest Construction Limited has shown a decreasing trend during the Track Record Period because (i) our Group deployed more direct labour in our projects year-on-year and hence we had subcontracted less work to World Harvest Construction Limited; and (ii) the subcontracting relationship between our Group and World Harvest Construction Limited has ceased since June 2023 due to the relocation of World Harvest Construction Limited's storage from Tsuen Wan to Sai Sha, leading to an increase in their operation costs in providing services to our Group for works in Tsuen Wan. In light of the above, our Group did not subcontract any work to World Harvest Construction Limited since June 2023 and has no plan to resume the subcontracting relationship.

As confirmed by our Directors, the provision of such services between our Group and World Harvest Construction Limited is in the ordinary and usual course of business of our Group and such terms are fair and reasonable. As confirmed by our Company, the above transaction will not continue after Listing.

Save as disclosed above, none of our Directors, their close associates or any Shareholders who owned more than 5% of the number of issued shares of our Company as at the Latest Practicable Date had any interest in any of the top five suppliers of our Group during the Track Record Period.



Reasons for subcontracting arrangement

Depending on our capability, resources level, cost effectiveness and the complexity of the project, we may subcontract specific parts of the project, such as jointing and trenching, to our subcontractors when the availability of our own labour resources is limited or the subcontracted works require specialised skills or expertise. Our Directors believe that it is in the interest of our Group to subcontract on-site labour intensive or skilled works to our subcontractors as it allows for a low fixed cost overhead and allows us to more effectively manage our projects by utilising others' established expertise and skill-set on a project basis. According to the Industry Report, it is common for civil and electrical engineering works contractors in Hong Kong to subcontract part of their works to subcontractors. Our executive Directors confirm that our subcontracting arrangement is in line with normal market practice.

Basis of selecting our subcontractors

We evaluate subcontractors taking into account their quality of services, qualifications, skills and techniques, safety, prevailing market price, delivery time, availability of resources in accommodating our requests and reputation. Based on these factors, we maintain an internal list of approved subcontractors which is updated on a continuous basis. We typically obtain quotations from different suitable subcontractors for comparison and select our subcontractors based on their experience relevant to the particular project as well as their availability and fee quotations.

Basis of selecting our suppliers

We generally purchase materials from our internal list of approved suppliers. In selecting our suppliers of materials, we take into account various factors, including pricing, quality of materials provided, timeliness of delivery and ability to comply with our requirements and specifications. We maintain an internal list of approved suppliers which is updated on a continuous basis.

QUALITY CONTROL

We believe that our commitment to quality services is crucial to our reputation and continual success. We place strong emphasis on service quality by implementing a comprehensive quality control system. We have obtained certification certifying its quality management to be in conformance with the requirements of ISO 9001:2015 standard. In conformity with the ISO 9001:2015 standards, our Group has developed and implemented a quality manual which stipulates procedures and control in relation to quality management system, proper filing, communication with customers, revision on quality manual and procedures, employees' training, internal and external audits, evaluation and procurement of materials and subcontracting services and non-conforming works management.



The quality control measures adopted by our Group include the followings:

Collecting feedbacks from customers

Our executive Directors and senior management team regularly communicate with and conduct site visits to collect feedbacks from our customers. We would follow up and respond to the feedbacks from our customers in a timely manner with a view to maintain and continually improve our service standard. Throughout the project implementation, we may be invited to attend progress meetings held by our customers from time to time to resolve any issues identified in the projects.

Designation of project management team

A project management team is assigned for every project based on the project nature and the relevant qualifications and experiences required. Our site agent and safety officer monitor the quality of works done by and safety of our direct labour and subcontractors. Our project manager is responsible for the overall management of the project, including liaising and communicating with our customers, coordinating and providing guidance to the other team members, overseeing the progress, budget and quality of services rendered. Depending on our customers' requests, we are generally required to submit monthly progress reports to our customers throughout the project implementation. Our monthly progress reports are prepared by the project management team which will report on the project status and any issue identified throughout the project. After the review by our senior management team, regular progress reports will then be submitted to our customers for record.

Procurement of materials

Our Group maintains an approved list of suppliers which is updated on a regular basis. We conduct physical inspection on the materials upon their arrival. Please refer to the paragraph headed "Our suppliers — Basis of selecting our suppliers" in this section above for our procurement policies of materials. Our suppliers are responsible for replacing any materials which do not meet the relevant specifications or standards and any associated costs incurred.

Works performed by subcontractors

We remain accountable to our customers for the performance and quality of work rendered by our subcontractors. In general, works performed by our subcontractors are inspected and monitored by our project management team.



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We have implemented the following measures to monitor the quality and progress of works outsourced to our subcontractors so as to ensure compliance with our contract specifications:

- (i) our project management team conducts regular meetings with subcontractors' responsible personnel to review their performance and resolve any issues encountered in the course of their works;
- (ii) our project management team reviews the works performed by our subcontractors on a continual basis during project implementation based on our quality control manual and safety manual. We assess the performance of our subcontractors based on their (i) ability to meet delivery schedules; (ii) response to instructions; (iii) ability to honour the defects liability period; (iv) management commitment; (v) quality of services; (vi) cost competitiveness; and (vii) ability to monitor and implement adequate safety measures; and
- (iii) our subcontractors are required to follow our guidelines and instructions on our safety management system. Our project management team will closely monitor the on-site safety performance of our subcontractors.

To the best knowledge and information of our Directors, during the Track Record Period and as at the Latest Practicable Date, no claim has been made against our Group for our subcontractors' underperformance.

Final inspection and testing conducted on our completed works

Upon completion of our works, our project management team conducts final inspection to ensure that the works performed by us or our subcontractors can meet our quality standard. In respect of our projects for installation of solar PV system, our staff will conduct testing on our works upon completion to ensure that our works meet the specifications of our customers and the test reports will be submitted to our customers for their approval.

INVENTORY

In general, materials are procured by us based on our projects on hand and are delivered to our project sites to meet the estimated demand according to the work schedule of the projects. As such, we did not keep material amount of inventory during the Track Record Period.



MACHINERY

Our self-owned machinery include excavators, road rollers, crawler cranes, generators and dump trucks. When undertaking our projects, we may deploy our self-owned or leased machinery, depending on, among others, the availability of our self-owned machinery, the nature of works to be performed and the expected duration for using that machinery. Our executive Directors consider that investment in our self-owned machinery can help our Group cater for projects in civil and electrical cable engineering works and solar PV system works of different scales and complexity, and can enable us to manage the timeline of each project efficiently due to the immediate availability of the relevant machinery and equipment. For FY2021/22, FY2022/23 and FY2023/24, we purchased machinery in the amount of approximately HK\$17.7 million, HK\$2.8 million and HK\$47.0 million, respectively, and the carrying amount of our machinery amounted to approximately HK\$48.2 million, HK\$42.3 million and HK\$79.9 million as at 31 March 2022, 31 March 2023 and 31 March 2024, respectively. In respect of the addition of our machinery of approximately HK\$47.0 million for FY2023/24, approximately HK\$32.4 million was purchased from China Wealth (being a group company of one of our cornerstone investors, namely Sany Hongkong Group Limited (三一香港集團有限公司) and its associated company. During FY2023/24, we acquired new machinery to supplement the machinery that have short remaining useful life or have been fully depreciated in our fleet of machinery. Following our acquisition of machinery during FY2021/22, the proportion of our machinery and equipment leasing expenses in our cost of services was lower for FY2022/23 and FY2023/24.

For FY2021/22, FY2022/23 and FY2023/24, the utilisation rate of our major construction machinery and equipment was 100%, 100% and 100%, respectively. The above utilisation rate was calculated based on the average of utilisation rate as at the month ended of the relevant financial year of the Track Record Period. The utilisation rate as at each month end is calculated by dividing the number of our self-owned construction machinery and equipment deployed to work projects by the total number of self-owned construction machinery and equipment as at that month end. Our Directors made the assumption that the average of utilisation rate as at each month end of the relevant financial year of the Track Record Period is a close approximation of the utilisation rate for that financial year. Notwithstanding that our construction machinery and equipment would be on transit between various work sites from time to time for them to be deployed in various projects depending on the work progress, such transit had a very short timeframe. As such, the transition period has no significant impact on our calculation of the utilisation rate.

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The following table sets out the types of machinery owned by us:

Excavator



Electric Excavator



Excavators are mainly used for performing excavation works.

Bulldozer



Bulldozers are mainly used for pushing and digging soil.

Road roller



Road rollers are mainly used for compacting soil, gravel, concrete or asphalt in road constructions.

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Dump truck



Dump trucks are mainly used for carrying heavy materials such as sand or construction wastes/materials.

Wheel loader



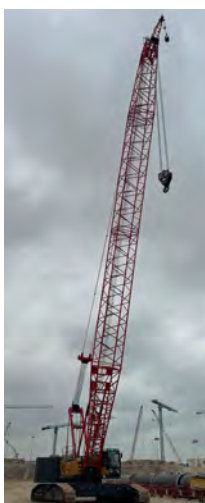
Wheel loaders are mainly used for loading and carrying materials across a job site.

Generator



Generators are mainly used for supplying electric power.

Crawler crane



Crawler cranes are mainly used for lifting and moving heavy materials.

Concrete mixer



Concrete mixers are mainly used for mixing cement, aggregate (such as sand) and water to form concrete.

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The following table sets out the details of our self-owned machinery:

	As at 31 March			As at the Latest Practicable Date
	2022	2023	2024	
	No. of units	No. of units	No. of units	
Excavators	47	53	86	87
Crawler cranes	—	—	2	3
Bulldozers	—	—	2	2
Road rollers	7	7	12	12
Concrete mixers	—	—	6	6
Dump trucks	42	42	61	66
Generators	—	1	11	11
Wheel loaders	—	—	1	1
Sprinkler trucks	—	—	—	2
Total	96	103	181	190

The following table sets out the remaining useful life of our self-owned machinery as at 31 March 2024:

	Fully depreciated or less than one year	One year to less than two years	Two years to three years	More than three years
	No. of units	No. of units	No. of units	No. of units
Excavators	14	—	3	69
Crawler cranes	—	—	—	2
Bulldozers	—	—	—	2
Road rollers	—	—	2	10
Concrete mixers	—	—	—	6
Dump trucks	26	5	10	20
Generators	—	—	—	11
Wheel loaders	—	—	—	1
Total	40	5	15	121



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Although our executive Directors consider that our existing machinery were in operative conditions in general, the probability and frequency of breakdown or malfunction of our existing machinery will increase as such machinery ages. Our executive Directors consider that continuing and further investments in machinery are necessary in order to cope with our business development and increase our overall operational efficiency and capacity in performing our site works. As such, we plan to acquire additional machinery in the future, further information of which is disclosed in the paragraph headed “Business strategies” above in this section and the section headed “Future Plans and Use of Proceeds” in this prospectus.

Apart from the above, our Group owned 52 motor vehicles as at the Latest Practicable Date for the transportation of our project management staff.

Repair and maintenance

We continuously monitor the operating conditions of our self-owned machinery, based on which we make replacement and/or repair and maintenance decisions on an ongoing basis. Repair and maintenance works are carried out by external mechanics engaged by us as needed. For FY2021/22, FY2022/23 and FY2023/24, we incurred repair and maintenance expenses for our machinery of approximately HK\$2.5 million, HK\$3.9 million and HK\$5.3 million, respectively.

INSURANCE

During the Track Record Period, in projects where we act as main contractor, we are generally responsible for taking out all necessary insurances for us and our subcontractors for injuries at work, such as contractors’ all risk insurance, third party liability insurance and employees’ compensation insurance. In other projects where we act as subcontractor, our executive Directors confirmed that our works as well as our subcontractors’ works were covered by the employees’ compensation insurance, third party liability insurance and contractors’ all risks insurance taken out by the main contractors for the entire construction projects. Such insurance policies covered and protected all employees of main contractors and subcontractors of all tiers working in the relevant construction site and works performed by them in the relevant construction site. Our subcontractors are not obliged to indemnify our Group or the main contractors in case of any claim made by their employees for injuries at work which is covered by the insurance policies taken out by our Group or the main contractors (as the case may be).



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Our Group has also maintained employees' compensation insurance for our executive Directors and employees at our office. In addition, we have taken out third-party liability insurance regarding the use of our motor vehicles.

Our executive Directors consider that our insurance coverage is adequate and consistent with the industry norm having regard to our current operations and the prevailing industry practice. Our subcontractors maintain employees' compensation insurance for their employees pursuant to the Employees' Compensation Ordinance. Such insurance policy generally does not cover employees working in construction sites. As illustrated above, employees of subcontractors of all tiers working in the relevant construction site are covered and protected by insurance policies taken out by the main contractor (whether it is our Group acting as the main contractor or the main contractor of the relevant project where we work as subcontractor). According to the Industry Report, the abovementioned is common and consistent with the industry norm that the main contractor of a construction site or project be responsible to take out insurance policies to cover and protect all employees of main contractors and subcontractors of all tiers working in the relevant construction site.

Uninsured risks

Certain risks disclosed in the "Risk Factors" section of this prospectus, such as risks in relation to our ability to obtain new contracts, our ability to retain and attract personnel, credit risk and liquidity risk, are generally not covered by insurance because they are either uninsurable or it is not cost justifiable to insure against such risks. Please refer to the paragraph headed "Risk management and internal control systems" below in this section for further details regarding how our Group manages certain uninsured risks.



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EMPLOYEES

Number of employees

As at the Latest Practicable Date, we had a total of 376 employees (including our four executive Directors but excluding our three independent non-executive Directors). All our employees were stationed in Hong Kong. The following table sets out a breakdown of our employees by function:

Functions	As at 31 March 2022	As at 31 March 2023	As at 31 March 2024	As at the Latest Practicable Date
General management	7	8	7	8
Project management and supervision	16	21	23	23
Engineering	8	14	14	15
Safety	3	3	7	7
Procurement and quality control	8	14	13	18
Finance and administration .	24	26	36	30
Workers				
— On site	154	189	236	268
— Back Office	7	7	8	7
Total	227	282	344	376

Note: The above figures only include the number of employees as at the dates indicated and do not account for employees who left during that year/period.

Training and recruitment policies

We generally recruit our employees from the open market. We intend to use our best effort to attract and retain appropriate and suitable personnel to serve our Group. Our Group assesses the available human resources on a continuous basis and determines whether additional personnel is required to cope with our business development from time to time.

We provide various types of training to our employees and sponsor our employees to attend various training courses covering areas such as technical knowledge relating to the carrying out of our projects works, safety, first aids, and environmental matters. Such training courses include our internal trainings as well as courses organised by external parties such as the Occupational Safety and Health Council. Employees carrying out construction works at construction sites are generally required to be registered pursuant to the Construction Workers Registration Ordinance (Chapter



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583 of the Laws of Hong Kong), which imposes certain training requirements on workers prior to registration, the details of which are set out in the paragraph headed “Regulatory Overview — Laws and regulations in relation to labour, health and safety” in this prospectus.

Staff costs and remuneration policy

In general, our Group determines employees’ salaries based on their qualifications, positions and seniority. In order to attract and retain valuable employees, our Group reviews the performance of our employees annually which will be taken into account in annual salary reviews and promotion appraisals.

Our Group incurred staff costs (including Director’s remuneration) of approximately HK\$95.7 million, HK\$97.0 million and HK\$122.6 million for FY2021/22, FY2022/23 and FY2023/24, respectively. Our Directors confirm that during the Track Record Period and up to the Latest Practicable Date, our Group had not defaulted in payments to our employees and subcontractors.

Relationship with employees

Our Directors believe that we have maintained a good relationship with our employees. Save as disclosed in the paragraph headed “Litigation and claims” below in this section, we have not experienced any significant disputes with our employees nor have we experienced any material difficulties in the recruitment and retention of experienced core staff or skilled personnel during the Track Record Period. There has not been any trade union set up for our employees. Our Directors confirm that during the Track Record Period and up to the Latest Practicable Date, our Group had not experienced any strike.

LICENCES AND REGISTRATIONS

The following tables set forth details of the material licences and registrations of our Group as at the Latest Practicable Date:

1. Registered Electrical Contractor

Relevant authority	Registration and qualification	Grantee	Date of first registration	Date of expiry
EMSD	Registered Electrical Contractor	Wing Lee Construction (Note 4)	14 March 2017	13 March 2026
EMSD	Registered Electrical Contractor	Wing Lee Development (Note 4)	31 May 2018	30 May 2027



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2. List of Approved Contractors for Public Works

Relevant authority	Registration and qualification	Category (Status)	Grantee	Date of first registration	Date of expiry
Development Bureau . . .	Contractor on the List of Approved Contractors for Public Works	Roads and Drainage under Group A on probation ^(Note)	Kaiser Construction Engineering ^(Note 5)	26 October 2000	Not applicable

Note: Contractors in Group A are subject to tender limit for public works contracts under the relevant works category of value up to HK\$150 million. Among all applicable criteria as stipulated in the Contractor Management Handbook revised and published by the Development Bureau in January 2024, Kaiser Construction Engineering is required to have at least one technical personnel with at least one of the following qualifications, namely (i) Higher Certificate in a discipline relevant to the category of works from a Hong Kong Polytechnic, a Hong Kong recognised training institution or equivalent and one year local working experience in the relevant category of works; or (ii) Ordinary Certificate in a discipline relevant to the category of works from a Hong Kong Polytechnic, a Hong Kong recognised training institution or equivalent and two years local working experience in the relevant category of works; or (iii) at least ten years local working experience in the relevant category of works. Our Group intends to apply for “confirmed” status in respect of the probationary status of the List of Approved Contractors for Public Works under the category of Roads and Drainage (Group A) upon satisfaction of all the required conditions including (i) satisfactory completion or execution for a period of two consecutive years within the past five years, as the main contractor, of one Government contract; (ii) reaching over 50% of the applicable prevailing authorized contract value of Group A (i.e. HK\$75 million); and (iii) having experience in (a) construction of concrete carriageway; and (b) laying of pre-cast concrete pipes of various diameters. Our Directors are of the view that there should not be any obstacle in applying for the “confirmed” status once our Group satisfies all the aforesaid conditions and be eligible to lodge such application upon completion of Project No. #06 in June 2025.

3. Registered Specialist Trade Contractors Scheme

Relevant authority/ organisation	Registration and qualification	Trade	Grouping/ Specialty	Grantee	Date of first registration	Date of expiry
Construction Industry Council.	Registered specialist trade contractor	Concreting	Group 1	Wing Lee Construction	30 March 2023	29 March 2026
		Concreting Formwork	Group 1			
		Reinforcement Bar Fixing	Group 1			
Construction Industry Council.	Registered specialist trade contractor	Interior fitting-out	Group 1	Tai Shan Engineering	19 November 2020	18 November 2025



BUSINESS

Relevant authority/ organisation	Registration and qualification	Trade	Grouping/ Specialty	Grantee	Date of first registration	Date of expiry
Construction Industry Council.	Registered subcontractor	General Civil Works	— Roadworks — Road drainage and sewer — Electrical wiring — General electrical installation — Electrical control and power panel assembly	Wing Lee Construction	29 October 2019	28 October 2024
		Electrical				
		Temporary Electricity Installations				
Construction Industry Council.	Registered subcontractor	General Civil Works	— Roadworks — Road drainage and sewer — Electrical wiring — General electrical installation — Electrical control and power panel	Tai Shan Engineering	19 November 2020	18 November 2025
		Electrical				
		Temporary Electricity Installations				



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4. Registered Minor Works Contractor

	Registration and				Date of first	
Relevant authority	qualification	Category		Grantee	registration	Date of expiry
Buildings Department. . .	Registered Minor Works Contractor	Class I, II, III (Note 1)	Type A (Note 2)	Wing Lee Construction (Note 6)	20 December 2018	26 November 2024
		Class II, III (Note 1)	Type B, D, E, F and G (Note 3)			
Buildings Department. . .	Registered Minor Works Contractor	Class II, III (Note 1)	Type A, B, C, D, E, F and G (Notes 2 and 3)	Wing Lee Development (Note 6)	21 January 2019	19 December 2024
Buildings Department. . .	Registered Minor Works Contractor	Class II, III (Note 1)	Type A, B, C, D, E, F and G (Notes 2 and 3)	Tai Shan Engineering (Note 6)	28 January 2019	19 December 2024

Notes:

- Pursuant to the Building (Minor Works) Regulation, minor works are classified into three classes according to their scale, complexity and risk to safety.
- Pursuant to the Building (Minor Works) Regulation, minor works are subject to different degrees of control, and grouped into eight types (i.e. Type A, B, C, D, E, F, G and H) according to their nature. Type A minor works refer to alteration and addition works.
- Pursuant to the Building (Minor Works) Regulation, Type B, Type C, Type D, Type E, Type F and Type G minor works refer to repair works, works relating to signboards, drainage works, works relating to structures for amenities, finishes works and demolition works, respectively.
- Our Group has successfully renewed the relevant licence or registration since its inception for two times.
- There is no specified date of expiry and our Group is not required to apply for renewal upon expiry of a certain period of time. Nonetheless, in order to remain as a contractor on the List of Approved Contractors for Public Works, our Group shall provide documents including but not limited to the latest audited accounts and business registration certificate of Kaiser Construction Engineering to the Development Bureau upon request on an annual basis. During the Track Record Period and up to the Latest Practicable Date, our Group did not receive any material adverse comment or feedback from the Development Bureau.
- Our Group has successfully renewed the relevant licence or registration since its inception for once.



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Our executive Directors are of the view that our aforesaid licences and registrations are adequate for our business needs, and do not expect to have any obstacle or difficulty in renewing our Group's licences and registrations. As advised by our Hong Kong Legal Counsel, there are no legal impediments for application, maintenance and renewal of the above licences and registrations.

ENVIRONMENTAL COMPLIANCE

Our Group has established an environmental management system and also formulated an environmental policy to provide guidance, support and adequate resources for effective implementation of our environmental protection measures. Our environmental management system involves, among others, the following environmental protection measures:

- ensuring our compliance with regulatory requirements, customers' specifications and industry practices in relation to environmental protection;
- evaluating the environmental impact of our business activities, products and services and the associated environmental risks, and devising targets and plans for managing such risks;
- effectively conserving the use of resources and minimising waste generation;
- ensuring our subcontractors and their workers comply with our environmental protection policies; and
- providing trainings to our employees in relation to our environmental management system.

Our Group's operations are subject to certain environmental requirements pursuant to the laws in Hong Kong, including primarily those in relation to air pollution control, water pollution control and waste disposal during the Track Record Period. For details of the regulatory requirements, please refer to the section headed "Regulatory Overview" in this prospectus.

Our Directors confirm that, during the Track Record Period and up to the Latest Practicable Date, we did not record any material non-compliance with applicable environmental requirements that resulted in prosecution, conviction or penalty being brought against us.



OCCUPATIONAL HEALTH AND WORK SAFETY

Our Group places emphasis on occupational health and work safety. We have in place an occupational health and safety management system which is certified to be in compliance with OHSAS 18001:2007 and ISO 45001:2015 standards in order to promote a safe and healthy working environment.

Our Group has put in place an internal safety manual which sets out the work safety measures implemented by our Group to prevent workplace accidents at the construction sites. Set out below are some of the work safety measures included in our internal safety manual:

- organizing site safety induction briefing sessions for workers on the first day of work and provides trainings for the workers on site, including subcontractors' employees. Topics of the safety training typically cover safety procedures for performing civil and electrical cable engineering works, safety procedures for emergency and duties and procedures for reporting hazards, incidents, accidents and diseases, potential hazards in respect of the work sites, function and proper usage of personal protection equipment, contingency measures at work sites, and good housekeeping of workplaces;
- effective promotion and communication of safety procedures are maintained through among others, establishing safety bulletins and detailed records of accident statistics, holding regular internal and external safety meetings, and documenting safety measures and issues identified for each project by preparing safety reports and training records;
- risk assessments are conducted to identify potential hazards and accidents and provide suggestion on proper preventive measures prior to commencement of works;
- site inspections are carried out by our safety officers and/or safety supervisors on a daily basis to ensure strict compliance with the statutory occupational health and safety laws, rules and regulations. We may also engage external safety consultants to assist with our safety supervision on a case-by-case basis;
- our safety officer shall (i) advise our senior management team on the legal requirements in respect of occupational health and safety matters; (ii) anticipate possible workplace hazards and recommend relevant prevention procedures; (iii) provide statistics and analysis on workplace accidents and make recommendations for improvement; (iv) report and investigate works accidents, determine their causes and recommend measures for preventing recurrence; and (v) arrange safety trainings for all our employees;



BUSINESS

- our project management team shall ensure that our work safety measures are incorporated into our proposed construction methods from the planning stage, and are subsequently adhered to throughout project implementation;
- our site foremen shall co-operate with our safety officer to establish on-site safety practices and ensure that all new comers to the construction sites are aware of their obligations to comply with such practices; and
- safety audits and safety reviews are conducted in accordance with the requirements of the Safety Management Regulation.

Our project management team is responsible for overseeing the implementation of our occupational health and safety policies and to ensure that we comply with applicable occupational health and safety standards. Our internal safety manual is reviewed from time to time to incorporate the best practices and to address and improve specific areas of our safety management system. Our safety rules identify common safety and health hazards and recommendations on prevention of workplace accidents. We require our employees and our subcontractors' employees to strictly comply with our safety rules.

We provide suitable personal protective equipment such as full-body harness, safety helmet and safety boots to our employees and subcontractors based on the type of works undertaken by them. We also provide safety training to all of our employees who are working at the construction sites to ensure that they are aware of and comply with our internal safety guidelines.

Our project management team regularly provides guidance to our workers and subcontractors on correct and safe working practices. We may impose fines on or remove the subcontractors who have repeatedly breached the internal safety procedures from our internal approved list of subcontractors. We also hold regular meetings with our subcontractors to discuss on the implementation of safety measures and follow up with any safety issues identified during the course of project implementation.



Handling and recording of workplace accidents

Our Group has a proper system in place for handling and recording work accidents during the Track Record Period and up to the Latest Practicable Date. Set out below is our general procedures for handling and recording work accidents:

- Upon occurrence of an accident, we require the injured worker or person who witnessed the accident to report to our safety officer or safety supervisor (as the case may be) about the details of the accident on a timely basis, including the venue, time, cause of injury, etc.
- Our safety officer or safety supervisor (as the case may be) will prepare a notice of accident and send the notice of accident to the site agent and our administrative staff detailing the venue, date and time of the accident, name of the injured, details of the accident and injury and follow up action performed by the safety officer after the occurrence of the accident. Our administrative staff maintains a master file for recording all details of injury cases.
- Our administrative staff will report the work injury case on time to the main contractor (if applicable) and the Labour Department in accordance with the relevant requirements.

Work-related accidents during the Track Record Period and up to the Latest Practicable Date*Work-related accidents involving our employees*

During the Track Record Period and up to the Latest Practicable Date, we recorded five work-related accidents involving our employees. The table below sets out details of these accidents:

No	Date	Details of the accident
1.	7 September 2021	An employee of our Group purportedly claimed that he sustained left ankle sprain while he was walking outside the storage container during the course of employment, which was subsequently settled. ^(Note 1)



BUSINESS

No	Date	Details of the accident
2.	23 July 2023	An employee of our Group purportedly claimed that he sustained little finger crush injury as a result of an alleged negligence on the part of another employee of our Group, which was subsequently discontinued. <i>(Note 2)</i>
3.	26 August 2023	An employee of our Group purportedly claimed that she sustained a sprained ankle injury when she was climbing up the compactor and slipped by the muddy surface during the course of employment. <i>(Note 3)</i>
4.	26 October 2023	An employee of our Group purportedly claimed that he sustained a sprained injury and suffered from leg pain while he was getting on a vehicle during the course of employment, which was subsequently settled. <i>(Note 4)</i>
5.	16 February 2024	An employee of our Group purportedly claimed that he sustained chest contusion as a result of bodily collision with another work supervisor during the course of employment. <i>(Note 5)</i>

Notes:

1. This case was subsequently settled between the employee and our Group on 18 November 2021.
2. The legal proceedings was subsequently discontinued with a notice of discontinuance filed by the applicant on 16 April 2024. As advised by our Hong Kong Legal Counsel, while discontinuance is not a defence of our Group to subsequent new action for the same cause of action, the employee involved is barred from bringing a new action against our Group for double recovery of reliefs as compensation has been paid.
3. This case was subsequently settled between the employee and the insurer of the relevant main contractor on 4 July 2024 and as advised by our Hong Kong Legal Counsel, there are no further liabilities for our Group and the employee involved is barred from bringing proceedings of the same incident against our Group.
4. This case was subsequently settled between the employee and our Group on 1 November 2023.
5. As at the Latest Practicable Date, this case had been reported to the Labour Department and the relevant insurer, and no legal proceedings have been brought against us. This accident relates to the potential claim as referred to in the paragraph headed “Litigation and claims — Potential claims” in this section.
6. The above claims by our employees will be covered by the requisite insurance policies which we have taken out in respect of those project(s) where we were the main contractor or insurance policies taken out by the relevant main contractors in respect of project(s) where we were the subcontractor.



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Work-related accidents involving employees of our subcontractors

During the Track Record Period and up to the Latest Practicable Date, to the best knowledge and information of our Directors, there were three work-related accidents involving employees of our subcontractors in respect of projects where we were appointed as subcontractor of the main contractors. The table below sets out details of these accidents:

No	Date	Details of the accident
1.	6 August 2021	The individual involved claimed that he sustained a right wrist fracture injury due to a slip and loss of balance during the course of employment, which was subsequently discontinued. (Note 1)
2.	16 December 2023.	The individual involved claimed that he sustained finger injury while he was hammering rebar during the course of employment. (Notes 2 and 4)
3.	15 June 2024.	The individual involved claimed that he sustained finger injury while he was operating an iron bending machine during the course of employment. (Notes 3 and 4)

Notes:

1. The legal proceedings was subsequently discontinued with a notice of discontinuance filed by the applicant on 28 November 2023. As advised by our Hong Kong Legal Counsel, (i) the applicant is an employee of our subcontractor and the subcontractor had paid the compensation to the applicant, and (ii) the applicant is barred from bringing a new action against us for double recovery.
2. As at the Latest Practicable Date, this accident had been reported to the Labour Department and no legal proceedings had been brought against us. This relates to the potential claims as referred to in the paragraph headed “Litigation and claims — Potential claims” in this section.
3. As at the Latest Practicable Date, this accident had been reported to the Labour Department and no legal proceeding had been brought against us. This relates to the potential claims as referred to in the paragraph headed “Litigation and claims — Potential claims” in this section.
4. Such claim would be covered in the insurance policies taken out by the relevant main contractors.



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In addition to the existing work safety measures, we have enhanced our relevant internal measures, which included:

- In the event of a work-related injury, the management shall hold a briefing with the relevant on-site personnel to understand the cause of the accident and any safety-related violations, and remind the on-site workers (including employees and subcontractors) to raise their awareness of occupational safety and health;
- A summary of the work-related injuries is prepared to record work-related injury that have occurred, and to be reviewed by the management on a regular basis;
- The management will review and assess the safety policies on a monthly basis; and
- Prior to commencing construction work, insurance coverage of the main contractor is evaluated by the management to ensure that there is adequate insurance coverage for the employees.

Forvis Mazars RAS, an independent internal control adviser being engaged by our Group, conducted a review to verify the effectiveness of our Group's enhanced internal control mechanism over work safety management in July 2024. During the internal control review, Forvis Mazars RAS concluded that, as of 30 June 2024, Forvis Mazars RAS did not identify any material internal control deficiencies of the enhanced internal control mechanism over work safety management of our Group. Hence, Forvis Mazars RAS is of the view that those enhanced internal control mechanisms over work safety management are adequate and effective.



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Analysis of accident rates

The following table sets out a comparison of the industrial accident rate per 1,000 workers and the industrial fatality rate per 1,000 workers in the construction industry in Hong Kong between our Group and the industry average during the Track Record Period:

	Industry average in Hong Kong <i>(Note 1)</i>	Our Group <i>(Notes 2 and 3)</i>
From 1 January to 31 December 2021		
Accident rate per 1,000 workers	29.5	6.04
Fatality rate per 1,000 workers	0.218	N/A
From 1 January to 31 December 2022		
Accident rate per 1,000 workers	29.1	N/A
Fatality rate per 1,000 workers	0.162	N/A
From 1 January to 31 December 2023		
Accident rate per 1,000 workers	N/A <i>(Note 4)</i>	14.0
Fatality rate per 1,000 workers	N/A <i>(Note 4)</i>	N/A
From 1 January to 31 July 2024		
Accident rate per 1,000 workers	N/A <i>(Note 4)</i>	3.55
Fatality rate per 1,000 workers	N/A <i>(Note 4)</i>	N/A

Notes:

1. The statistics are extracted from the Occupational Safety and Health Statistics Bulletin Issue No.23 (August 2023) published by the Occupational Safety and Health Branch of the Labour Department.
2. Our Group's accident rate is calculated as the number of industrial accidents during the year/period divided by the monthly average of the construction site workers in our Group's projects during the year/period.
3. The above data provided includes the employees of our Group during the Track Record Period.
4. The relevant data has not been published as at the Latest Practicable Date.

The following table sets forth our Group's lost time injuries frequency rate ("LTIFR") during the Track Record Period:

	LTIFR <i>(Note 1)</i>
For the year ended 31 March 2022	2.04
For the year ended 31 March 2023	N/A
For the year ended 31 March 2024	6.44

Notes:

1. LTIFR is a frequency rate that shows how many lost time injuries occurred over a specified time (e.g. per 1,000,000 hours) worked in a period. The LTIFRs shown above are calculated by multiplying the number of lost time injuries of our Group that occurred during the relevant year by 1,000,000 divided by the number of hours worked by site workers over the same year. It is assumed that the number of working hour of each worker is 9 hours per day.
2. The above data provided includes the employees of our Group and workers of subcontractors during the Track Record Period.



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PROPERTIES

As at the Latest Practicable Date, we did not own any property and we leased the following properties in Hong Kong for our operations, details of which are set out as follows:

Address	Tenant	Landlord	Use of property	Approximate area (sq.ft.)	Key terms of tenancy
Workshop A6, 16th Floor, TML Tower, No. 3 Hoi Shing Road, Tsuen Wan, New Territories, Hong Kong	Wing Lee Group (Holdings)	An independent third party	Office	5,140	Monthly rental of HK\$83,000 with tenancy period from 1 February 2024 to 31 January 2026
Workshop B3, 15th Floor, TML Tower, No. 3 Hoi Shing Road, Tsuen Wan, New Territories, Hong Kong	Wing Lee Group (Holdings)	An independent third party	Office	1,690	Monthly rental of HK\$27,000 with tenancy period from 7 May 2024 to 6 May 2026
Workshop B3, 8th Floor, TML Tower, No. 3 Hoi Shing Road, Tsuen Wan, New Territories, Hong Kong	Kaiser Construction Engineering	An independent third party	Office	1,690	Monthly rental of HK\$26,500 with tenancy period from 1 May 2024 to 30 April 2026
The Remaining Portion of Lot No. 1211, The Remaining Portion of Lot No. 1215, Lots Nos. 40, 41 and 42 all in Demarcation District No. 451 (now known as No. 50 Lo Wai, Tsuen Wan, New Territories, Hong Kong) together with Warehouse ^(Note)	Wing Lee Construction	An independent third party	Warehouse	22,000	Monthly rental of HK\$88,000 with tenancy period from 1 March 2023 to 28 February 2025



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Address	Tenant	Landlord	Use of property	Approximate area (sq.ft.)	Key terms of tenancy
Land in Ngau Tam Mei, Yuen Long, New Territories, Hong Kong on DD104 Lot 795, 796, 798, 799, Remaining Portion of 797, Remaining Portion of 800, Remaining Portion of 4179, Remaining Portion of 4187 ^(Note)	Tai Shan Engineering	An independent third party	Warehouse	66,000	Monthly rental of HK\$161,000 with tenancy period from 15 March 2023 to 14 March 2025
Heavy Goods Vehicle Parking Space No. HGV6 & HGV7 on 1st Floor, TML Tower, No. 3 Hoi Shing Road, Tsuen Wan, New Territories, Hong Kong	Wing Lee Group (Holdings)	An independent third party	Carpark	Not applicable	Monthly rental of HK\$22,000 with tenancy period from 15 July 2024 to 14 July 2026

Note: Our Group is not the registered owner of and merely leases the above parcels of land (collectively, the “**Relevant Land**”) as warehouses/open storage. Under the Government lease in respect of the Relevant Land, the land use of the Relevant Land is restricted to agricultural or garden ground use.

Notwithstanding this, the Hong Kong Legal Counsel has advised that our Group’s use of the existing structure put up by the landlords on the Relevant Land as warehouses/open storage in the Relevant Land does not involve a substantial change in the physical character of the Relevant Land and as such, such use is unlikely to be regarded as “development” under the Town Planning Ordinance (Chapter 131 of the Laws of Hong Kong) such as carrying out building, engineering, mining or other operations in, on, over or under land or making a material change in the use of land or building outside the scope of existing use or permitted development under the plan of the development permission. Premised on this, the Hong Kong Legal Counsel opined that our Group has not breached the Government lease of the Relevant Land. As at the Latest Practicable Date, our Directors confirmed that they have identified a few alternative sites at comparable terms in the New Territories, and if we are required to be vacated from the Relevant Land and therefore need to move to another premises of comparable size, our Directors expect that the relocation cost to be approximately HK\$1.0 million, and it would take around one month for such relocation. Taking into account the abovementioned advice of the Hong Kong Legal Counsel and the contingency plan for relocation, our Directors are of the view that our Group’s use of the Relevant Land has no material adverse impact on the business operation of our Group. For the associated risk, please refer to the paragraph headed “Risk Factors — We may be required to be vacated from our leased premises which are used as warehouse/open storage and we may not be able to secure suitable and immediately available alternative premises or at a reasonably commercial price” in this prospectus.



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As at 31 March 2024, our Group had no single property with a carrying amount of 15% or more of our Group's total assets. On this basis, our Group is not required by Rule 5.01A of the Listing Rules to include any valuation report in this prospectus. Pursuant to section 6(2) of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong), this prospectus is exempted from compliance with section 342(1)(b) of the Companies (WUMP) Ordinance in relation to paragraph 34(2) of the Third Schedule to the Companies (WUMP) Ordinance in respect of the requirements for a valuation report with respect to interests in land or buildings.

INTELLECTUAL PROPERTIES

As at the Latest Practicable Date, our Group had made application for registration of the registered owner of one domain name and had registered ten trademarks in Hong Kong. For further information, please refer to the paragraph headed “B. Further information about the business of our Group — 2. Intellectual property rights” in Appendix IV to this prospectus.

As at the Latest Practicable Date, we were not aware of any material infringements (i) by us of any intellectual property rights owned by third parties, or (ii) by any third parties of any intellectual property rights owned by us. As at the Latest Practicable Date, we were also not aware of any pending or threatened claims against us or against any members of our Group in relation to any material infringement of intellectual property rights of third parties.

LEGAL COMPLIANCE

Our Directors confirm that during the Track Record Period and up to the Latest Practicable Date, there was no non-compliance incident of our Group which is material or systemic in nature.

LITIGATION AND CLAIMS

As at the Latest Practicable Date and save as disclosed below, our Directors confirmed that no member of our Group was engaged in any litigation, arbitration or claim of material importance, and no litigation, arbitration or claim of material importance was known to our Directors to be pending or threatened by or against any member of our Group.



Potential claims

Occurrence of employees' compensation applications and common law personal injuries actions by our employees which arise out of or in the ordinary of their employment is not uncommon in the industry where we operate.

Potential claims refer to those claims that have not been commenced against our Group but are within the limitation of two years (for employees' compensation applications) or three years (for common law personal injuries actions) from the date of the relevant incident causing the injury pursuant to the Employees' Compensation Ordinance (Chapter 282 of the Laws of Hong Kong) and Limitation Ordinance (Chapter 347 of the Laws of Hong Kong), respectively.

As disclosed in the paragraph headed "Work-related accidents during the Track Record Period and up to the Latest Practicable Date" in this section, we recorded five work-related accidents involving our employees and three work-related accidents involving employees of our subcontractors during the Track Record Period and up to the Latest Practicable Date. These accidents may give rise to one potential claim by one of our employees and two potential claims by two employees of our subcontractors, where such individuals were purportedly injured in the ordinary course of their employment with our Group or as the case may be, our subcontractors. As advised by our Hong Kong Legal Counsel, the relevant limitation periods for the injured to commence such claims have not expired.

As the relevant court proceedings have not been commenced, we are not in the position to assess the likely quantum in respect of the above potential claims. Our Directors are of the view that the amount of such potential claims to be borne by our Group, if any, shall be covered by the insurance policies taken out by the relevant member(s) of our Group, or would be able to claim under the insurance policies taken out by the relevant main contractor(s) for where our Group acts as a subcontractor. Accordingly, our Directors consider that these potential claims will not have any material adverse impact on our operation and financial condition and no provision had been made in respect of these potential claims.



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Litigation

Ongoing litigation involving our Group as at the Latest Practicable Date

The table below sets out details of an ongoing legal proceedings against us as at the Latest Practicable Date:

Nature of claim	Plaintiff	Defendants	Particulars of claim	Status as at the Latest Practicable Date
Personal injuries claim	Individual A (Note)	Worker A (First Defendant) Wing Lee Construction (Second Defendant)	The Plaintiff claimed that on 11 April 2020, he sustained personal injuries of sprained neck, right hip and right shoulder injury and the estimated total loss and damages is approximately HK\$445,151 arising out of an alleged negligent driving of the First Defendant, being an employee of the Second Defendant at the material time. The Plaintiff further claimed against the Second Defendant for being vicariously liable for the above loss and damages claimed by the Plaintiff.	The case is now in the stage of preparing witness statements and expert medical evidence. A checklist review hearing was held on 24 July 2024 for further case management directions. The next hearing is scheduled on 12 February 2025.

Note: Individual A is a third party owner and driver of a motorcycle which collided with the vehicle registered under the name of Wing Lee Construction.

As advised by our Hong Kong Legal Counsel, the amount claimed in the above ongoing legal proceedings, if any, shall be covered by the third party insurance and our Group would not have any further financial or operational impact. As such, our Directors consider that the above legal proceedings will not have any material adverse impact on our business operations and financial performance and no provision had been made in respect of such ongoing litigation case.

Indemnity executed by our Controlling Shareholders

Our Controlling Shareholders have executed into a Deed of Indemnity whereby our Controlling Shareholders have agreed to indemnify our Group, subject to the terms of the Deed of Indemnity, in respect of all liabilities and penalties which may arise as a result of any legal proceedings instituted by or against our Group and non-compliance by our Group on or before the date on which the Share Offer becomes unconditional. Please refer to the paragraph headed “Other Information — 1. Tax and other indemnities” in Appendix IV to this prospectus for details.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE MATTERS

Our Group’s governance on environmental-related risks, climate-related risks and opportunities, and social responsibilities

Our Group recognises the importance of environmental, social and governance (“**ESG**”) for sustainable corporate development. We are committed to complying with the Stock Exchange’s reporting requirements on ESG following the Listing. We will formulate an ESG policy (the “**ESG Policy**”) which will outline, among others, (a) the appropriate risk governance on ESG matters; (b) ESG strategy formation procedures; (c) ESG risk management and monitoring; and (d) identification of key performance indicators (“**KPI(s)**”) and the relevant measurements. The ESG Policy will be formulated in accordance with the standards of Appendix C2 to the Listing Rules and be reviewed on an annual basis to ensure that it remain relevant and appropriate to the needs of our operation.

Our Board is primarily responsible for (i) appointing our Group’s key person responsible for ESG issue; (ii) reviewing the identified ESG risks of our Group; (iii) determining and approving the ESG policy, strategies, action plans and targets; (iv) environmental, social and corporate governance; (v) approving the implementation of ESG-related measures and the resources required; (vi) ensuring that our Group makes appropriate ESG disclosures, and pays attention to and promotes the improvement of ESG performance; and (vii) reviewing and approving annual ESG reports.

Upon the Listing, our Board and senior management will be responsible for (i) formulating and implementing the ESG Policy, targets and strategies, and regularly reviewing whether relevant ESG policies are effectively implemented; (ii) conducting regular materiality assessments of environmental, climate, social and operational risks and ESG issues; (iii) identifying and continuously monitoring our Group’s ESG-related risks; (iv) ensuring that our Group has established appropriate and effective ESG risk management and internal control systems; (v) supervising and evaluating the implementation and performance of ESG-related measures to ensure our Group’s compliance with relevant regulations, industry standards and practices; (vi) communicating with our management on ESG matters during our ordinary operations; (vii) reviewing and auditing annual ESG reports; and (viii) regularly reporting to our Board on the progress and performance of ESG work.

The Board of our Group is mainly responsible for overseeing ESG matters related to our Group, including determining ESG plans, understanding and controlling ESG-related risks, and supervising the management and relevant departments on the formulation and implementation of ESG policies and measures. The Board also requires that the management of our Group shall

BUSINESS

proactively report to the Board on ESG-related matters involved in our ordinary operations and subsequent follow-ups, such as significant deviations in ESG performance indicators from preset targets, major ESG incidents, and changes in regulatory ESG policies.

Materiality assessment

We have conducted a materiality assessment to identify the most important ESG issues to our business. We believe that appropriate input from stakeholders allows us to better understand their concerns which will enable us to review and prioritise ESG issues, therefore, we can establish ESG strategies to better align with stakeholders' expectations and our commitment to sustainable development.

Our Company has maintained a close relationship with its stakeholders and has sought to understand their suggestions and views through various communication methods. We believe that active stakeholder engagement is an integral part of the sustainable management of our Company. Under the leadership of the Board, our Company has grouped its key stakeholders and, based on the views and suggestions gathered through communication, has summarised stakeholders' expectations of our Company. Stakeholders were invited to review the importance of emerging ESG issues to our business, and the assessment was conducted in three steps: identification, prioritisation and validation.

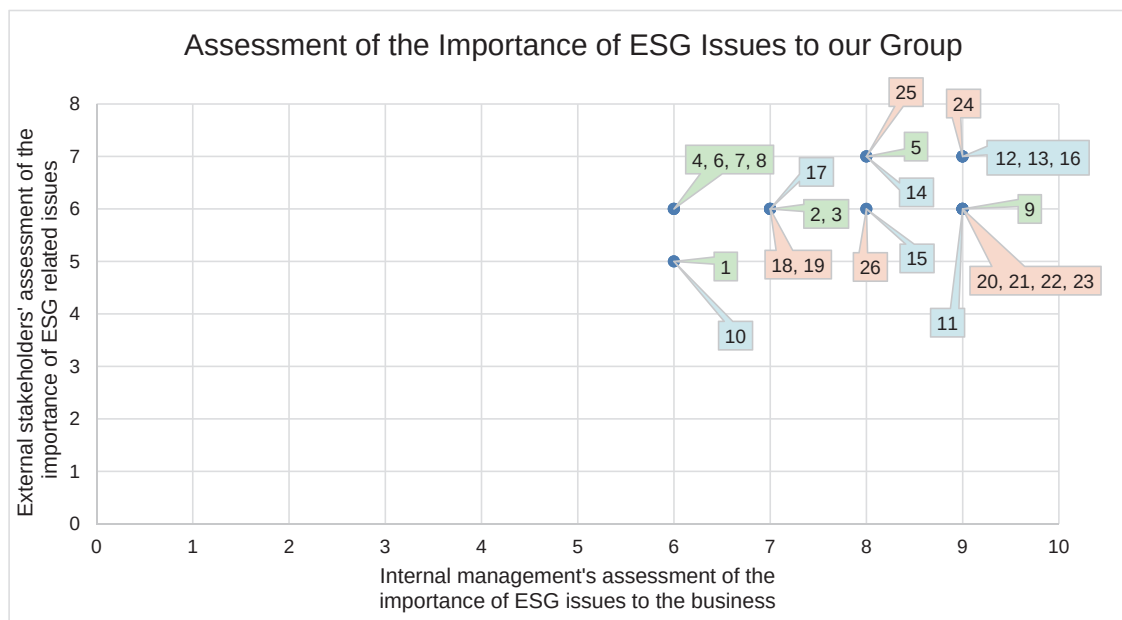
Based on stakeholders' expectations and concerns, we have identified our Company's ESG topics and invited stakeholders (including management, employees, customers, suppliers/subcontractors and other stakeholders) to complete questionnaires on various ESG topics to collect their views and suggestions. The questionnaire focused on three categories of ESG topics identified by our Company, namely the environment, social, and operational. Stakeholders would be divided into two groups, namely internal stakeholders (i.e. the management and employees) and external stakeholders (including but not limited to customers, and suppliers/subcontractors), and they were asked to rate each ESG issue from 0 to 9 based on its importance under each category, where a score of 0 represents an irrelevant ESG issue, and a score of 9 represents a crucial ESG issue. This process has enabled us to identify relevant material ESG issues and prioritise them.

The questionnaires results were then consolidated, analysed, and assessed to identify a prioritised list of ESG issues. This information was used to formulate a materiality matrix, which plotted the ratings based on their importance to our Group and to the stakeholders. The prioritised list of material ESG issues were then presented to the management for discussion and validation. Finally, with reference to the scope of the ESG Policy, our Group's business characteristics, and the results gathered from various stakeholders, all responses from both stakeholder groups were weighted equally, and the material topics identified were analysed and formulated into the materiality matrix.



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Based on the results of the questionnaires, we have compiled the following matrix for assessing the materiality of the ESG issues. With reference to the materiality matrix, the relevant ESG issues located at the top right position represent ESG issues that are more material to our Group.



No.	ESG Topics
Environmental Issues:	
1	Greenhouse gas emission/global warming
2	Exhaust air emission
3	Energy consumption
4	Water consumption
5	Hazardous waste/sewage
6	Non-hazardous waste/sewage
7	Paper consumption
8	Climate change
9	Compliance with environmental laws and regulations

No.	ESG Topics
Social Issues:	
10	Public health crisis
11	Employee rights and welfare
12	Inclusion, equal opportunities and anti-discrimination
13	Talent attraction and retention
14	Occupational health and safety
15	Training and development
16	Preventive measures for child and forced labor
17	Community investment and engagement

No.	ESG Topics
Operational Issues:	
18	Supply chain management
19	Labour standards in supply chain
20	Customer satisfaction
21	Customers' privacy
22	Product quality and safety
23	Intellectual property
24	Economic performance
25	Operational compliance
26	Anti-corruption



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Based on the above materiality assessment analysis, we have identified five key ESG issues grouped under three categories of the ESG topics (i.e., environmental, social, and operational), which comprise (i) No. 9 compliance with environmental laws and regulations under environmental issues; (ii) No. 12 inclusion, equal opportunities and anti-discrimination, No. 13 talent attraction and retention and No. 16 preventive measures for child and forced labor under social issues, and (iii) No. 24 economic performance under operational issues.

The concerns of the five key ESG issues are integrated into our operations, and we remain committed to address them proactively. For details of the five key ESG issues under environmental issues, social issues and operational issues, please refer to the paragraph headed “Environmental matters”, “A. Employment — Social matters”, “D. Labour standards — Social matters”, and “F. Services responsibility — Social matters” in this section, respectively.

We are committed to continuously monitoring ESG issues so as to effectively allocate our resources to where they are most needed, thereby strategically supporting our business development plans. We will strengthen our communication with stakeholders and gather opinions through various channels for a more comprehensive analysis. Maintaining close communication ensures timely responses to concerns and comments. Additionally, we will conduct periodical review of the latest ESG reporting requirements, and then update our internal ESG guidelines on ongoing basis in order to compliance with the ESG reporting requirements and better align with stakeholders’ expectations regarding ESG report content and information disclosure. We also monitor industry trends and updated regulatory requirements to ensure our ESG reporting aligns with stakeholder expectations. In the future, we will timely review and update our ESG issues list to reflect stakeholders’ concerns across different ESG issues.

Environmental matters

Our Group will make best efforts to minimise the environmental impact of its business operations, and is committed to reducing the adverse effects of corporate operations on the environment as much as possible.

Our Group has obtained ISO 9001:2015 and ISO 45001:2018 certifications from the International Organization for Standardization (ISO). We conduct our construction and operations in accordance with the accredited policies and procedures to enhance regulation of site workers and subcontractors, minimise potential environmental impacts during construction and promote sustainable development practices.



Our Group has also established an environmental management plan as an organisational framework of the main contractor for civil construction projects, which outlines the functions and responsibilities of our environmental management. An environmental management team will be set up for each project to monitor the effectiveness of the environmental management plan and related mitigation measures, thereby reducing the environmental impact of our operations. We will also regularly review and update the environmental management plan as necessary to comply with relevant environmental regulations. Furthermore, as a contractor, we actively participate in on-site environmental orientation training organised by the main contractor of the construction project to enhance knowledge of environmental laws and related mitigation measures, and to promote sustainable business practices in our business activities.

Set out below are policies in addressing different environmental issues pertinent to our Group:

A. Emission

Air pollutant emissions

The sources of air pollutant emissions generated by our Group during its ordinary operations primarily include: 1) gasoline and diesel consumed by private vehicles¹ and trucks; 2) diesel consumed by forklifts used to transport materials and equipment at construction sites; 3) Naphtha² and diesel used by construction equipment during ordinary operations; and 4) gasoline and diesel consumed by generators used at construction sites. The air pollutants emitted from the combustion of gasoline and diesel by vehicles and forklifts include nitrogen oxides (NOx), sulfur oxides (SOx) and particulate matter (PM). Save as the above-mentioned fuels used by our Group, our Group's operations do not involve the use of coal gas, natural gas, liquefied petroleum gas and other fuels.

¹ As some of our Group's private vehicles are involved in both operational activities and private purposes, and due to the inability to determine fuel consumption attributable to operational activities. Therefore, the air pollutants emissions statistics do not include the fuel consumption data of these private vehicles.

² Given the minimal usage of Naphtha within our Group, relevant data is excluded from the air pollutant emissions statistics.



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The table below sets forth the details of air pollutants emitted from our Group's fuel combustion during the Track Record Period:

Air pollutants ^{3,4,5}	Unit	Emissions in FY2021/22	Emissions in FY2022/23	Emissions in FY2023/24
Nitrogen oxides ("NOx")	kg	182,559.8	32,553.3	46,380.3
Sulfur oxides ("SOx") ⁶	kg	1.1	1.3	1.0
Particulate Matter ("PM")	kg	11,776.4	2,102.7	2,994.3
Air pollutant emissions data				
Total air pollutant emissions	kg	194,337.3	34,657.3	49,375.6
Air pollutant emissions density	kg/HKD million revenue	442.9	102.3	94.4

In order to reduce our dependence on fossil fuels, our Group has commenced the transition to replace traditional equipment with new energy equipment and to replace non-renewable resources with clean energy since 2023.

³ Due to the inability to collect the parameters of all construction equipment, the calculation of air pollutants emitted by construction equipment assumes that each type of equipment emits equivalent amounts of nitrogen oxides, sulfur oxides and particulate matter during use.

⁴ Given the minor usage of fossil fuels in some projects, the air pollutant emissions statistics only account for those with significant fossil fuel usage rather than all projects.

⁵ As some projects had fuel supplied by the main contractor from 2021 to May 2023, the diesel consumption for FY2021/22 and FY2022/23 is calculated based on data provided by the main contractor.

⁶ Due to the inability to collect all specifications of diesel, and given that the Government has restricted the sulfur content of diesel for industrial and commercial purposes to less than 0.005% by weight since October 2000, the calculation of air pollutants emitted by construction equipment assumes that the sulfur content of diesel used in all construction equipment is 0.005%.



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We have adopted the following measures to minimise air pollutant emissions from our operations:

- regular maintenance and inspection of vehicles owned by our Group to ensure their normal operation and avoid additional fuel consumption due to decreased fuel efficiency;
- encouraging employees to plan their driving routes in advance to reduce unnecessary fuel consumption caused by extended driving time;
- encouraging employees to use public transportation;
- allocating more resources for environment-friendly vehicles and clean energy, including replacing traditional vehicles with electric ones to reduce gasoline usage; and
- increasing investment in environment-friendly equipment, including procuring new environment-friendly equipment from approved suppliers to replace traditional machinery, thus reducing our dependence on traditional equipment while taking into account business development needs, as well as gradually reducing the use of non-renewable energy to lower carbon and exhaust emissions of our Group.

Exhaust emissions

Our ordinary operations involve extensive construction activities, including demolition, drilling or excavation of rocks near the public or man-made hard materials, thus inevitably generating dust and particulate matter emissions during construction. We recognise that direct emissions of such exhaust into the atmosphere could severely impact the environment surrounding the construction sites. Currently, our Group has not collected relevant exhaust emissions data. Nonetheless, we have implemented a series of environmental measures to manage exhaust emissions during construction.

We have adopted the following dust control measures:

- providing silent, high-pressure electric sprayers at construction sites, so that workers can activate automatic sprinkler after adjusting the angle of sprayers during excavation and ground-breaking activities to reduce the impact of dust dispersion on the environment; and



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- requiring all employees to wear industrial dust masks during construction activities to effectively filter air particulates, including dust and smoke, so as to prevent employees from directly inhaling relevant exhaust and dust and protect their health.

Greenhouse gas emissions

The greenhouse gas (“GHG”) emissions^{7,8} of our Group during its ordinary operations are mainly generated from 1) gasoline and diesel consumed by private vehicles⁹ and trucks; 2) diesel consumed by forklifts used to transport materials and equipment at construction sites; 3) Naphtha¹⁰ and diesel used by construction equipment during ordinary operations; 4) electricity consumption during our operations; and 5) indirect GHG emissions from other business activities, such as disposal of waste paper to landfills, waste disposal, and electricity used for drinking water and sewage treatment. As such, in addition to regularly monitoring gas fuel usage and vehicle operation, our Group also endeavours to reduce electricity and water consumption to implement carbon reduction plans.

The table below sets forth the details of our Group’s GHG emissions during the Track Record Period:

Scope	Sources of GHG emissions	Unit	FY2021/22	FY2022/23	FY2023/24
Scope 1	Direct GHG emissions from the use of generators and construction equipment (stationary combustion sources)	tCO2e	17,322.9	3,069.7	4,390.7
	Direct GHG emissions from vehicle use (mobile combustion sources)	tCO2e	180.5	202.1	177.9
Scope 2	Indirect GHG emissions from purchased electricity ¹¹	tCO2e	52.8	44.1	56.3

⁷ Given the minor usage of fossil fuels in some projects, the GHG emissions statistics only account for those with significant fossil fuel usage rather than all projects.

⁸ As some projects had fuel supplied by the main contractor from 2021 to May 2023, the diesel consumption for FY2021/22 and FY2022/23 is calculated based on data provided by the main contractor.

⁹ As some of our Group’s private vehicles are involved in both operational activities and private purposes, and due to the inability to determine fuel consumption attributable to operational activities, the GHG emissions statistics do not include the fuel consumption data of these private vehicles.

¹⁰ Given the minimal usage of Naphtha within our Group, relevant data is excluded from the GHG emissions statistics.

¹¹ According to the latest data from CLP Holdings, the carbon dioxide (“CO2”) emissions intensity of electricity sold by CLP Power Hong Kong for 2021, 2022 and 2023 is 0.39 kg/kWh.



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Scope	Sources of GHG emissions	Unit	FY2021/22	FY2022/23	FY2023/24
Scope 3	Waste paper disposed in landfills	tCO ₂ e	6.1	9.1	9.3
	Electricity used for drinking water and sewage treatment ^{12,13}	tCO ₂ e	1.1	25.7	3.1
GHG emissions data					
Total GHG emissions		tCO ₂ e	17,563.4	3,350.7	4,637.3
GHG emissions density		tCO ₂ e/HKD million revenue	40.0	9.9	8.9

In order to reduce our dependence on fossil fuels, our Group has commenced the transition to replace traditional equipment with new energy equipment and to replace non-renewable resources with clean energy since 2023.

We have adopted the following measures to minimise GHG emissions from our operations:

- encouraging employees to use public transportation;
- adopting corresponding power-saving measures, including posting reminders in offices to turn off unused equipment such as air conditioners and lighting systems;
- prioritising the purchase of energy-efficient office equipment to reduce electricity consumption in all aspects; encouraging double-sided printing to save office paper; and
- promoting water conservation among employees during ordinary operations to avoid wastage of drinking water.

¹² According to the latest data from the Hong Kong Water Supplies Department for FY2021/22, the unit electricity consumption for drinking water treatment in Hong Kong is 0.621 kWh/m³. According to the latest data from the Hong Kong Drainage Services Department for FY2021/22, the electricity consumption for sewage treatment in Hong Kong is 0.3 kWh/m³. The preset emission coefficient for purchased electricity in Hong Kong is 0.7 kg/kWh. As the data for FY2022/23 and FY2023/24 have not yet been released, relevant GHG emissions for FY2022/23 and FY2023/24 are calculated using the relevant emission coefficient for FY2021/22.

¹³ Due to the inability to collect all water bills of our Group during the Track Record Period, when calculating the water consumption in each year, some monthly water consumption data is roughly calculated by the average daily water consumption displayed on the water bills for each metre reading month multiplied by the number of days in the respective months.



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Waste disposal management

(a) Hazardous waste management

Due to the nature of our business, our Group does not directly generate any hazardous waste in the course of our operations. Common hazardous waste from construction sites, such as batteries and vehicle waste oil, is managed by qualified third-party suppliers during their routine maintenance and inspections of vehicles and machinery. Currently, our Group has only implemented environmental measures for the above-mentioned waste disposal, but has not collected relevant data on indirectly generated hazardous waste. Therefore, we are unable to disclose relevant data.

(b) Non-hazardous waste management

The non-hazardous waste generated by our Group during its ordinary operations mainly consists of construction waste (including inert and non-inert waste) and paper used in its ordinary business activities. Details are as follows:

Sources of emission	Sources of non-hazardous waste	Unit	FY2021/22	FY2022/23	FY2023/24
Construction activities	Construction waste	tonne	16,778.2	21,021.5	16,553.2
Paper	Ordinary office paper	tonne	1.3	1.9	1.9
Non-hazardous waste data					
Total amount of non-hazardous waste		tonne	16,779.5	21,023.4	16,555.1
Non-hazardous waste density		tonne/HKD million revenue	38.2	62.0	31.7

To minimise the environmental impact of non-hazardous waste from our operations, our Group has implemented the following waste management measures and different waste reduction measures:

- conducting strict review of materials required for project budget to avoid unnecessary waste;
- educating all employees on sorting reusable and recyclable materials for collection and recycling by contractors and our Company;
- centralised collection of construction waste for disposal in landfills and recycling for further use by approved service providers;



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- strictly complying with the “Construction Waste Disposal Charging Scheme” of the Environmental Protection Department to responsibly dispose of waste from construction projects and implement waste control and recycling measures to minimise unnecessary waste;
- encouraging employees to adopt paper-saving practices, use double-sided printing for daily documents, and collect recyclable waste paper for recycling; and
- monitoring and reviewing ordinary business procedures within our Group, and replacing unnecessary paper documents with electronic ones to reduce paper consumption.

B. Resources consumption

Energy consumption

Our Group’s direct energy consumption is mainly generated from 1) gasoline and diesel for vehicles¹⁴ and forklifts; 2) Naphtha¹⁵ and diesel used by construction equipment during ordinary operations; and 3) gasoline and diesel consumed by generators used at construction sites. Our indirect energy consumption is mainly generated from purchased electricity. Set out below are the details of our Group’s energy consumption during the Track Record Period:

Types of energy	Unit	FY2021/22	FY2022/23	FY2023/24
Direct energy ^{16, 17}				
— Diesel	MWh	71,059.7	12,628.9	18,064.0
— Gasoline	MWh	553.2	666.2	551.2
Indirect energy				
— Electricity	MWh	135.3	113.1	144.5
Total energy consumption	MWh	71,748.2	13,408.2	18,759.7
Energy consumption density	MWh/HKD million revenue	163.5	39.6	35.9

¹⁴ As some of our Group’s private vehicles are involved in both operational activities and private purposes, and due to the inability to determine fuel consumption attributable to operational activities, the energy consumption statistics do not include the fuel consumption data of these private vehicles.

¹⁵ Given the minimal usage of Naphtha within our Group, relevant data is excluded from the energy consumption statistics.

¹⁶ Given the minor usage of fossil fuels in some projects, the energy consumption statistics only account for those with significant fossil fuel usage rather than all projects.

¹⁷ As some projects had fuel supplied by the main contractor from 2021 to May 2023, the diesel consumption for FY2021/22 and FY2022/23 is calculated based on data provided by the main contractor.



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Since 2023, our Group has purchased 12 electric private vehicles for office use and two electric excavators for construction purposes to gradually reduce our dependence on and use of diesel private vehicles and construction machinery. Save as the above-mentioned energy-saving measures relating to the purchase of electric private vehicles and electric excavators, our Group has formulated the following energy-saving management measures to minimise waste of energy:

- posting reminders in offices to turn off unused electrical appliances (such as air conditioners and lighting systems), adjusting the air conditioning system in the office to a specific temperature, and encouraging employees to set air conditioners to a comfortable temperature to avoid resource wastage; and
- selecting new electrical appliances and lighting fixtures with higher energy-efficiency labels to enhance energy efficiency and reduce electricity consumption in all aspects.

Water consumption

The consumption of water resources has always been an environmental issue of global concern, and conserving water is a crucial goal for our Group. Our water consumption is mainly generated from construction projects. During the Track Record Period¹⁸, our Group's water consumption in FY2021/22 was approximately 1,704.8 m³, with a water consumption density of approximately 3.9 m³ per HKD million revenue. In FY2022/23, our Group's water consumption increased to approximately 39,903.0 m³, and the water consumption density increased to approximately 115.0 m³ per HKD million revenue. In FY2023/24, our Group's water consumption decreased to approximately 4,815.3 m³, and the relevant water consumption density decreased to approximately 9.8 m³ per HKD million revenue.

Our Group has formulated the following energy-conservation management measures to minimise water consumption:

- encouraging office employees to conserve water, thereby reducing water resource consumption and the electricity consumption for water supply.

¹⁸ Due to the inability to collect all water bills of our Group during the Track Record Period, when calculating the water consumption in each year, some monthly water consumption data is roughly calculated by the average monthly water consumption displayed on the water bills for each metre reading month multiplied by the number of days in the respective months.



Social matters

Set out below are our policies in addressing different social issues pertinent to our Group:

A. Employment

Our Group considers its employees as one of its most valuable assets, and we attach great importance to the retention, needs and development of our employees. We are committed to upholding the principles of equal opportunities, diversity and anti-discrimination in our workplace. Recruitment and retention of employees are based on a range of diversity parameters, including but not limited to gender, age, cultural and educational background, nationality, ethnicity, industry experience, skills and knowledge. We conduct performance appraisals to analyse our employees' personal strengths and weaknesses, and suitability for promotion or further training. Discretionary bonus and salary adjustment are given to our employees based on their performance appraisals. As at 31 March 2022, 2023 and 2024, we had a total number of 227, 282, and 344 employees, and our gender ratio for male versus female remained stable at approximately 8:2 during the Track Record Period. For FY2021/22, FY2022/23 and FY2023/24, we recorded monthly average employee turnover rates of approximately 4.2%, 7.1% and 5.2% respectively.

B. Health and safety

Please refer to the paragraph headed "Occupational health and work safety" in this section.

C. Development and training

Employee development is indispensable for the continuous growth of our Group. Therefore, we provide employees with adequate and effective training to enhance their professional knowledge and technical skills.

We also offer safety and health orientation training to every new worker. The orientation training focuses on site safety standards, emergency guidelines and environmental requirements for pollutant treatment. We also provide specific safety training courses to workers from time to time to enhance their awareness of occupational safety. At the same time, our Group also encourages and sponsors employees to undertake training courses to obtain relevant professional qualification certificates.

D. Labour standards

Our Group recognises that the employment relationship shall be based on mutual equality, respect, and tolerance. We maintain a zero-tolerance policy towards child labour, and strictly prohibit the employment of illegal immigrants and forced labour at our offices and construction sites. We strictly prevent illegal acts during the recruitment process, and our human resources department verifies the identification documents of job applicants to ensure they meet the legal working age and qualifications. If any discrepancies are found, our Group will immediately terminate the employment relationship with the relevant employees.

We also prohibit any form of verbal or physical abuse as punishment, management methods, disciplinary actions, physical punishment, or any actions that may constitute oppression or sexual harassment for any reason.

E. Supply chain management

Suppliers and subcontractors are an integral part of our Group's ordinary operations and play a crucial role in providing high-quality services to our customers. Therefore, we place great importance on the selection and monitoring of suppliers and subcontractors.

When sourcing new suppliers or subcontractors, our Group adopts a fair and impartial selection procedure. We have strict evaluation standards for the selection of suppliers. Suppliers are required to pass our review and evaluation on matters, including but not limited to delivery time, price and product quality, and to submit relevant certification documents for verification. Our Group will also continue to pay attention to and evaluate whether suppliers uphold environmental and social responsibilities. When selecting suppliers, we will give priority to those aligning with our environmental protection and social responsibility concepts.

To effectively manage suppliers and subcontractors, our Group has established the "Procurement to Payment Management System". When selecting suppliers and subcontractors, various departments, including but not limited to procurement, operations and construction departments, will assess them in terms of backgrounds, business scopes, reputation, services or product quality, and price, ensuring that their services, materials and products meet our requirements and standards. Suppliers who have passed the above review and inspection are included into our list of qualified suppliers. We will conduct regular evaluations and inspections of the suppliers in the list every year to evaluate whether they still meet our needs in terms of pricing, service and supply quality, efficiency, reliability, on-time completion or delivery and credit rating. The results of the evaluation by the procurement department will be submitted to the management for approval. We will no longer purchase any services or products from suppliers or subcontractors with unqualified results.



In addition, our Group also encourages our suppliers and subcontractors to actively promote corporate social responsibility awareness and comply with corporate social responsibility standards. All business transactions of our Group shall be conducted with high ethical standards, and employees are prohibited from offering or accepting bribes or other improper benefits.

F. Services responsibility

To enhance sustainable business development, our Group consistently upholds high-quality standards across all construction projects. We have obtained ISO 9001:2015 certification. We carry out construction and operations in accordance with the accredited policies and procedures to ensure that the quality of each work process meets customer requirements. Each construction project has at least one site representative, who is responsible for real-time communication with our customers and subcontractors at the project site, coordinating requirements and resource allocation, facilitating effective team communication, and promptly addressing identified issues or risks relating to project quality, safety and environment. We will also conduct daily inspections of project sites to monitor the quality of work performed by workers and subcontractors.

G. Anti-corruption, anti-bribery and whistleblowing

To foster a corporate culture of integrity-based operations and ensure the sound development of our Group, we have formulated the “Anti-corruption and Anti-money Laundering Policy”, prohibiting our management and all employees from receiving, offering or soliciting any benefits from business associates (including suppliers and contractors) when conducting business. Key anti-corruption and anti-bribery measures include the following:

Acceptance of benefits

- Our Group’s Directors, supervisors, managers or all employees are prohibited from soliciting any benefits from any person (such as suppliers, contractors) who has business dealings with our Group when conducting business. If the responsible personnel and staff intend to accept any benefits provided by such persons, they should obtain special permission from the Board in advance.

Provision of benefits

- When performing duties, our Group’s Directors or employees must not directly or indirectly, or through a third party, provide bribes or benefits to any director, employee or agent of another company or organisation, or any public official.



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Hospitality

- Directors or staff should refuse to accept overly lavish or frequent hospitality provided by persons (such as suppliers or contractors) who have business dealings with our Group.

Conflicts of interest

- A conflict of interest refers to a situation where the personal interests of a Director or employee conflict with or are in opposition to the interests of our Group. Personal interests include the financial and personal interests of our Director or employee, as well as their family members and relatives, close friends, and the companies and organisations they belong to.
- All employees should avoid any situations that actually or are perceived to involve a conflict of interest. If such a situation arises in the course of business, they should report it in writing to their supervisor or the Board. Such individuals should proactively avoid handling the related matter, and should follow the instructions of their supervisor or the Board, who may assign the matter to other responsible personnel.
- For any proposals considered by our Group's Board, each Director should fully consider whether they or the legal entity they represent has an interest in the matter, and they should recuse themselves from decisions that may harm our Group's interests.

In addition, our Group is committed to raising awareness of business ethics and anti-corruption among our Directors and employees and regularly organises educational training and promotion of the above policies for Directors, supervisors, managers and all employees, and invites major business partners with whom our Group has business dealings to participate in the training, in order to ensure the effective implementation of our Group's policies.

Our Group introduces whistle-blowing mechanism by (i) encouraging employees or external third parties to actively monitor and report any serious misconduct that may violate honest business practices via email and hotline. Any responsible personnel or employees who violate any provision of the Anti-corruption and Anti-money Laundering Policy will be subject to disciplinary action, or be terminated from their appointment/employment if there is sufficient justification. If our Group suspects the violation involves corruption or other criminal offences, we will report to the Independent Commission Against Corruption (ICAC) or the relevant authorities of the same.

To the best knowledge of our Directors, during the Track Record Period and up to the Latest Practicable Date, our Group, Directors, employees and their associates did not violate the Anti-corruption and Anti-money Laundering Policy.



H. Community involvement

Upholding the principle of giving back to the society, our Group actively demonstrates the service spirit of its core values, and encourages employees to participate in various educational, cultural, and social welfare activities.

Although we did not engage in any social welfare activities during the Track Record Period, our Group intends to invest more resources in various educational, cultural and social welfare activities in the future, and actively participates in community volunteer activities to show our concern and feedback to the local community.

Actual and potential impact of environmental, social and climate-related risks and opportunities on our Group's business, strategy and financial performance

Climate change primarily refers to the long-term changes in temperature and weather conditions caused by the sustained greenhouse effect. Our Group will continue to assess potential climate-related risks to understand the risks that we may be exposed to, their potential impacts on our Group and appropriate countermeasures. These risks include physical risks (such as potential financial losses and non-financial damages due to extreme weather) and transitional risks (such as potential adverse effects from transitioning to a low-carbon economy).

A. Physical risks

Increased frequency and severity of extreme weather conditions such as cyclones and extreme precipitation

Our Group primarily operates in Hong Kong. Among all climate change phenomena affecting Hong Kong, heavy rains, floods, heatwaves, high temperatures and strong typhoons have adverse impacts on our operations. Frequent and severe heavy rains may flood construction sites in low-lying areas, which could adversely affect ongoing projects and extend the construction time. In addition, given that our construction sites are outdoors, heatwaves may increase the risk of heatstroke among site workers.

To mitigate the impacts and risks arising from climate change, our management is primarily responsible for identifying and assessing climate-related risks and impacts, taking necessary measures to address such risks under the supervision of the Board. These measures include developing emergency plans for extreme weather, using instant communication devices to timely communicate with site workers and coordinate working hours, and improving working conditions during hot weather, such as providing workers with rest areas, portable cooling fans and other facilities, to mitigate the impacts and risks of climate change on our employees and property.



Rising mean temperature and increasing number of days of extreme heat

Our employees and/or our subcontractors' employees are prone to rising temperature since most of our project sites are not equipped with air-conditioning systems. Hot weathers can easily lead to heat exhaustion, heat strokes or other health diseases. Such negative impacts on the health condition of our employees and/or our subcontractors' employees may reduce our productivity and/or delay our work progress, resulting in interruption to our business operations.

To lower the risks of sickness suffered by our employees and/or our subcontractors' employees, we will have to provide heat-relieving measures, such as providing electric fans, resting areas and sufficient hydration to the workers, to combat increasing temperatures and re-arrange work schedules to avoid working under hot weathers.

B. Transitional risks

Risk of rising operating costs

In order to achieve carbon neutrality by 2050, the Government announced the “Hong Kong Climate Action Blueprint 2050” in 2021. This plan outlines four major carbon reduction strategies, including (i) increasing the share of renewable energy in the fuel mix for electricity generation, and ceasing the use of coal for daily electricity generation by 2035; (ii) reducing the overall electricity consumption of buildings through promoting green buildings, improving buildings' energy efficiency and promoting a low-carbon lifestyle; (iii) promoting the electrification of vehicles and ferries, development of new-energy transport and measures to improve traffic management, and ceasing the new registration of fuel-propelled and hybrid private cars in 2035 or earlier; and (iv) further promoting waste reduction and recycling, and developing adequate waste-to-energy facilities by 2035.

In order to transition to a low-carbon economy and respond to the carbon reduction strategies of the Government, our Group began purchasing a number of electric private vehicles to replace petrol-powered ones, and commenced the transition to replace traditional equipment with new energy equipment and to replace non-renewable resources with clean energy since 2023, thus reducing our dependence on fossil fuels. We also intend to purchase more electric private vehicles and new energy equipment in the future to replace traditional vehicles and equipment, thereby reducing carbon emissions from fossil fuel combustion. However, these measures may increase our operational costs, which may affect our financial performance.

C. Opportunities

Although transitioning to a low-carbon economy may present the above-mentioned potential risks, it also offers the following potential opportunities:

Reducing reliance on fossil fuels

Our Group intends to invest more resources in environmentally-friendly equipment and clean energy, including replacing traditional vehicles with electric ones, and replacing traditional diesel equipment with new trucks and heavy machinery powered by clean energy. This helps reduce our Group's reliance on fossil fuels for its vehicles and operations, thereby decreasing carbon emissions from fossil fuel combustion and providing a more environmentally-friendly work environment for our employees.

Indicators and targets

Our Board will set targets for each KPI at the beginning of each financial year in accordance with the disclosure requirements of Appendix C2 to the Listing Rules and other relevant rules and regulations upon Listing. The relevant targets on material KPIs will be reviewed on an annual basis to ensure that they remain appropriate to the needs of our Group. In setting targets for the KPIs, our Group has taken into account their respective historical levels during the Track Record Period, and has considered our future business expansion in a thorough and prudent manner with a view of balancing business growth and environmental protection to achieve sustainable development. Set forth below are the key metrics and targets for the material KPIs we have currently identified:

- Our Group will make continuous efforts in working towards the target of reducing the level of GHG emissions in terms of tonnes of carbon dioxide equivalent (tCO₂e). Using the average of FY2022/23 and FY2023/24 as a baseline, our Group strives to maintain our GHG emissions intensity below 9.4 tCO₂e per HKD million revenue.
- The non-hazardous waste generated by our Group during its ordinary operations mainly consists of construction waste and paper used in its ordinary business activities. Using the average of FY2022/23 and FY2023/24 as a baseline, our Group strives to maintain non-hazardous waste generated from buildings below 46.9 tonnes per HKD million revenue.



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- Our Group will make continuous efforts in working towards the target of reducing the megawatt-hour (MWh) of energy consumed annually. Using the average of FY2022/23 and FY2023/24 as a baseline, our Group strives to decrease our energy consumption intensity to below 37.8 MWh per HKD million revenue.

Our Group has adopted the policies and measures as explained in the paragraph headed “Environmental, social and governance matters — Environmental matters” in this section with the aim of reducing our GHG emissions, wastes and energy consumption to minimise any adverse impact on the environment resulting from our business activities. Our Directors consider that the implementation of such policies and measures in achieving our ESG targets will not have any material adverse impact on our Group’s operations. Further, by achieving the ESG targets, our Group will be able to reduce the consumption of resources, which will in turn lower our operating costs, thereby enhancing our profitability in the long term.

IMPACT OF THE OUTBREAK OF COVID-19 ON OUR OPERATIONS

The outbreak of COVID-19 was first reported in December 2019 and has expanded in Hong Kong and globally. From January 2022 and up to April 2022, Hong Kong recorded the fifth wave of the outbreak of COVID-19, as the daily number of confirmed cases increased significantly during that period. In early 2023, the Government gradually relaxed the stringent anti-epidemic measures.

During the Track Record Period, we did not encounter prolonged closure of our work sites and there was no substantial delay in our projects in progress. For instance, for the Third Runway Projects, our Group only experienced temporary closure of sites due to the infected cases as informed by our customers. Such temporary closure of work sites lasted for less than 10 days during the Track Record Period. Based on the information available as at the Latest Practicable Date, our Directors confirm that the COVID-19 did not and will not have material adverse impact on our business operations and financial performance.



RISK MANAGEMENT AND INTERNAL CONTROL SYSTEMS

Key risks relating to our business are set out in the section headed “Risk Factors” in this prospectus. The following sets out the key measures adopted by our Group under our risk management and internal control systems for managing the more particular operational and financial risks relating to our business operation:

(i) Customer concentration risk

Please refer to the paragraph headed “Our customers — Customer concentration” above in this section.

(ii) Risk relating to subcontractors’ performance

Please refer to the paragraphs headed “Our suppliers — Basis of selecting our subcontractors” and “Quality control — Works performed by subcontractors” above in this section.

(iii) Credit risk management

We are subject to risks in relation to the collectability of our trade and other receivables, details of which are summarised in the paragraph headed “Risk Factors — We are subject to credit risk in relation to the collectability of our trade receivables and contract assets” in this prospectus.

To manage the credit risk arising from trade receivables, contract assets, deposits and other receivables and amounts due from Directors and related parties, our Group has policies in place to ensure that credit terms are made to counterparties with an appropriate credit history and the management performs ongoing credit evaluations of its counterparties. Our Group trades only with recognised and creditworthy third parties. Our Group takes into account information specific to the customer, such as its financial position, past experience and other factors to evaluate the creditability of customers. In addition, receivable balances are monitored on an ongoing basis with the result that our exposure to expected credit loss is not significant.

(iv) Liquidity risk management

There are often time lags between making payment to our suppliers and receiving payment from our customers when undertaking contractual works, resulting in possible cash flow mismatch. In order to manage our liquidity position in view of the aforementioned working capital requirement and the possible cash flow mismatch associated with undertaking contractual works, we have adopted the following measures:



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- our financial department is responsible for the overall monitoring of our current and expected liquidity requirements on a monthly basis to ensure that we maintain sufficient financial resources to meet our liquidity requirements; and
- we closely monitor our working capital to ensure that our financial obligations can be fulfilled when due, by, among other things (i) ensuring healthy bank balances and cash for payment of our short-term working capital needs; (ii) performing monthly review of our trade receivables and ageing analysis, and following up closely to ensure prompt receipt of amounts due from our customers; and (iii) performing monthly reviews of our trade payables and ageing analysis to ensure that payments to our suppliers are made on a timely basis.

(v) Regulatory risk management

We keep ourselves abreast of any changes in government policies, regulations, and licensing requirements in relation to our business operations, as well as relevant environmental, safety requirements. We will ensure that any changes of the above are closely monitored and communicated to our management and supervisory team members for proper implementation and compliance.

(vi) Occupational health and work safety

Please refer to the paragraph headed “Occupational health and work safety” in this section.

(vii) Quality control system

Please refer to the paragraph headed “Quality control” in this section.

(viii) Environmental management system

Please refer to the paragraph headed “Environmental compliance” above in this section.

(ix) Compliance culture

Our Directors believe that compliance creates value for us and dedicate to cultivating a compliance culture among all of our employees. To ensure such compliance culture is embedded into everyday workflow and set the expectations for individual behaviour across the organisation, we regularly conduct internal compliance checks and inspections, adopt strict accountability internally and conduct compliance training.



DIRECTORS AND SENIOR MANAGEMENT

OUR DIRECTORS AND SENIOR MANAGEMENT

Our Board currently consists of seven Directors, comprising four executive Directors and three independent non-executive Directors. Our Board is responsible and has general powers for the management and conduct of our business. The table below sets out certain information regarding our Directors:

Name	Age	Present position	Date of appointment as Director/ senior management	Date of joining our Group	Principal responsibilities	Relationship with other Director(s) and/or senior management
Mr. Yiu Wang Lee (姚宏利) ("Mr. Yiu")	45	Executive Director, chairman of our Board and chief executive officer of our Group	17 May 2024	29 August 2005	Overall management, formulation of business strategies, overall project management and day-to-day management of the operations of our Group, and serves as chairperson of our nomination committee and a member of our remuneration committee	Brother of Mr. Yiu Wang Lung
Mr. Yiu Wang Lung (姚宏隆).	59	Executive Director and deputy chairman of our Board	17 May 2024	29 August 2005	Overall project management and day-to-day management of the operations of our Group	Brother of Mr. Yiu
Mr. Chan Lo Man (陳魯閩) ("Mr. Chan")	35	Executive Director	17 May 2024	November 2016	Day-to-day project management and day-to-day management of the operations of our Group	None



DIRECTORS AND SENIOR MANAGEMENT

Name	Age	Present position	Date of appointment as Director/ senior management	Date of joining our Group	Principal responsibilities	Relationship with other Director(s) and/or senior management
Ms. Tse Ka Wing (謝嘉穎)	41	Executive Director, chief financial officer and company secretary	17 May 2024	1 March 2023	Financial management of our Group	None
Mr. Shang Hailong (尚海龍)	41	Independent non-executive Director	20 September 2024	20 September 2024	Providing independent advice to our Board and serving as the chairperson of our remuneration committee and a member of our audit committee and nomination committee	None
Mr. Fu He (符合) . . 59		Independent non-executive Director	20 September 2024	20 September 2024	Providing independent advice to our Board and serving as a member of our audit committee and nomination committee	None
Mr. Leung Wai Hung (梁偉雄)	56	Independent non-executive Director	20 September 2024	20 September 2024	Providing independent advice to our Board and serving as the chairperson of our audit committee and a member of our remuneration committee	None



DIRECTORS AND SENIOR MANAGEMENT

Our senior management consists of five members, who, together with our Directors, are responsible for the day-to-day management and operation of our Group. The table below sets out certain information regarding our senior management:

Name	Age	Present position	Date of appointment as senior management	Principal responsibilities	Relationship with other Director(s) and/or senior management
Mr. Wong Sai Yiu (黃世堯)	49	Deputy General Manager	22 July 2008	Managing our Group's electrical cable engineering works projects	None
Mr. Mok Chiu Po (莫招寶)	43	Deputy General Manager	15 October 2016	Managing our Group's drainage works projects	None
Mr. Yim Wing Yeung (嚴永揚)	36	Chief Civil Engineer	11 April 2023	Managing our Group's civil engineering works projects	None
Mr. Ho Chun Chung (何振中)	50	Engineering Director	18 January 2021	Managing our Group's solar PV system works projects	None
Mr. Lai Ka Wing (賴家榮)	47	Chief Engineer	12 January 2022	Managing our Group's public works projects	None



DIRECTORS AND SENIOR MANAGEMENT

BOARD OF DIRECTORS

Executive Directors

Mr. Yiu (姚宏利), aged 45, was appointed as a Director on 17 May 2024 and was re-designated as an executive Director on 25 June 2024. Mr. Yiu also serves as the chairman of our Board and the chief executive officer of our Group. He is primarily responsible for the overall management, formulation of business strategies, overall project management and day-to-day management of the operations of our Group, and serves as chairperson of our nomination committee and a member of our remuneration committee. He is also a director of various subsidiaries of our Company, namely Wing Lee Group (Holdings), Wing Lee Construction, Wing Lee Development, Tai Shan Engineering, Wing Lee New Energy, Sum Hing Trading, and Kaiser Construction Engineering. He is the brother of Mr. Yiu Wang Lung, and is one of our Controlling Shareholders.

Mr. Yiu attended secondary school education in Hong Kong and has had extensive on the ground experience. He has over 26 years of experience in the civil and electrical cable engineering industries. After years of accumulation in the industry by Mr. Yiu, he founded our Group in August 2005 together with Mr. Yiu Wang Lung and established Sum Hing Trading, which was the first subsidiary of our Group. Since founding our Group, Mr. Yiu has been responsible for coordinating our Group's strategies in all aspects, including rules and regulations, corporate development directions, expansion plans and commercial bidding tenders, and leading our Group to gradually expand our business throughout the years and orderly undertake various private and public projects, including high-profile key projects, the details of which are set out in the paragraph headed "History, Development and Reorganisation — History" in this prospectus. As member of the presidential committee of the Premier League of Taishan Charitable Association Limited (泰山公德會有限公司) in Hong Kong, he has participated in a number of public welfare activities and made contributions to Hong Kong society.

Mr. Yiu was a director of the following companies which have been dissolved or are applying for dissolution:

Name of company	Place of incorporation	Principal business activity prior to cessation of business	Date of dissolution	Reason for dissolution	Means of dissolution
HK Zung Sing (Int'l) Investment Limited 香港眾誠(國際)投資有限公司	Hong Kong	No business operation	21 August 2009	Dormant since incorporation	Deregistration



DIRECTORS AND SENIOR MANAGEMENT

Name of company	Place of incorporation	Principal business activity prior to cessation of business	Date of dissolution	Reason for dissolution	Means of dissolution
Tin Hang International (Asia) Limited 天恆國際(亞洲)有限公司	Hong Kong	No business operation	17 April 2014	Dormant since incorporation	Deregistration
Wang Yu International Investment Limited 泓宇國際投資有限公司	Hong Kong	No business operation	13 March 2015	Dormant since incorporation	Deregistration
Really Smooth Development Group Limited 寶順發展集團有限公司	Hong Kong	No business operation	7 September 2018	Dormant since incorporation	Deregistration
Wing Lee Energy Technology Limited 榮利能源科技有限公司	Hong Kong	No business operation	Deregistration procedures commenced on 11 March 2024	Dormant since incorporation	In the process of applying for deregistration

Mr. Yiu confirmed that the companies were solvent and inactive, and had no outstanding claims or liabilities at the time of their dissolutions, that there was no wrongful act on his part leading to the dissolutions and that he is not aware of any actual or potential claim which has been or will be made against him as a result of the dissolutions of the companies. Mr. Yiu also confirmed that the companies had no material non-compliance prior to their dissolutions.

Mr. Yiu Wang Lung (姚宏隆), aged 59, was appointed as a Director on 17 May 2024 and was re-designated as an executive Director on 25 June 2024. Mr. Yiu Wang Lung also serves as the deputy chairman of our Board. He is primarily responsible for the overall project management and day-to-day management of the operations of our Group. He is also a director of various subsidiaries of our Company, namely Wing Lee Group (Holdings), Wing Lee Construction, Wing Lee Development, Tai Shan Engineering, Wing Lee New Energy, and Sum Hing Trading. He is the brother of Mr. Yiu.



DIRECTORS AND SENIOR MANAGEMENT

Mr. Yiu Wang Lung established our Group in August 2005 together with Mr. Yiu. Mr. Yiu Wang Lung has over 18 years of experience in the civil and electrical cable engineering industries. From August 2005 to July 2014, Mr. Yiu Wang Lung served as senior site agent at Wing Lee New Energy, with responsibilities including site coordination and supervision of all site activities. Mr. Yiu Wang Lung attended primary school education in mainland China.

Mr. Chan (陳魯聞), aged 35, was appointed as a Director on 17 May 2024 and was re-designated as an executive Director on 25 June 2024. Mr. Chan is primarily responsible for the day-to-day project management and day-to-day management of the operations of our Group. He is also a director of various subsidiaries of our Company, namely Wing Lee Group (Holdings), Wing Lee Construction, Wing Lee Development, Tai Shan Engineering, Wing Lee New Energy, and Sum Hing Trading.

Mr. Chan has over eight years of experience in the civil and electrical cable engineering industries. Mr. Chan joined our Group in November 2016 as project director. He has been responsible for overseeing various projects of our Group including our projects with the CLP Group and our projects at the third runway of the Hong Kong International Airport, among others.

Mr. Chan graduated from Aston University in the United Kingdom with a Bachelor of Science in business and management in July 2011. In January 2024, he was awarded a certificate of attendance for the NEC course in Project Manager Accreditation (Hong Kong).

Mr. Chan was a director of the following companies which have been dissolved or are applying for dissolution:

Name of company	Place of incorporation	Principal business activity prior to cessation of business	Date of dissolution	Reason for dissolution	Means of dissolution
C.A.P. Entertainment Limited 綜藝派娛樂有限公司	Hong Kong	No business operation	8 July 2016	Cessation of business	Deregistration
Everteam Enterprise Asia Pacific Limited 永聯企業亞太有限公司	Hong Kong	No business operation	12 March 2021	Cessation of business	Deregistration
Global Coal Energy Limited 環球煤炭能源有限公司	Hong Kong	Trading of coal	17 July 2015	Cessation of business	Deregistration



DIRECTORS AND SENIOR MANAGEMENT

Name of company	Place of incorporation	Principal business activity prior to cessation of business	Date of dissolution	Reason for dissolution	Means of dissolution
Hang Lee Hong Kong Trading Limited 恒利香港貿易有限 公司	Hong Kong	Jewellery trading	2 August 2024	Cessation of business	Deregistration
Plus One Solutions Limited	Hong Kong	Marketing	6 December 2019	Cessation of business	Striking off ^(Note)
Really Smooth Development Group Limited 寶順發展集 團有限公司	Hong Kong	No business operation	7 September 2018	Cessation of business	Deregistration

Note:

The striking off of this company was initiated by the Registrar of Companies of Hong Kong which exercised its power under the Companies Ordinance to do so when it considered that such company was not in operation or carrying on business and no application for deregistration was made by such company prior to the striking off.

Mr. Chan confirmed that the companies were solvent and inactive, and had no outstanding claims or liabilities at the time of their dissolutions, that there was no wrongful act on his part leading to the dissolutions and that he is not aware of any actual or potential claim which has been or will be made against him as a result of the dissolutions of the companies. Mr. Chan also confirmed that the companies had no material non-compliance prior to their dissolutions.

Ms. Tse Ka Wing (謝嘉穎), aged 41, was appointed as a Director on 17 May 2024 and was re-designated as an executive Director on 25 June 2024. Ms. Tse also serves as the chief financial officer of our Group and is primarily responsible for the financial management of our Group. Ms. Tse is also our company secretary.

Ms. Tse has accumulated over 17 years of financial and accounting experience. Prior to joining our Group, Ms. Tse worked at Andrew Tse & Company from September 2006 to February 2008, with her last position as accountant. Thereafter, she worked at BDO Limited from February 2008 to November 2013 with her last position as assistant manager. She worked at Union Honor International Enterprise Limited from November 2013 to October 2014 as an assistant accounting manager, and at HKUE Limited from November 2014 to March 2016 as financial controller. From March 2018 to January 2021, she also served as chief financial officer and company secretary at Daikiya Group Holdings Limited. She worked at YONXI International Finance Holdings Limited from February 2021 to January 2024 as chief financial officer.



DIRECTORS AND SENIOR MANAGEMENT

and YONXI Securities Limited from February 2021 to December 2022 as chief financial officer and company secretary. Since January 2023, she has been a practising director of PY CPA Company Limited.

Ms. Tse has served different roles in listed companies as follows:

Company name, stock code and venue of listing	Position	Period
Accel Group Holdings Limited (stock code: 1283), a company listed on the Main Board of the Stock Exchange	Independent non-executive director and chairperson of the audit committee	Since September 2019
Kwong Man Kee Group Limited (stock code: 8023), a company listed on GEM of the Stock Exchange	Financial controller and company secretary	From March 2016 to December 2017

Ms. Tse obtained a Bachelor of Business Administration (Honours) in Accountancy degree from the City University of Hong Kong in November 2006. She later obtained a Master in Corporate Governance degree from The Hong Kong Polytechnic University in September 2018. Ms. Tse has been a member and a certified public accountant (practising) of the Hong Kong Institute of Certified Public Accountants since January 2011 and March 2014, respectively. She has also been a member of The Hong Kong Chartered Governance Institute and an associate of the Hong Kong Institute of Chartered Secretaries since November 2018.

Independent non-executive Directors

Mr. Shang Hailong (尚海龍), aged 41, was appointed as an independent non-executive Director on 20 September 2024 and is primarily responsible for providing independent advice to our Board. Mr. Shang serves as the chairperson of our remuneration committee and a member of our audit committee and nomination committee.

Mr. Shang has been an independent non-executive director of China Agri-Products Exchange Limited (stock code: 149), a company listed on the Main Board of the Stock Exchange, since August 2024. Mr. Shang has been a member of the Legislative Council of the Hong Kong Special Administrative Region since December 2022. He is also strategy advisor at SenseTime Group



DIRECTORS AND SENIOR MANAGEMENT

Limited, a subsidiary of Sense Time Group Inc., (stock code: 20), a company listed on the Main Board of the Stock Exchange; and chief company consultant at China Mobile Hong Kong Company Limited.

Mr. Shang obtained a Bachelor of Engineering in Agricultural Building Environment and Energy Engineering degree from Beijing Forestry University in the PRC in July 2004, a Master of Public Administration from Tsinghua University in the PRC in January 2021.

Mr. Fu He (符合), aged 59, was appointed as an independent non-executive Director on 20 September 2024 and is primarily responsible for providing independent advice to our Board. Mr. Fu serves as a member of our audit committee and nomination committee.

Mr. Fu has over 30 years' management experience in civil engineering. From 1993 to August 2013, he held various positions in the group of China Overseas Land & Investment Limited, a company listed on the Main Board of the Stock Exchange (stock code: 688). In particular, from November 2009 to August 2013, he served as a director and deputy general manager at COHL Investment Developing Holdings Limited (中海投資發展集團有限公司) (formerly known as China Overseas Industrial Holdings Limited (中國海外實業有限公司), a subsidiary of China Overseas Land & Investment Limited.

Mr. Fu has served the following roles in listed companies:

Company name, stock code and venue of listing	Position	Period
China State Construction International Holdings Limited (stock code: 3311), a company listed on the Main Board of the Stock Exchange	Executive director	June 2005 to October 2009
China Fortune Land Development Co., Ltd. (stock code: 600340), a company listed on the Shanghai Stock Exchange	Vice president	September 2013 to November 2017

Since January 2019, Mr. Fu has been the chairman and general manager at Guangzhou Double Parking Intelligent Technology Co., Ltd., responsible for all aspects of the company's business.



DIRECTORS AND SENIOR MANAGEMENT

Mr. Fu graduated from Zhejiang University in the PRC in July 1987 and was awarded a Master of Business Administration from Murdoch University in Australia in March 2000, respectively. He was a member of the Hong Kong Institution of Engineers, the Chartered Institute of Building (Hong Kong), the Hong Kong Institute of Surveyors, and the Chartered Institute of Building and the Royal Institution of Chartered Surveyors in the United Kingdom.

In July 2009, Mr. Fu was recognised as a local-level talent and was awarded the Certificate for High-Level Professional (深圳市高層次專業級人才證書) in Shenzhen by the Bureau of Personnel of Shenzhen Municipality. Mr. Fu was a member of the Fifth Shenzhen Municipal People's Congress.

Mr. Leung Wai Hung (梁偉雄), aged 56, was appointed as an independent non-executive Director on 20 September 2024 and is primarily responsible for providing independent advice to our Board. Mr. Leung serves as the chairperson of our audit committee and a member of our remuneration committee.

Mr. Leung has more than 20 years working experience in various listed companies in Hong Kong. From May 1994 to June 2005, he worked as an accountant at Cheung Kong (Holdings) Limited (now known as CK Hutchison Holdings Limited) (stock code: 001), a company listed on the Main Board of the Stock Exchange. Between December 2006 and December 2010, Mr. Leung served as the vice president and chief financial officer of Fineland Real Estate Holdings Company Limited. Mr. Leung participated in the first private sector REIT, Prosperity REIT (stock code: 808) in Hong Kong from September 2005 to September 2006 and worked for the manager of Fortune REIT (stock code: 778) as a finance director from February 2011 to July 2012.

Mr. Leung was an independent non-executive director of Beaver Group (Holding) Company Limited (now known as China New Consumption Group Limited) (stock code: 8275), a company listed on GEM of the Stock Exchange, from September 2017 to March 2021. From January 2013 to June 2018, Mr. Leung served as financial controller at Shougang Concord International Enterprises Company Limited (now known as Shoucheng Holdings Limited) (stock code: 697), a company listed on the Main Board of the Stock Exchange.



DIRECTORS AND SENIOR MANAGEMENT

Mr. Leung currently serves different roles in listed companies as follows:

Company name, stock code and venue of listing	Position	Period
Gemini Investments (Holdings) Limited (stock code: 174), a company listed on the Main Board of the Stock Exchange . . .	Independent non-executive director	Since April 2024
Sino-Ocean Service Holding Limited (stock code: 6677), a company listed on the Main Board of the Stock Exchange . . .	Independent non-executive director	Since August 2022
BeijingWest Industries International Limited (stock code: 2339), a company listed on the Main Board of the Stock Exchange . . .	Financial controller and company secretary	Since April 2022
China Fortune Holdings Limited (stock code: 110), a company listed on the Main Board of the Stock Exchange	Independent non-executive director	Since July 2021
Fineland Living Services Group Limited (stock code: 9978), a company listed on the Main Board of the Stock Exchange	Independent non-executive director	Since October 2017

Mr. Leung holds a Bachelor of Business Administration from The Chinese University of Hong Kong. He has been a fellow member of The Association of Chartered Certified Accountants and a member of the Hong Kong Institute of Certified Public Accountants.

Save as disclosed above, each of our Directors has not held directorships in the last three years in other public companies the securities of which are listed on any securities market in Hong Kong or overseas during the three years immediately preceding the Latest Practicable Date.

Save as disclosed above, each of our Directors confirms with respect to himself/herself that: (a) he/she does not hold other positions in our Company or other members of our Group as at the Latest Practicable Date; (b) he/she does not have any relationship with any other Directors, senior management, substantial shareholder or Controlling Shareholders of our Company as at the Latest Practicable Date.



DIRECTORS AND SENIOR MANAGEMENT

Practicable Date; (c) he/she does not have any interests in our Shares within the meaning of Part XV of the SFO, save as disclosed in the paragraph headed “C. Further information about our Directors and substantial shareholders — 1. Disclosure of Interests” in Appendix IV to this prospectus; (d) he/she does not have any interest in any business which competes or is likely to compete, directly or indirectly, with our Group, which is disclosable under the Listing Rules; and (e) to the best knowledge, information and belief of our Directors having made all reasonable enquiries, there is no additional information relating to our Directors or senior management that is required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules and no other matter with respect to their appointments that needs to be brought to the attention of our Shareholders as at the Latest Practicable Date.

Each of our Directors confirmed that he/she (a) obtained the legal advice referred to under Rule 3.09D of the Listing Rules on 25 June 2024; and (b) understood his/her obligations as a director of a listed issuer under the Listing Rules.

Each of our independent non-executive Directors (a) confirmed that he has satisfied all the criteria for independence set out in Rule 3.13 of the Listing Rules; (b) confirmed that he had no past or present financial or other interest in the business of our Company or our subsidiaries or any connection with any core connected person of our Company under the Listing Rules as at the Latest Practicable Date; (c) confirmed that there are no other factors that may affect his independence at the time of his appointment; and (d) provided confirmation of independence to our Company.

SENIOR MANAGEMENT

Mr. Wong Sai Yiu (黃世堯), aged 49, is the Deputy General Manager of our Group. Mr. Wong is responsible for managing our Group’s electrical cable engineering works projects.

Mr. Wong has over 15 years of experience in civil and electrical cable engineering works. Mr. Wong joined our Group in July 2008 as a director and member of Sum Hing Trading. He left our Group in September 2010 and engaged in other business overseas. He returned to Hong Kong in August 2016 and served as director of On Shing Construction Limited. He then re-joined our Group in April 2019 as manager. Since re-joining our Group, his primary responsibilities have also included managing projects with the CLP Group. Mr. Wong attended secondary school education in Hong Kong.

Mr. Mok Chiu Po (莫招寶), aged 43, is the Deputy General Manager of our Group. Mr. Mok is responsible for managing our Group’s drainage works projects. He is also a director of our subsidiary Kaiser Construction Engineering.



DIRECTORS AND SENIOR MANAGEMENT

Mr. Mok has over 19 years of experience in civil and electrical cable engineering works. Mr. Mok joined our Group in October 2016 and served as project manager and operation director of Wing Lee Construction from October 2016 to November 2017 and from November 2017 to November 2020, respectively. In both roles, Mr. Mok's responsibilities included overseeing projects, exploring potential business opportunities, and establishing appropriate systems procedure to enhance internal communication and control. Since November 2020, Mr. Mok has been project director at Kaiser Construction Engineering, with responsibilities including overseeing public projects and exploring potential business opportunities.

Prior to joining our Group, Mr. Mok worked at a few main contractors in Hong Kong from August 2004 to October 2016, namely Kum Shing Construction, Pollard-CNCEC Joint Venture and CLP Engineering Limited, holding various positions, including managerial level. His responsibilities included leading and ensuring safety, health, environmental and quality (SHEQ) during operations; supervising subordinates; coordinating and liaising with relevant parties, including Government departments subcontractor management, including sub-letting and its financial status; overseeing the programme of works; and budget estimation for new tenders.

Mr. Mok obtained a Bachelor of Science (Honours) in Business Management (Engineering) degree from Coventry University in the United Kingdom (long distance learning) in November 2011.

Mr. Yim Wing Yeung (嚴永揚), aged 36, is the Chief Civil Engineer of our Group. Mr. Yim is responsible for managing our Group's civil engineering works projects.

Mr. Yim has over 10 years of experience in civil and electrical cable engineering works. Mr. Yim joined our Group in April 2023 as project manager at Wing Lee Construction, with responsibilities including day to day project management (including regarding subcontract and tender matters) and administrative management. Prior to joining our Group, Mr. Yim worked at Newtech Automation Company Ltd. as a project manager from July 2011 to March 2016, and at Sambo E&C Ltd. as an engineer from November 2016 to April 2018. Mr. Yim then worked as a marine superintendent at Hong Kong Marine Construction Limited from April 2018 to July 2019. Subsequently, Mr. Yim worked at SAPR JV from July 2019 to August 2022 with the last position as an assistant construction manager, and then as a site agent at Kat Yue Construction Engineering Limited from August 2022 to April 2023.

Mr. Yim obtained a Bachelor of Civil Engineering degree from Leeds Beckett University in the United Kingdom (long distance learning) in March 2019. He then obtained a Master of Science in Civil Infrastructural Engineering and Management degree from the Hong Kong University of Science and Technology in November 2021. He had previously obtained a Higher Diploma in Civil



DIRECTORS AND SENIOR MANAGEMENT

Engineering from the Hong Kong Institute of Vocational Education in July 2011. In March 2023, he was awarded a certificate for completion of the Safety Training Course for Site Management Staff from the Construction Industry Council.

Mr. Ho Chun Chung (何振中), aged 50, is the Engineering Director of our Group. Mr. Ho is responsible for managing our Group's solar PV works projects.

Mr. Ho has over 16 years of experience in civil and electrical cable engineering works. Mr. Ho joined our Group in January 2021 and has served as project manager in various subsidiaries of our Company.

Prior to joining our Group, Mr. Ho Chun Chung worked at The Hong Kong Jockey Club as a maintenance technician in the property department from July 2007 to November 2008. He then worked at Kum Shing Construction as assistant manager — distribution circuits from December 2008 to January 2021.

Mr. Ho obtained a Bachelor of Science in Business Management (Engineering) from Coventry University in the United Kingdom (long distance learning) in November 2011. He had previously obtained a Higher Diploma in Building Services Engineering from the Vocational Training Council in July 2009.

Mr. Lai Ka Wing (賴家榮), aged 47, is the Chief Engineer of our Group. Mr. Lai is responsible for managing our Group's public works projects.

Mr. Lai first joined our Group in January 2022 as project manager. Prior to joining our Group, Mr. Lai held various engineer positions in various companies in Hong Kong from April 2007 to October 2014. He then worked as a construction manager and an assistant design manager at Build King Civil Engineering Limited (formerly Leader Civil Engineering Corporation Limited) from November 2014 to December 2018. He then worked as a design manager at ECO-GREEN GROUP from December 2018 to May 2021. He worked as a site agent at Vernaltex Company Limited from July 2021 to December 2021.

Mr. Lai obtained a Bachelor of Engineering (Honours) in Civil Engineering degree from The Hong Kong Polytechnic University in November 2000. Mr. Lai has been a chartered member of The Institution of Structural Engineers in the United Kingdom since September 2009. He is registered as a Registered Professional Engineer (Structural) with the Engineers Registration Board in Hong Kong.



DIRECTORS AND SENIOR MANAGEMENT

Save as disclosed above, each of our senior management has not held directorships in the last three years in other public companies the securities of which are listed on any securities market in Hong Kong or overseas during the three years immediately preceding the Latest Practicable Date.

COMPANY SECRETARY

Ms. Tse Ka Wing (謝嘉穎), aged 41, was appointed as the company secretary of our Company on 25 June 2024. Details of Ms. Tse's background have been disclosed in the paragraph headed "Executive Directors" in this section.

BOARD COMMITTEES

Audit committee

Our Company established an audit committee with written terms of reference in compliance with Rule 3.22 of the Listing Rules and paragraph D.3.3 of part 2 of the Corporate Governance Code set out in Appendix C1 to the Listing Rules pursuant to a resolution of our Directors passed on 20 September 2024. The primary duties of our audit committee are, among others, to make recommendations to our Board on the appointment, reappointment and removal of external auditor; review the financial statements and material advice in respect of financial reporting, oversee the financial reporting process, internal control, risk management systems and audit process of our Company; and perform other duties and responsibilities assigned by our Board.

The members of our audit committee are Mr. Shang Hailong and Mr. Fu He. Mr. Leung Wai Hung is the chairperson of our audit committee.

Remuneration committee

Our Company established a remuneration committee with written terms of reference in compliance with Rule 3.26 of the Listing Rules and paragraph E.1.2 of part 2 of the Corporate Governance Code set out in Appendix C1 to the Listing Rules pursuant to a resolution of our Directors passed on 20 September 2024. The primary duties of our remuneration committee are, among others, to review and approve the management's remuneration proposals; make recommendations to our Board on the remuneration package of our Directors and senior management; and ensure none of our Directors determine their own remuneration.

The members of our remuneration committee are Mr. Leung Wai Hung and Mr. Yiu. Mr. Shang Hailong is the chairperson of our remuneration committee.



DIRECTORS AND SENIOR MANAGEMENT

Nomination committee

Our Company established a nomination committee with written terms of reference in compliance with paragraph B.3.1 of part 2 of the Corporate Governance Code set out in Appendix C1 to the Listing Rules pursuant to a resolution of our Directors passed on 20 September 2024. The primary duties of our nomination committee are, among others, to review the structure, size and composition of our Board; and select or make recommendations on the selection of individuals nominated for directorships.

The members of our nomination committee are Mr. Shang Hailong and Mr. Fu He. Mr. Yiu is the chairperson of our nomination committee.

CORPORATE GOVERNANCE CODE

Pursuant to paragraph C.2.1 of the Corporate Governance Code set out in Appendix C1 to the Listing Rules, companies listed on the Stock Exchange are expected to comply with, but may choose to deviate from, the requirement that the responsibilities between the chairman and the chief executive officer should be segregated and should not be performed by the same individual. Mr. Yiu is our chairman and chief executive officer. Mr. Yiu is primarily responsible for the overall management, formulation of business strategies, project management and day-to-day management of the operations of our Group and is instrumental to our growth and business expansion. In view of Mr. Yiu's extensive experience of over 26 years in the civil and electrical cable engineering industries, including his personal profile and critical role in our Group and its historical development, our Board considers that vesting the roles of chairman and chief executive officer in the same individual will provide a strong and consistent leadership which is beneficial to the management and performance of our Group. Mr. Yiu and the other Directors are aware of and undertake to fulfil their fiduciary duties as Directors, which require, among other things, that he/she acts for the benefit and in the best interests of our Company and will make decisions of our Group accordingly. Our Board will continue to review the effectiveness of the corporate governance structure of our Group in order to assess whether separation of the roles of chairman and chief executive officer is necessary.

Save as disclosed above, our Company expects to comply with all applicable provisions of the Corporate Governance Code and the associated Listing Rules after Listing. Our Directors will review our corporate governance policies and compliance with the Corporate Governance Code each financial year.



DIRECTORS AND SENIOR MANAGEMENT

BOARD DIVERSITY POLICY

Our Board comprises seven members, including four executive Directors and three independent non-executive Directors. Our Directors have a balanced mix of gender, knowledge, skills, perspectives and experience, including engineering, business administration, finance and accounting.

Our Company has adopted a board diversity policy which sets out the approach by which our Board could achieve a higher level of diversity in order to enhance the quality of its performance. Our Company recognises the benefits of having a diversified Board. In summary, our board diversity policy sets out that when considering the nomination and appointment of a Director, with the assistance of our nomination committee, our Board would consider a number of factors, including but not limited to the skills, knowledge, professional experience and qualifications, cultural and educational background, age, gender and diversity of perspectives that the candidate is expected to bring to our Board and what would be the candidate's potential contributions, in order to better serves the needs and development of our Company. At least one member of the Board shall be female. All Board appointments will be based on merit, having due regard to the attributes that the new Director will bring to the Board to complement and enrich the competencies, experience and perspectives of the Board and the benefits of diversity on our Board.

We recognise the particular importance of gender diversity. Our Board currently comprises one female Director and six male Directors. After Listing, we target to maintain such gender ratio at our Board going forward. In particular, we will actively identify female individuals suitably qualified to become our Board members. With a view to developing a pipeline of potential successors to our Board that can maintain our gender diversity, our Group will (i) make appointments based on merits with reference to board diversity as a whole; (ii) take steps to promote gender diversity at all levels of our Group by recruiting staff of different gender; and (iii) consider the possibility of nominating female management members who have the necessary skills and experience to our Board; and (iv) engage more resources in training female staff who we consider having the suitable experience, skills and knowledge for our business to equip themselves with the attributes and competencies required to serve as members of our Board so that we will have a pipeline of female senior management and potential successors to our Board in a few years' time.

Taking into account our existing business model and specific needs as well as the different background of our Directors, the composition of our Board satisfies our board diversity policy, and our Board and the nomination committee of our Company will assess our Board composition regularly.



DIRECTORS AND SENIOR MANAGEMENT

REMUNERATION OF DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS

Our Directors and senior management receive compensation in the form of salaries, discretionary bonuses related to their performance, retirement benefit scheme contributions, and other allowances and benefits in kind. Our Group also reimburses them for expenses which are necessarily and reasonably incurred in relation to all business and affairs carried out by our Group from time to time or for providing services to our Group or executing their functions in relation to our Group's business and operations. Our Group regularly reviews and determines the remuneration and compensation package of our Directors and senior management by reference to, among other things, market level of salaries paid by comparable companies, the respective responsibilities of our Directors and performance of our Group. After the Listing, our Directors and senior management may also receive options to be granted under the Share Option Scheme or any Shares that may be granted under the Share Award Scheme.

The aggregate amount of remuneration (including basic salaries, allowance, other benefits and contribution to retirement benefit scheme) paid to our Directors by our Group for FY2021/22, FY2022/23, and FY2023/24 were approximately HK\$2,214,000, HK\$2,210,000, and HK\$3,717,000, respectively.

The aggregate amount of remuneration (including basic salaries, allowance, other benefits and contribution to retirement benefit scheme) paid to our Group's five highest paid individuals for FY2021/22, FY2022/23, and FY2023/24 were approximately HK\$1,447,000, HK\$2,750,000, and HK\$2,048,000, respectively.

During the Track Record Period, (a) no remuneration was paid to, or receivable by, our Directors or the five highest paid individuals as an inducement to join, or upon joining, our Group; (b) no compensation was paid to, or receivable by, our Directors, former Directors, or the five highest paid individuals for the loss of any office in connection with the management of the affairs of any member of our Group; (c) none of our Directors had waived or agreed to waive any remuneration; and (d) no other payments had been made, or are payable, by any member of our Group to our Directors during the Track Record Period.

For details of our Directors' remuneration during the Track Record Period as well as information on our five highest paid individuals, please refer to Notes 8 and 9(a) to the Accountant's Report set out in Appendix I to this prospectus.



DIRECTORS AND SENIOR MANAGEMENT

COMPLIANCE ADVISOR

Our Company has appointed Alliance Capital Partners Limited as the compliance advisor pursuant to Rule 3A.19 of the Listing Rules for the term commencing on the Listing Date and ending on the date on which our Company distributes our annual report in respect of our financial results for the first full financial year commencing after the Listing Date.

Pursuant to Rule 3A.23 of the Listing Rules, our Company shall seek advice from the compliance adviser on a timely basis in the following circumstances:

- before the publication of any regulatory announcement, circular or financial report;
- where a transaction, which might be a notifiable or connected transaction, is contemplated, including share issues and share repurchases;
- where our Company proposes to use the proceeds of the Listing in a manner different from that detailed in this prospectus or where business activities, developments or results of our Company deviate from any forecast, estimate, or other information in this prospectus; and
- where the Stock Exchange makes an inquiry of our Company regarding unusual movements in the price or trading volume of our Shares.

SHARE INCENTIVE SCHEME

To grant options or Shares to selected participants as incentives or rewards for their contribution to our Group, our Company has conditionally adopted the Share Incentive Schemes on 20 September 2024. The principal terms of the Share Incentive Schemes are summarised in the paragraph headed “D. Share Incentive Schemes” in Appendix IV to this prospectus.



RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

OUR CONTROLLING SHAREHOLDERS

Immediately following completion of the Capitalisation Issue and the Share Offer (without taking into account any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option, options that may be granted under the Share Option Scheme or any Shares that may be granted under the Share Award Scheme), Wing Lee Green Development will be interested in approximately 75% of the issued share capital of our Company.

Wing Lee Green Development is an investment holding company incorporated in the BVI and is owned as to 68% by Mr. Yiu, 17% by Mr. Yiu Wang Lung and 15% by Mr. Chan. On the basis that Mr. Yiu, Mr. Yiu Wang Lung and Mr. Chan hold their respective interests in our Company through a common investment holding company, namely Wing Lee Green Development, which, in turn, will be entitled to exercise 30% or more of the voting power at general meetings of our Company, Wing Lee Green Development, Mr. Yiu, Mr. Yiu Wang Lung and Mr. Chan are regarded as a group of Controlling Shareholders under the Listing Rules. For details of the shareholding interests of our Controlling Shareholders, please refer to the section headed “Substantial Shareholders” in this prospectus.

Mr. Yiu, Mr. Yiu Wang Lung and Mr. Chan are also the executive Directors. In addition, Mr. Yiu is the chairman of our Board and the chief executive officer of our Group. For details of their background and experience, please refer to the section headed “Directors and Senior Management — Directors” in this prospectus.

Save as mentioned above, there is no other person who will, immediately following completion of the Capitalisation Issue and the Share Offer (without taking into account any Shares which may be issued pursuant to the exercise of the Over-allotment Option or options that may be granted under the Share Option Scheme or any Shares that may be granted under the Share Award Scheme), be directly or indirectly interested in more than 30% or more of the Shares in issue.

DELINEATION OF OUR BUSINESS

Our Business

We are an established contractor in Hong Kong engaged in civil and electrical cable engineering and solar PV system works. Our civil engineering works specialise in site formation works and road and drainage works, and our electrical cable engineering works specialise in cable trenching, laying and jointing works. For solar PV system works, we specialise in design, installation and maintenance works of solar PV systems. To a lesser extent, during the Track Record Period, we leased machinery and traded construction materials to contractors and subcontractors on an ad hoc basis in a limited number of projects in which we participated in.



RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

Other investments held by the Controlling Shareholders

As at the Latest Practicable Date, Mr. Yiu and Mr. Chan had interests in the companies set out below that are outside our Group (the “**Other Businesses**”) and are currently operated through companies owned and/or controlled by Mr. Yiu and/or Mr. Chan and/or their respective close associates:

Mr. Yiu

Name of the company	Place of incorporation	Principal business	Current status
1 Sanyear Investments Limited 生耀投資有限公司	Hong Kong	No business operations	Dormant
2 Wing Lee Energy Technology Limited 榮利能源科技有限公司	Hong Kong	No business operations	Pending approval of deregistration
3 Wing Tai Property Investments (Hong Kong) Limited 榮泰置業(香港)有限公司 (“ Wing Tai Property ”)	Hong Kong	Investment holding	Continuing as an investment holding company
4 Wisehead Holdings Limited	BVI	Investment holding	Continuing as an investment holding company
5 Triple Success Investments Limited . .	Hong Kong	No business operations	Dormant
6 Star Cottage Limited	BVI	No business operations	Dormant
7 Vimanda Profits Limited	BVI	No business operations	Dormant
8 Asone Asia Limited 正淳亞洲有限公司 (formerly known as Wing Lee Engineering (Asia) Limited 榮利工程(亞洲)有限公司).	Hong Kong	No business operation	Disposed of to an independent third party on 25 July 2024



RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

Name of the company	Place of incorporation	Principal business	Current status
9 Sanying Property HK Limited 星盈置業香港有限公司 (formerly known as Wing Lee Property Investments (Hong Kong) Limited 榮利置業(香港)有限公司) . .	Hong Kong	No business operation	Disposed of to an independent third party on 25 July 2024
10 Chizun Investment International Limited 正淳投資國際有限公司 (formerly known as Wing Lee Investments (International) Limited 榮利投資(國際)有限公司 and Wing Lee Development Construction Holdings Limited 榮利營造控股有 限公司) ^(Note)	Hong Kong	No business operation	Disposed of to an independent third party on 25 July 2024

Note: To facilitate the registration of our Company as a non-Hong Kong company under Part 16 of the Companies Ordinance, Wing Lee Investments (International) Limited 榮利投資(國際)有限公司 changed its name to Wing Lee Development Construction Holdings Limited 榮利營造控股有限公司 on 11 April 2024 in order to reserve the name of our Company in Hong Kong. Upon the successful registration of our Company with the Registrar of Companies in Hong Kong as a non-Hong Kong company on 27 June 2024, Wing Lee Development Construction Holdings Limited 榮利營造控股有限公司 then changed its name to Chizun Investment International Limited 正淳投資國際有限公司 on 7 July 2024.

Wing Tai Property directly owns 100%, 50% and 100% of the issued share capital of Wisehead Holdings Limited, Sanyear Investments Limited and Star Cottage Limited, respectively, whereas the remaining 50% of the issued share capital of Sanyear Investments Limited is held by Star Cottage Limited. Wisehead Holdings Limited directly owns the entire issued share capital of Triple Success Investments Limited, and Star Cottage Limited directly owns the entire issued share capital of Vimanda Profits Limited. Please refer to the above table for the principal businesses of the above companies.

A request for a notice of no objection to a company being deregistered under section 88B of the Inland Revenue Ordinance (Chapter 112 of the Laws of Hong Kong) has been filed by Wing Lee Energy Technology Limited with the Inland Revenue Department on 11 March 2024. As at the Latest Practicable Date, the process of the deregistration was still pending.

In order to streamline his shareholding and businesses, Mr. Yiu completed the disposal of Asone Asia Limited, Sanying Property HK Limited and Chizun Investment International Limited, which are currently dormant and do not compete with our Group's businesses to Mr. an independent third party, on 25 July 2024.



RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

Mr. Chen Xiong is a businessman engaging in the construction and renovation industry and was a former business partner of Mr. Chan Chi Wai (“**Mr. CW Chan**”, being the brother-in-law of Mr. Yiu). Mr. Chen Xiong revealed his plan to develop his renovation business in Hong Kong to Mr. CW Chan in April 2024 and learned from Mr. CW Chan that three companies held by Mr. Yiu, namely Asone Asia Limited, Sanying Property HK Limited and Chizun Investment International Limited, did not have any active business and were available for sale. Considering that direct acquisition of companies that were readily available would be more convenient and time and cost-saving as compared with incorporating new companies, Mr. Chen Xiong decided to acquire the shares of the said three companies from Mr. Yiu. Since the above companies did not have any active business, the consideration for the acquisition of each of the above three companies was at a nominal amount of HK\$1 per share.

To the best knowledge of Mr. Yiu, none of the above companies, their directors, shareholders and/or senior management have been involved in any material non-compliant incidents, claims, litigation and/or legal proceedings (whether actual or threatened) since their establishment up to the present date.

Mr. Chan

Name of company	Place of incorporation	Principal business	Current status
1 Hang Lee Hong Kong Trading Limited (“ Hang Lee ”) 恒利香港貿易有限公司 .	Hong Kong	Jewellery trading	Deregistered on 2 August 2024
2 Success Alliance International Limited 集成國際有限公司	Hong Kong	Investment holding	Continuing as an investment holding company
3 Tai Shan Holdings Limited 泰山控股有限公司	Hong Kong	Investment holding	Continuing as an investment holding company

Success Alliance International Limited holds a vehicle with vehicle licence for both Hong Kong and the PRC. Tai Shan Holdings Limited holds a vehicle with vehicle licence for both Hong Kong and the PRC. Apart from that, none of them hold any companies. Mr. Chan confirmed that there were no non-compliances nor any material claim, litigation and/or legal proceedings against Success Alliance International Limited and Tai Shan Holdings Limited since their incorporation.



RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

Hang Lee filed an application for deregistration to the Registrar of Companies on 6 February 2024 and was deregistered on 2 August 2024. Mr. Chan confirmed that there were no non-compliances, claim, litigation and/or legal proceedings against Hang Lee since incorporation and prior to its deregistration.

The Other Businesses do not carry on businesses that are related to the core business of our Group and are either (i) currently dormant; (ii) had not commenced any business as at the Latest Practical Date; (iii) pending approval of deregistration; or (iv) pending disposal.

Having considered the above factors, our Directors believe that (i) the Other Businesses are clearly delineated from that of our Group and therefore, do not and are not likely to compete directly or materially with our business, and (ii) it is either unnecessary or not in the best interest of our Group to include the Other Businesses in our Group for the purpose of the Listing.

In order to eliminate any potential competition between our Group and the Other Business, each of our Controlling Shareholders has entered into the Deed of Non-competition in favour of our Group. For details of the provisions of the non-competition undertaking, please refer to the paragraph headed “Deed of Non-competition” in this section.

RULE 8.10 OF THE LISTING RULES

Save as disclosed above, our Controlling Shareholders, our Directors and their respective close associates do not have any interests in any businesses which directly or indirectly compete or may compete with the principal business of our Group which are required to be disclosed under Rule 8.10 of the Listing Rules.

As at the Latest Practicable Date, there was no present intention to include the Other Business into our Group. If there is any plan for us to acquire any of such business, our Group will comply with the relevant Listing Rules and applicable laws and regulations accordingly.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Our Directors do not expect that there will be any other significant transactions between our Group and our Controlling Shareholders and their respective close associates upon or shortly after Listing.

Our Directors consider that our Group is capable of carrying its business independent of our Controlling Shareholders and their respective associates following the Listing.



RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

Management independence

Our Board comprises four executive Directors and three independent non-executive Directors. Save as disclosed in the section headed “Directors and Senior Management” in this prospectus, there is no other relationship among our Directors. Notwithstanding that Mr. Yiu, an executive Director, is one of our Controlling Shareholders, our Directors are of the view that our Group is capable of maintaining management independence as:

- our Group’s strategies, management, operations and affairs are formulated, led, managed and/or supervised by our Board and not by any individual Director. All major and important corporate actions of our Group are and will be fully deliberated and determined by our Board collectively and objectively as a collective body;
- pursuant to the terms of the service contracts entered into between our Company and the executive Directors, every executive Director is required to devote substantially the whole of his/her time, attention and abilities during normal business hours and such additional hours as may reasonably be requisite to our Group;
- in the event that there is a potential conflict of interest in or arising out of any transaction to be considered and approved by our Board, the interested Director(s) shall abstain from voting at the relevant meeting of our Board considering and approving such transaction and shall not be counted towards the quorum of such Board meeting unless this is otherwise permitted under the Articles and/or the Listing Rules;
- we have three independent non-executive Directors, who are not associated with our Controlling Shareholders or their respective associates. Resolutions of our Board approving any matters in which any of the executive Directors has a potential conflict of interest and/or material interest will, only be considered and approved by the independent non-executive Directors (as under the provisions of the Articles and the Listing Rules, the executive Directors will then be prohibited from voting on the resolution(s) and will not be counted towards the quorum of the relevant Board meetings at which the relevant resolution(s) is/are approved). The independence of our Board’s decisions in respect of any matters in which any of our Group’s executive Directors has a potential conflict of interest and/or material interest is and can be ensured;
- our Group has established corporate governance procedures in safeguarding the interests of the shareholders and enhancing shareholders’ value. Each Director is fully aware of his/her fiduciary duty to our Group, and will abstain from voting on any matter where there is or may be a conflict of interest as required under and in accordance with the applicable Articles and the Listing Rules; and



RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

- our Board from time to time delegates certain functions to, and is assisted by its senior management in the implementation of the business plan and strategy as laid down by our Board. The day-to-day management and operations of our Group is operated independently from the influence of our Controlling Shareholders and their respective associates.

Operational independence

Our Group has its own organisational structure made up of divisions including finance and administration, sales and marketing, and other divisions. Each division has a clear delineation of duties and functions as determined by our Board to promote efficiency, effectiveness and quality in the development of our Group's business.

Our Group has not shared our operational resources, such as suppliers, customers, and marketing, sales and general administration resources with our Controlling Shareholders and/or their respective close associates. We have independent access to sources of suppliers or materials necessary for the operation of its business as well as customers which are all independent third parties.

All the operating subsidiaries of our Company hold the licences necessary for the operation of our Group's business in their own names, and has sufficient capital, equipment and employees to operate our businesses independently. Our Group has also established various internal control procedures to facilitate the effective operation of our businesses.

Financial independence

Our Group has established a financial system (including bank accounts) that operate independently. During the Track Record Period, certain of the banking facilities granted to our Group were secured by guarantees and collateral security provided by our Controlling Shareholders, certain of our Directors and their respective associates. As at the Latest Practicable Date, a total of 13 banking facilities of up to approximately HK\$25.8 million were guaranteed by the Controlling Shareholders, Directors and/or Mr. Yiu Fai either individually or as a group of guarantors (as the case may be). The above guarantees and collateral security will either be released upon Listing or will be replaced by corporate guarantees executed by our Company upon Listing. As such, upon Listing, our Group will have independent access to third party financing without relying on any guarantee from our Controlling Shareholders, such Directors and their respective associates.



RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

Our Directors are of the view that our Group is able to obtain external financing on market terms and conditions for its business operations as and when required and is not financially dependent on our Controlling Shareholders, our Directors, related parties or any of their respective associates in the operation of its business.

DEED OF NON-COMPETITION

Each of our Controlling Shareholders has entered into the Deed of Non-competition in favour of our Company, pursuant to which each of the covenantors has undertaken to us (for ourselves and for the benefit of our subsidiaries) that with effect from the Listing Date, they would not and would procure that none of their associates (except for any members of our Group), except through their interests in our Company, whether as principal or agent and whether undertaken directly or indirectly, either on their own account or in conjunction with or on behalf of any person, corporate, partnership, joint venture or other contractual arrangement and whether for profit or otherwise, among other things, carry on, participate, acquire or hold any right or interest or otherwise be interested, involved or engaged in or connected with, directly or indirectly, any business which is, directly or indirectly, in any respect in competition with or similar to or is likely to be in competition with the business of our Group in Hong Kong, the PRC or such other places as our Group may conduct or carry on business from time to time (the “**Restricted Business**”).

Each of our Controlling Shareholders has further undertaken to our Company (for ourselves and for the benefit of our subsidiaries) that, with effect from the Listing Date, in the event that any of them and/or any of their associates (except for any members of our Group) is offered or becomes aware of any future business opportunity that may, directly or indirectly, compete with the Restricted Business (the “**Competing Business Opportunity**”) directly or indirectly to engage or become interested in a Restricted Business, they:

- shall promptly notify our Company in writing and refer such Competing Business Opportunity to our Company for consideration and provide such information as reasonably required by our Company in order to enable us to come to an informed assessment of such Competing Business Opportunity; and
- shall not, and shall procure their associates (other than members of our Group) not to, invest or participate in any project or the Competing Business Opportunity unless such project or the Competing Business Opportunity has been rejected by our Company and in respect of such projects and Competing Business Opportunity, the principal terms on which our Controlling Shareholders or their respective associates shall invest or participate are no more favourable than those made available to our Company.



RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

Each of our Controlling Shareholders has further undertaken to our Company (for itself and for the benefit of its subsidiaries) that, with effect from the Listing Date, they shall not and shall procure that none of their associate (except for any members of our Group) shall directly or indirectly:

- at any time induce or attempt to induce any director, manager or employee or consultant of any member of our Group to terminate his or her employment or consultancy (as applicable) with our Group, whether or not such act of that person would constitute a breach of that person's contract of employment or consultancy (as applicable);
- at any time employ any person who has been a director, manager, employee of or consultant to any member of our Group who is or may be likely to be in possession of any confidential information or trade secrets relating to the Restricted Business; or
- alone or jointly with any other person or as manager, advisor, consultant, employee or agent for or shareholder in any person, firm or company, in competition with any member of our Group, canvass, solicit or accept orders from or do business with any person with whom any member of our Group has done business or solicit or persuade any person who has dealt with our Group or is in the process of negotiating with our Group in relation to the Restricted Business to cease to deal with our Group or to reduce the amount of business which the person would normally do with our Group or seek to improve their terms of trade with any member of our Group.

The above undertakings do not apply where our Controlling Shareholders and/or their respective associates have interests in the shares or any securities of a company that engages in the Restricted Business whose shares are listed on a recognised stock exchange provided that (a) the total number of shares held by our Controlling Shareholders and/or their respective associates in aggregate shall not exceed 10% of the issued shares of that class of our company in question; (b) our Controlling Shareholders and their respective associates are not entitled to appoint a majority of the directors of that company; and (c) at any time there should exist at least another shareholder of that company whose shareholdings in that company is more than the total number of shares held by our Controlling Shareholders and their respective associates in aggregate.

Further, our Controlling Shareholders have undertaken that they will use their best endeavours and will procure their associates (except for members of our Group) to use their best endeavours to procure that their respective employees and any company under their control, whether individually or jointly, directly or indirectly (except for those within our Group), to observe the restrictions and undertakings contained in the Deed of Non-competition.



RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

Our Controlling Shareholders represented and warranted that, as of the date of the Deed of Non-competition, none of them or any of the persons or companies in their control is currently interested or engaging, directly or indirectly, in (whether as a shareholder, partner, agent or otherwise and whether for profit, reward or otherwise) the Restricted Business through our Group or is otherwise engaged in any business which is in competition or material competition to those of our Group.

Under the Deed of Non-competition, our Controlling Shareholders have further undertaken to and covenant with our Company that during the period for which the Deed of Non-competition is in force:

- they shall allow, and shall procure that the relevant associates (excluding members of our Group) to allow the independent non-executive Directors to review, at least on an annual basis, whether our Controlling Shareholders are in compliance with the Deed of Non-competition;
- they shall provide all information necessary for the annual review by the independent non-executive Directors and the enforcement of the Deed of Non-competition;
- our Company shall disclose decisions on matters reviewed by the independent non-executive Directors relating to the compliance and enforcement of the Deed of Non-competition either through the annual report, or by way of announcement to the public; and
- they shall provide our Company with a confirmation annually for inclusion by our Company in the annual report, in respect of their compliance with the terms of the Deed of Non-competition.

The undertakings given by each of our Controlling Shareholders under the Deed of Non-competition shall lapse and our Controlling Shareholders shall be released from the restrictions imposed on them upon the occurrence of the earliest of any of the following events or circumstances:

- the day on which the Shares cease to be listed on the Stock Exchange;
- the day on which the relevant Controlling Shareholder and/or his/its associates cease to hold, taken together, 30% or more of the issued share capital of our Company or otherwise the relevant Controlling Shareholder ceases to be a controlling shareholder of our Company; or



RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

- the day on which the relevant Controlling Shareholder beneficially owns or is interested in the entire issued share capital of our Company.

CORPORATE GOVERNANCE MEASURES

To further protect the interests of the minority Shareholders of our Company, our Company will adopt the following corporate governance measures to manage any potential conflicts of interest:

- the independent non-executive Directors will review, on an annual basis, the compliance with the Deed of Non-competition by our Controlling Shareholders; each of our Controlling Shareholders undertakes to provide all information requested by us which is necessary for fulfilment of the Deed of Non-competition, including the annual review by the independent non-executive Directors;
- our Company will disclose decisions on matters reviewed by the independent non-executive Directors relating to the compliance with the Deed of Non-competition in our Company's annual reports; and
- our Controlling Shareholders will make an annual declaration in relation to compliance with the Deed of Non-competition in the annual reports of our Company.

Further, any transaction that is proposed between our Group and our Controlling Shareholders and/or their respective associates will be required to comply with the requirements of the Listing Rules, including, where appropriate, the reporting, annual review, announcement and independent shareholders' approval requirements.



SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, each of the following persons will, immediately following the completion of the Capitalisation Issue and the Share Offer (without taking into account any Shares that may be issued pursuant to the exercise of the Over-allotment Option or any options that may be granted under the Share Option Scheme or any Shares that may be granted under the Share Award Scheme), have or be deemed or taken to have an interest and/or short position in the Shares or the underlying Shares which would fall to be disclosed under the provisions of Division 2 and 3 of Part XV of the SFO, or are, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company:

Interest in Shares of our Company

Name of Shareholder	Capacity/ Nature of interest	As at the Latest Practicable Date		Immediately after the Capitalisation Issue and the Share Offer ^(Note 2)	
		Number of Share ^(Note 1)	Approximate percentage of shareholding in our Company	Number of Share ^(Note 1)	Approximate percentage of shareholding in our Company
Wing Lee Green Development ^(Note 3) . . .	Beneficial owner	1,000	100%	750,000,000	75%
Mr. Yiu ^(Note 4)	Interest in a controlled corporation	1,000	100%	750,000,000	75%
Ms. Chen Caiyun (陳彩雲) ^(Note 5)	Interest of spouse	1,000	100%	750,000,000	75%
Mr. Yiu Wang Lung ^(Note 4)	Interest in a controlled corporation	1,000	100%	750,000,000	75%
Ms. Liu Ying (劉英) ^(Note 6)	Interest of spouse	1,000	100%	750,000,000	75%
Mr. Chan ^(Note 4)	Interest in a controlled corporation	1,000	100%	750,000,000	75%
Ms. Lam Yan Ki Maggie (林斯錡) ^(Note 7)	Interest of spouse	1,000	100%	750,000,000	75%

Notes:

- All interests stated are long positions in our Shares.



SUBSTANTIAL SHAREHOLDERS

2. Assuming the Over-allotment Option is not exercised and without taking into account any Shares which may be issued pursuant to the exercise of any options that may be granted under the Share Option Scheme or any Shares which may be granted under the Share Award Scheme.
3. Wing Lee Green Development is an investment holding company incorporated in the BVI and is owned as to 68%, 17% and 15% by Mr. Yiu, Mr. Yiu Wang Lung and Mr. Chan, respectively. Wing Lee Green Development is the direct Shareholder of our Company.
4. Our Company is wholly-owned by Wing Lee Green Development, which, in turn, is owned as to 68% by Mr. Yiu, 17% by Mr. Yiu Wang Lung and 15% by Mr. Chan. On the basis that Mr. Yiu, Mr. Yiu Wang Lung and Mr. Chan hold their respective interests in our Company through Wing Lee Green Development, a common investment holding company, Mr. Yiu, Mr. Yiu Wang Lung and Mr. Chan are regarded as a group of Controlling Shareholders under the Listing Rules. Accordingly, Mr. Yiu, Mr. Yiu Wang Lung and Mr. Chan are deemed to be interested in 750,000,000 Shares held by Wing Lee Green Development immediately after the Capitalisation Issue and the Share Offer.
5. Ms. Chen Caiyun (陳彩雲) is the spouse of Mr. Yiu. By virtue of the SFO, Ms. Chen is deemed to be interested in all the Share(s) in which Mr. Yiu is deemed to be interested through Wing Lee Green Development.
6. Ms. Liu Ying (劉英) is the spouse of Mr. Yiu Wang Lung. By virtue of the SFO, Ms. Liu is deemed to be interested in all the Share(s) in which Mr. Yiu Wang Lung is deemed to be interested through Wing Lee Green Development.
7. Ms. Lam Yan Ki Maggie (林妍綺) is the spouse of Mr. Chan. By virtue of the SFO, Ms. Lam is deemed to be interested in all the Share(s) in which Mr. Chan is deemed to be interested through Wing Lee Green Development.

Save as disclosed above and in the section headed “Statutory and General Information — “C. Further information about our Directors and substantial shareholders — 1. Disclosure of Interests” in Appendix IV to this prospectus, our Directors are not aware of any person who will, immediately following the Capitalisation Issue and completion of the Share Offer and without taking into account any Shares which may be issued pursuant to the exercise of the Over-allotment Option or any options that may be granted under the Share Option Scheme or any Shares which may be granted under the Share Award Scheme, have or be deemed or taken to have an interest and/or short position in the Shares or the underlying Shares which would fall to be disclosed under the provisions of Division 2 and 3 of Part XV of the SFO, or are, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of our Group.

We are not aware of any arrangement which may result in any change of control in our Company at any subsequent date.



SHARE CAPITAL

The tables below set out information with respect to the share capital of our Company after the completion of the Capitalisation Issue and the Share Offer.

<i>Authorised share capital:</i>	<i>HK\$</i>
1,500,000,000 Shares of HK\$0.01 each	15,000,000

Assuming the Over-allotment Option is not exercised and without taking into account any Shares which may be issued pursuant to the exercise of any options that may be granted under the Share Option Scheme and any Shares which may be granted under the Share Award Scheme, our Company's issued share capital immediately after the completion of the Capitalisation Issue and the Share Offer will be as follows:

<i>Shares</i>		<i>HK\$</i>
1,000	Share in issue as at the Latest Practicable Date	10
749,999,000	Shares to be issued pursuant to the Capitalisation Issue	7,499,990
250,000,000	Shares to be issued pursuant to the Share Offer	2,500,000
1,000,000,000	Shares in total	10,000,000

Assuming the Over-allotment Option is exercised in full and without taking into account any Shares which may be issued pursuant to the exercise of any options that may be granted under the Share Option Scheme and any Shares which may be granted under the Share Award Scheme, the issued share capital of our Company immediately after the completion of the Capitalisation Issue and the Share Offer will be as follows:

<i>Shares</i>		<i>HK\$</i>
1,000	Share in issue as at the Latest Practicable Date	10
749,999,000	Shares to be issued pursuant to the Capitalisation Issue	7,499,990
250,000,000	Shares to be issued pursuant to the Share Offer	2,500,000
37,500,000	Shares to be issued upon exercise of the Over-allotment Option	375,000
1,037,500,000	Shares in total	10,375,000



SHARE CAPITAL

ASSUMPTIONS

The above tables assume that the Share Offer becomes unconditional and Shares are issued pursuant to the Capitalisation Issue and the Share Offer. It does not take into account of any Share that may be issued or repurchased by our Company pursuant to the general mandates granted to our Directors to issue or repurchase Shares as described below.

MINIMUM PUBLIC FLOAT

Pursuant to Rule 8.08(1)(a) of the Listing Rules, at the time of Listing and at all times thereafter, our Company must maintain the minimum prescribed percentage of at least 25% of the total number of issued Shares in the hands of the public (as defined in the Listing Rules).

RANKING

The Offer Shares are ordinary Shares and will rank equally with all Shares in issue or to be issued as mentioned in this prospectus and will qualify for all dividends or other distributions declared, paid or made on our Shares in respect of a record date which falls after the date of this prospectus save for the entitlement under the Capitalisation Issue.

SHARE INCENTIVE SCHEMES

Our Company has conditionally adopted the Share Incentive Schemes. The principal terms of the Share Incentive Schemes are summarised in the paragraph headed “D. Share Incentive Schemes” in Appendix IV to this prospectus.

Our Company did not have any outstanding share option, warrant, convertible instrument or similar right convertible into our Shares as at the Latest Practicable Date.



SHARE CAPITAL

GENERAL MANDATE TO ISSUE SHARES

Subject to the Share Offer becoming unconditional, our Directors have been granted a general unconditional mandate to allot, issue and deal with (including the power to make an offer or agreement, or grant securities which would or might require Shares to be allotted and issued), otherwise than by way of rights issue, scrip dividend schemes or similar arrangements providing for allotment and issue of Shares in lieu of the whole or in part of any cash dividend in accordance with the Articles, or pursuant to, or in consequence of, the Capitalisation Issue, the Share Offer, the exercise of the Over-allotment Option, any options that may be granted under the Share Option Scheme or any Shares that may be granted under the Share Award Scheme, Shares in aggregate not exceeding:

- (a) 20% of the total number of Shares in issue (excluding treasury shares) immediately after the completion of the Capitalisation Issue and the Share Offer (assuming the Over-allotment Option is not exercised and without taking into account any options that may be granted under the Share Option Scheme and any Shares that may be granted under the Share Award Scheme); and
- (b) the total number of Shares which may be purchased by our Company pursuant to the authority granted to our Directors referred to below.

This general mandate to issue Shares will remain in effect until whichever is the earliest of:

- (a) the conclusion of the next annual general meeting of our Company;
- (b) the date by which our next annual general meeting is required by the Articles or any applicable law(s) to be held; or
- (c) the passing of an ordinary resolution of our Shareholders in a general meeting revoking, renewing or varying the mandate given to our Directors.

Further details of this general mandate are set out in the paragraph headed “A. Further Information about our Group — 5. Written resolutions of our sole Shareholder passed on 20 September 2024” in Appendix IV to this prospectus.

GENERAL MANDATE TO REPURCHASE SHARES

Subject to the Share Offer becoming unconditional, our Directors have been granted a general unconditional mandate to exercise all powers of our Company to repurchase, on the Stock Exchange and/or on any other stock exchange on which the securities of our Company may be



SHARE CAPITAL

listed and which is recognised by the SFC and the Stock Exchange for this purpose in accordance with all applicable laws and requirements of the Stock Exchange (or of such other stock exchange), Shares in aggregate not exceeding 10% of the total number of Shares in issue (excluding treasury shares) immediately after the completion of the Capitalisation Issue and the Share Offer (assuming the Over-allotment Option is not exercised and without taking into account any Shares that may be issued pursuant to the exercise of any options that may be granted under the Share Option Scheme and any Shares that may be granted under the Share Award Scheme).

This general mandate only relates to repurchases made on the Stock Exchange, or on any other stock exchange which is recognised by the SFC and the Stock Exchange for this purpose in accordance with the applicable laws and requirements of the Stock Exchange (or such other stock exchange). A summary of the relevant Listing Rules is set out in the paragraph headed “A. Further information about our Group — 6. Repurchase of our Shares” in Appendix IV to this prospectus.

This general mandate to repurchase Shares will remain in effect until whichever is the earliest of:

- (a) the conclusion of our next annual general meeting of our Company; or
- (b) the date by which the next annual general meeting is required by the Articles or any applicable law(s) to be held; or
- (c) the passing of an ordinary resolution of our Shareholders in a general meeting revoking, renewing or varying the mandate given to our Directors.

Further details of this repurchase mandate are set out in the paragraph headed “A. Further information about our Group — 6. Repurchase of our Shares” in Appendix IV to this prospectus.

CIRCUMSTANCES UNDER WHICH GENERAL MEETING AND CLASS MEETING ARE REQUIRED

As a matter of the Companies Act, an exempted company is not required by law to hold any general meeting or class meeting. The holding of general meeting or class meeting is prescribed under the articles of association of a company. Accordingly, our Company will hold general meetings as prescribed under the Articles, a summary of which is set out in Appendix III to this prospectus.



FINANCIAL INFORMATION

You should read this section in conjunction with our audited combined financial statements as at and for the years ended 31 March 2022, 31 March 2023 and 31 March 2024 as set out in the Accountant's Report, together with the accompanying notes. The Accountant's Report has been prepared in accordance with HKFRSs. You should read the Accountant's Report in its entirety and not merely rely on the information contained in this section.

The following discussion and analysis contain forward-looking statements that involve risks and uncertainties. These statements are based on assumptions and analysis made by us in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors that we believe are appropriate under the circumstances. However, whether the actual outcome and developments will meet our expectations and predictions depends on a number of risks and uncertainties over which we do not have control. Please also refer to the sections headed "Risk Factors" and "Forward-looking Statements" in this prospectus.

OVERVIEW

We are an established contractor in Hong Kong engaged in civil and electrical cable engineering and solar PV system works. Our civil engineering works specialise in site formation works and road and drainage works, and our electrical cable engineering works specialise in cable trenching, laying and jointing works. For solar PV system works, we specialise in design, installation and maintenance works of solar PV systems. To a lesser extent, during the Track Record Period, we leased machinery and traded construction materials to contractors and subcontractors on an ad hoc basis in a limited number of projects (mainly Project No. #01) in which we participated in. For details of our business model, please refer to the paragraph headed "Business — Description of our services" in this prospectus.

Our revenue decreased from approximately HK\$520.4 million for FY2021/22 to approximately HK\$361.2 million for FY2022/23 and then recovered to approximately HK\$526.1 million for FY2023/24. Our net profit decreased from approximately HK\$59.1 million for FY2021/22 to approximately HK\$40.6 million for FY2022/23 and then recovered to approximately HK\$76.9 million for FY2023/24.

For FY2021/22, FY2022/23 and FY2023/24, there were 43, 59 and 73 projects which contributed a total of approximately HK\$438.8 million, HK\$338.9 million and HK\$523.0 million to our service revenue, respectively. As at 31 July 2024, we had 27 projects on hand. Our value of backlog as at 31 March 2022, 31 March 2023, 31 March 2024 and 31 July 2024 amounted to approximately HK\$221.4 million, HK\$722.0 million, HK\$707.6 million and HK\$815.5 million, respectively.



FINANCIAL INFORMATION

BASIS OF PRESENTATION

Our Company is an exempted company incorporated in the Cayman Islands with limited liability on 17 May 2024. Pursuant to the Reorganisation, which was completed on 26 June 2024, our Company became the holding company of the companies now comprising our Group. For further details, please refer to the section headed “History, Development and Reorganisation” in this prospectus.

The companies now comprising our Group were under the control of Mr. Yiu, Mr. Yiu Wang Lung and Mr. Chan before and after the Reorganisation. Accordingly, the financial information for FY2021/22, FY2022/23 and FY2023/24 has been prepared on a combined basis by applying the principles of merger accounting as if the Reorganisation had been completed at the beginning of the Track Record Period.

The historical financial information has been prepared in accordance with HKFRSs under the historical cost conversion.

SIGNIFICANT FACTORS AFFECTING OUR RESULTS OF OPERATIONS AND FINANCIAL CONDITION OF CONTINUING OPERATIONS

Our results of operations, financial condition and future prospects have been, and will continue to be, affected by a number of factors, which primarily include the following:

There is no guarantee that our customers will provide us with new business

Our customers are under no obligation to award projects to us. During the Track Record Period, we secured new projects mainly through invitation for tender by customers. There is no assurance that we will be able to secure new contracts in the future. Accordingly, the number and scale of projects and the amount of revenue we are able to derive therefrom may vary significantly from period to period, and it may be difficult to forecast the volume of future business. For FY2021/22, FY2022/23 and FY2023/24, we recorded a tender success rate of approximately 33.9%, 28.4% and 29.0% respectively. Our Directors consider that our success rate on project tendering depends on a range of factors, which primarily include our pricing and tender strategy, competitors’ tender and pricing strategy, the availability of our resources and subcontractors, level of competition and our customers’ evaluation standards. There is no assurance that our Group could achieve the same or similar success rate in the future as we did during the Track Record Period. In the event that our Group fails to secure new contracts or there is a significant decrease in the number of tender invitations or contracts available for bidding in the future, the business, financial position and prospects of our Group could be materially and adversely affected.



FINANCIAL INFORMATION

Fluctuation in our cost of services

Our cost of services mainly comprise (i) subcontracting fees; (ii) employee expenses; (iii) machinery and equipment leasing expenses; and (iv) cost of materials. Our major purchases primarily include subcontracting fees and cost of materials. Please refer to the paragraph headed “Business — Our suppliers” in this prospectus for further details on our suppliers.

The following sensitivity analysis illustrates the impact of hypothetical fluctuations of service revenue, employee expenses, subcontracting fees and cost of materials (being the major components of our cost of services) on our profit before income tax during the Track Record Period.

For illustrative purpose only, the following sensitivity analysis illustrates the impact of hypothetical fluctuations of the service revenue generated from civil engineering works, electrical cable engineering works and solar PV system works on our profit before income tax assuming other variables remain unchanged for the dates indicated. Fluctuations in our service revenue are assumed to be 30%, 40% and 50% based on the historical fluctuations of our Group during the Track Record Period.

	FY2021/22	FY2022/23	FY2023/24
	HK\$'000	HK\$'000	HK\$'000
Changes in service revenue			
+/- 30%	(+/-)131,646	(+/-)101,659	(+/-)156,902
+/- 40%	(+/-)175,528	(+/-)135,545	(+/-)209,202
+/- 50%	(+/-)219,411	(+/-)169,432	(+/-)261,503

For illustrative purpose only, the following sensitivity analysis illustrates the impact of hypothetical fluctuations of the subcontracting fees on our profit before income tax assuming other variables remain unchanged for the dates indicated. Fluctuations in our subcontracting fees are assumed to be 30% and 40% based on the historical fluctuations of our Group during the Track Record Period.

	FY2021/22	FY2022/23	FY2023/24
	HK\$'000	HK\$'000	HK\$'000
Changes in subcontracting fees			
+/- 30%	(+/-)39,568	(+/-)29,369	(+/-)43,032
+/- 40%	(+/-)52,757	(+/-)39,159	(+/-)57,376



FINANCIAL INFORMATION

For illustrative purpose only, the following sensitivity analysis illustrates the impact of hypothetical fluctuations of the employee expenses on our profit before income tax assuming other variables remain unchanged for the dates indicated. Fluctuations in our employee expenses are assumed to be 10% and 30% based on the historical fluctuations of our Group during the Track Record Period.

	FY2021/22	FY2022/23	FY2023/24
	HK\$'000	HK\$'000	HK\$'000
Changes in employee expenses			
+/- 10%	(+/-)8,855	(+/-)8,810	(+/-)11,261
+/- 30%	(+/-)26,564	(+/-)26,431	(+/-)33,782

For illustrative purpose only, the following sensitivity analysis illustrates the impact of hypothetical fluctuations of our cost of materials on our profit before income tax assuming all other variables remain unchanged for the dates indicated. Fluctuations in our cost of materials are assumed to be 5% and 10% based on the average of CAGR for the price of steel reinforcement, portland cement, bitumen and diesel fuel (being the major components of our cost of materials) in Hong Kong from 2018 to 2022 as stated in the Industry Report (please refer to the paragraph headed “Industry Overview — Cost analysis of civil engineering and electrical construction works” in this prospectus) and is therefore considered reasonable for the purpose of this sensitivity analysis.

	FY2021/22	FY2022/23	FY2023/24
	HK\$'000	HK\$'000	HK\$'000
Changes in cost of materials			
+/- 5%	(+/-)2,860	(+/-)2,195	(+/-)3,317
+/- 10%	(+/-)5,720	(+/-)4,391	(+/-)6,633

APPLICATION OF HKFRSs

For the purpose of preparing the financial information, our Group has adopted all effective new and revised HKFRSs which are mandatory for the financial year beginning from 1 April 2023 and have been consistently applied for the Track Record Period.

MATERIAL ACCOUNTING POLICIES

We have identified certain accounting policies which are material to the preparation of the financial information in accordance with HKFRSs. The determination of these accounting policies is fundamental to our financial positions and results of operations, and requires us to make significant judgments and estimation, further information on which is set forth in the paragraph



FINANCIAL INFORMATION

headed “Critical accounting estimates and judgments” in this section. The following sets forth certain material accounting policies extracted from the Accountant’s Report, please refer to the Accountant’s Report for fullset of the our material accounting policies.

Revenue recognition

Revenue is recognised when or as the control of the assets is transferred to the customers. Depending on the terms of the contract and the laws that apply to the contract, control of the asset may be transferred over time or at a point in time. Control of the assets is transferred over time if our performance:

- provides all of the benefits received and consumed simultaneously by the customers;
- creates and enhances an asset that the customer controls as our Group performs;
- does not create an asset with an alternative use to our Group and our Group has an enforceable right to payment for performance completed to date.

In control of the asset transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the asset.

The progress towards complete satisfaction of the performance obligation is measured based on one of the following methods that best depict our performance in satisfying the performance obligation:

- direct measurements of the value transferred by our Group to the customer; or
- our effort or inputs to the satisfaction of the performance obligation.

(1) Construction contract

For construction contract, it is being eligible for recognition of revenue over time as our Group created or enhanced an asset that customers controlled as our Group performs its performance obligation. Our Group measures the progress of the projects in accordance with the input method. Under input method, revenue on construction contracts is recognised based on our efforts or inputs to the satisfaction of the performance obligation, by reference to the contract costs incurred up to the end of reporting period as a percentage of total estimated costs for each contract.



FINANCIAL INFORMATION

Variations in contract work, claims and incentive payments are included in transaction price to the extent that it is highly probable that a significant reversal of cumulative revenue recognised will not occur.

(2) Sales of materials

Sales of materials are recognised when a group entity has delivered products to the customer, the customer has full discretion over channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs until the products have been shipped to the specified location, the risk of obsolescence and loss have been transferred to the customers, and either the customers have accepted the products in accordance with sales contracts, and there is no unfulfilled obligation that could affect the customers' acceptance of the products.

(3) Leasing of machinery

Leasing of machinery is recognised in the Track Record Period in which the assets are leased out.

Contract assets and liabilities

When either party to a contract has performed, our Group presents the contract in the statements of financial position as a contract asset or a contract liability, depending on the relationship between the entity's performance and the customer's payment.

A contract asset is our right to consideration in exchange for the services that our Group has transferred to a customer. If the value transferred to customers by our Group exceeds the payment received or receivable, a contract asset is recognised. Contract assets are assessed for impairment under the same approach adopted for impairment assessment of trade receivables.

A contract liability is our obligation to render the services to a customer for which our Group has received consideration from the customer. A contract liability is recognised by our Group when the customer pays consideration in advance before our Group renders the service to the customer.

On the combined statement of financial position, our Group reports the net contract position for each contract as either an asset or a liability.



FINANCIAL INFORMATION

Trade and other receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Financial assets

Classification

Our Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss); and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For financial assets that are not held for trading, this will depend on whether our Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

Our Group reclassifies debt investments when and only when its business model for managing those assets changes.



FINANCIAL INFORMATION

Recognition and derecognition

Regular purchases and sales of financial assets are recognised on trade-date, the date on which our Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and our Group has transferred substantially all the risks and rewards of ownership.

Measurement

At initial recognition, our Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (“**FVPL**”), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Debt instruments

Subsequent measurement of debt instruments depends on our business model for managing the asset and the cash flow characteristics of the asset.

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in “other gains” together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the profit or loss.

Our Group classifies all of its debt instruments as amortised cost as they were held for collection of contractual cash flows and where those cash flows represent solely payments of principal and interest.

Impairment

Our Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables and contract assets, our Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.



FINANCIAL INFORMATION

Property and equipment

Property and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to our Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the combined statement of comprehensive income during the financial year in which they are incurred.

Depreciation on assets is calculated using the straight-line method to allocate their costs net of their residual values over their estimated useful lives, as follows:

Leasehold improvement	Over the lease term or 5 years, whichever is shorter
Office equipment and furniture	5 years
Machineries	5–10 years
Motor vehicles	5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the combined statement of comprehensive profit or loss.



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Impairment of non-financial assets

Assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

Intangible assets

Construction licence acquired is recognised at fair value at the acquisition date. Licence that has indefinite useful lives are not amortised as renewal of licence is expected upon expiry. They are subject to impairment testing annually or more frequently if events or changes in circumstances indicate a potential impairment.

Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the combined statement of comprehensive income over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless our Group has an unconditional right to defer settlement of the liability for at least 12 months after the period-end date.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of our financial information in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires our management to exercise judgement in the process of applying our accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. For details of our critical accounting estimates and judgements, please refer to Note 4 to the Accountant's Report.



FINANCIAL INFORMATION

RESULTS OF OPERATIONS

The combined statements of profit or loss during the Track Record Period are summarised below, which are extracted from the Accountant's Report:

	FY2021/22	FY2022/23	FY2023/24
	<i>HK'000</i>	<i>HK'000</i>	<i>HK'000</i>
Revenue	520,351	361,207	526,099
Cost of sales	(426,738)	(285,674)	(404,492)
Gross profit	93,613	75,533	121,607
General and administrative expenses	(20,360)	(22,827)	(23,561)
(Impairment loss)/reversal of impairment loss on financial assets	(3,176)	(8,641)	174
Other income	1,353	5,423	1,933
Other gains	414	75	10
Listing expenses	—	—	(4,880)
Operating profit	71,844	49,563	95,283
Finance costs, net	(1,334)	(1,916)	(2,367)
Profit before income tax	70,510	47,647	92,916
Income tax expenses	(11,455)	(7,082)	(16,009)
Profit for the year	59,055	40,565	76,907

Non-HKFRS financial measure

To supplement our combined financial statements which are presented in accordance with HKFRSs, we also presented the adjusted net profit (Non-HKFRS measure) and adjusted net profit margin (Non-HKFRS measure) as additional financial measures, which are not required by, or presented in accordance with HKFRSs. We believe that the presentation of non-HKFRS financial measures when shown in conjunction with the corresponding HKFRS financial measures provides useful information to potential investors and management in facilitating a comparison of our operating performance from period to period. Such non-HKFRS financial measures allow investors to consider matrices used by our management in evaluating our performance.



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The use of non-HKFRS financial measures has limitations as an analytical tool, and investors should not consider these in isolation from, or as a substitute for, or superior to, analysis of our results of operations or financial conditions as reported in accordance with HKFRSs. In addition, the non-HKFRS financial measures may be defined differently from similar terms used by other companies.

We adjusted for certain items as our non-HKFRS financial measures, in order to provide potential investors with an overall and fair understanding of our core operating results and financial performance, especially in making period-to-period comparisons of, and assessing the profile of, our operating and financial performance. Listing expenses are mainly expenses related to the Listing and are added back because they were incurred only for the purposes of the Listing.

Adjusted net profit (Non-HKFRS measure)

We defined adjusted net profit (Non-HKFRS measure) as net profit for the year adjusted by adding back Listing expenses. The table below sets forth the adjusted net profit (Non-HKFRS measure) and the adjusted net profit margin (Non-HKFRS measure) for each respective year during the Track Record Period:

	FY2021/22	FY2022/23	FY2023/24
	<i>HK'000</i>	<i>HK'000</i>	<i>HK'000</i>
Profit for the year	59,055	40,565	76,907
<i>Adjusted:</i>			
<i>Listing expenses</i>	—	—	4,880
Adjusted net profit (Non-HKFRS measure) for the year.	59,055	40,565	81,787
Adjusted net profit margin (Non-HKFRS measure) (%)	11.3%	11.2%	15.5%



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PRINCIPAL COMPONENTS OF THE COMBINED STATEMENTS OF PROFIT OR LOSS

Revenue

Our service revenue is principally generated from the provision of construction services, which can be broadly categorised as (i) civil engineering — site formation works; (ii) civil engineering — road and drainage works; (iii) electrical cable engineering works; and (iv) solar PV system works. To a lesser extent, we also derived our other revenue from leasing of machinery and sales of materials.

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

	FY2021/22		FY2022/23		FY2023/24	
	HK\$'000	%	HK\$'000	%	HK\$'000	%
Civil engineering:	278,276	53.5	175,411	48.6	365,454	69.5
— <i>Site formation works</i>	263,022	50.6	114,596	31.8	309,429	58.8
— <i>Road and drainage works</i>	15,254	2.9	60,815	16.8	56,025	10.7
Electrical cable engineering	127,638	24.5	125,409	34.7	113,244	21.5
Solar PV system	32,907	6.3	38,043	10.5	44,308	8.4
Total service revenue	438,821	84.3	338,863	93.8	523,006	99.4
Leasing of machinery	37,774	7.3	14,917	4.1	1,029	0.2
Sales of materials	43,756	8.4	7,427	2.1	2,064	0.4
Total other revenue	81,530	15.7	22,344	6.2	3,093	0.6
Total revenue	520,351	100	361,207	100	526,099	100

Service revenue

Our total service revenue decreased from approximately HK\$438.8 million for FY2021/22 to approximately HK\$338.9 million for FY2022/23 and recovered to approximately HK\$523.0 million for FY2023/24. This overall trend of our service revenue was mainly driven by the trend of our service revenue from site formation works, which decreased from approximately HK\$263.0 million for FY2021/22 to approximately HK\$114.6 million for FY2022/23 and recovered to approximately HK\$309.4 million for FY2023/24.

During the Track Record Period, our service revenue was mainly contributed by the Third Runway Projects for site formation works and the Master Agreement A and the Master Agreement B for electrical cable engineering works.



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Civil engineering — Site formation works

During the Track Record Period, the Third Runway Projects were our major site formation works projects. The Third Runway Projects are a public sector project in which we acted as subcontractor. The Third Runway Projects comprised our five projects at the Hong Kong International Airport within our project portfolio, of which three were our top five projects during the Track Record Period in terms of revenue, namely Project No. #01, Project No. #07 and Project No. #08. The following table sets forth the breakdown of our service revenue from site formation works by the Third Runway Projects and non-Third Runway Projects during the Track Record Period:

	FY2021/22			FY2022/23			FY2023/24		
	No. of projects	Revenue		No. of projects	Revenue		No. of projects	Revenue	
		HK\$'000	%		HK\$'000	%		HK\$'000	%
Third Runway Projects.	1	254,576	96.8	4	92,699	80.9	4	241,225	78.0
Non-Third Runway Projects									
(Note)	3	8,446	3.2	6	21,897	19.1	10	68,204	22.0
Total service revenue from site formation works	4	263,022	100	10	114,596	100	14	309,429	100

Note: For FY2021/22, the non-Third Runway Projects were mainly miscellaneous private sector projects. For FY2022/23, the non-Third Runway Projects mainly included Project No. #09 and other miscellaneous public sector projects. For FY2023/24, the non-Third Runway Projects mainly included Project No. #09, Project No. #10 and Project No. #11.

The significant decrease in our service revenue from site formation works from approximately HK\$263.0 million for FY2021/22 to approximately HK\$114.6 million for FY2022/23 was mainly attributable to the decrease in service revenue contributed by the Third Runway Projects. The significant decrease in service revenue contributed by the Third Runway Projects for FY2022/23 was mainly because Project No. #01 was substantially completed towards the end of FY2021/22 and as a result contributed a substantially lower amount of service revenue for FY2022/23. At the same time, Project No. #07 (with contract sum of approximately HK\$577.1 million) and Project No. #08 (with contract sum of approximately HK\$189.2 million) only commenced in December 2022 and July 2022, respectively, which mean that the significant portion of these two projects has not yet been recognised during FY2022/23.

During FY2023/24, as we completed more works especially for Project No. #07, we recognised service revenue of approximately HK\$171.6 million for that project. In addition, we also worked on other non-Third Runway Projects, which led to the recovery of our service revenue



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from site formation works for FY2023/24. For example, we commenced works on our new Project No. #10 (with contract sum of approximately HK\$60.7 million) in Yuen Long and recognised service revenue of approximately HK\$17.9 million for FY2023/24.

While our service revenue from site formation works was mainly contributed by the Third Runway Projects, the portion of which decreased from approximately 96.8% for FY2021/22 to approximately 80.9% for FY2022/23 and to approximately 78.0% for FY2023/24. In respect of service revenue from non-Third Runway Projects, the amount of service revenue from which increased from approximately HK\$8.4 million for FY2021/22 to approximately HK\$21.9 million for FY2022/23 and further increased to approximately HK\$68.2 million for FY2023/24. Such increases were mainly due to the number of non-Third Runway Projects year-on-year.

Civil engineering — Road and drainage works

Our service revenue from road and drainage works increased from approximately HK\$15.3 million for FY2021/22 to approximately HK\$60.8 million for FY2022/23, which was mainly attributable to (i) the increase in service revenue contributed by Project No. #06 (being a public sector project with contract sum of approximately HK\$99.1 million) in Mui Wo as we completed more works during FY2022/23 and recognised service revenue of approximately HK\$26.1 million; and (ii) increase in service revenue contributed by a public sector project in Tai Po with contract sum of approximately HK\$30.0 million in which we recognised service revenue of approximately HK\$12.3 million for FY2022/23.

Our service revenue from road and drainage works remained relatively stable at approximately HK\$60.8 million and HK\$56.0 million for FY2022/23 and FY2023/24, respectively.

Electrical cable engineering works

Our service revenue from electrical cable engineering works amounted to approximately HK\$127.6 million, HK\$125.4 million and HK\$113.2 million for FY2021/22, FY2022/23 and FY2023/24, respectively. Such trend is generally underlined by the Master Agreement A and Master Agreement B which are fixed-term contracts, and the aggregate revenue attributable to which amounted to approximately HK\$113.5 million, HK\$123.6 million and HK\$113.1 million for FY2021/22, FY2022/23 and FY2023/24, respectively.

Our service revenue from electrical cable engineering works remained relatively stable for FY2021/22 and FY2022/23.



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The slight decrease in service revenue from electrical cable engineering works during FY2023/24 was mainly due to the decrease in the service revenue contributed by the Master Agreement A and the Master Agreement B during FY2023/24 which was driven by the amount of orders we performed thereunder.

Solar PV system works

Our service revenue from solar PV system works exhibited a steady growth, which increased from approximately HK\$32.9 million for FY2021/22 to approximately HK\$38.0 million for FY2022/23, and further increased to approximately HK\$44.3 million for FY2023/24. Such increase was mainly due to the increase in the number of solar PV system works projects year to year.

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

	FY2021/22		FY2022/23		FY2023/24	
	HK\$'000	%	HK\$'000	%	HK\$'000	%
Public sector	288,036	65.6	197,743	58.4	382,976	73.2
Private sector	150,785	34.4	141,120	41.6	140,030	26.8
Total service revenue	438,821	100	338,863	100	523,006	100

During the Track Record Period, our key public sector projects mainly included the Third Runway Projects, which contributed approximately HK\$254.6 million, HK\$92.7 million and HK\$241.2 million for FY2021/22, FY2022/23 and FY2023/24, respectively, representing approximately 88.4%, 46.9% and 63.0% of our service revenue from public sector projects for the corresponding years, while our key private sector projects mainly included our projects under the Master Agreement A and the Master Agreement B which in aggregate contributed approximately HK\$113.5 million, HK\$123.6 million and HK\$113.1 million for FY2021/22, FY2022/23 and FY2023/24, respectively, representing approximately 75.3%, 87.6% and 80.8% of our service revenue from private sector projects for the corresponding years.

The changes in the contribution of our service revenue from public and private sector projects during the Track Record Period was mainly driven by the fluctuation of service revenue contributed by the Third Runway Projects, which was mainly because one of our Third Runway Projects, namely Project No. #01, was substantially completed towards the end of FY2021/22 and as a result contributed a substantially lower amount of service revenue for FY2022/23, while at the same time the aggregated service revenue contributed by the Master Agreement A and the Master Agreement B remained relatively stable during the Track Record Period.



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The following table sets forth the breakdown of our service revenue by our role as main contractor or subcontractor during the Track Record Period:

	FY2021/22		FY2022/23		FY2023/24	
	HK\$'000	%	HK\$'000	%	HK\$'000	%
Main contractor	17,353	4.0	63,078	18.6	58,136	11.1
Subcontractor	421,468	96.0	275,785	81.4	464,870	88.9
Total service revenue	438,821	100	338,863	100	523,006	100

During the Track Record Period, our service revenue was mainly contributed by projects in which we acted as subcontractor, mainly for site formation works and electrical cable engineering works projects. On the other hand, we mainly acted as main contractor for road and drainage works.

The details of our top five projects for each financial year of the Track Record Period in terms of revenue are set out in the paragraph headed “Business — Projects undertaken during the Track Record Period” in this prospectus.

Other revenue

To a limited extent, we leased machinery and traded construction materials mainly to subcontractors on an ad hoc basis during the Track Record Period and earned other revenue, which were ad hoc and ancillary to our construction services. The majority of our other revenue from leasing of machinery and sales of materials during the Track Record Period was mainly in respect of the Third Runway Projects. For instance, in Project No. #01, we leased equipment such as excavator, crawler crane for site works to the main contractor. In the same project, we supplied construction materials such as sewers, drains, pipe culverts, ducts, trench drains and manholes to them as well.

Our other revenue decreased substantially from approximately HK\$81.5 million for FY2021/22 to approximately HK\$22.3 million for FY2022/23 and further decreased to approximately HK\$3.1 million for FY2023/24.

The majority of our other revenue for FY2021/22 and FY2022/23 was attributable to Project No. #01 which had a heavy demand on both machinery and materials. The significant decrease in our other revenue (including revenue from leasing of machinery and sales of materials) from FY2021/22 to FY2022/23 was mainly driven by the completion of Project No. #01, which was substantially completed towards the end of FY2021/22. Following the completion of Project No. #01, our other revenue further decreased from FY2022/23 to FY2023/24.



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Cost of services

The table below sets forth the breakdown of our overall cost of services during the Track Record Period:

	FY2021/22		FY2022/23		FY2023/24	
	HK\$'000	%	HK\$'000	%	HK\$'000	%
Subcontracting fees	131,893	30.9	97,897	34.3	143,439	35.5
Employee expenses	88,546	20.7	88,102	30.8	112,608	27.8
Machinery and equipment leasing expenses	96,327	22.6	9,501	3.3	24,760	6.1
Material costs	57,201	13.4	43,909	15.4	66,333	16.4
Fuel and oil expenses	20,534	4.8	8,087	2.8	16,006	4.0
Depreciation of property and equipment	8,510	2.0	10,384	3.6	10,899	2.7
Depreciation of right-of-use assets	2,171	0.5	2,173	0.8	1,014	0.2
Project consultancy cost	3,451	0.8	4,594	1.6	5,979	1.5
Others ^(Note)	18,105	4.3	21,027	7.4	23,454	5.8
Total cost of services (overall)	426,738	100	285,674	100	404,492	100

Note: Others mainly include the cost of repair and maintenance of our machineries, equipment and motor vehicles and insurance expenses.

The following table sets forth the breakdown of our cost of services for site formation works during the Track Record Period:

	FY2021/22		FY2022/23		FY2023/24	
	HK\$'000	%	HK\$'000	%	HK\$'000	%
Subcontracting fees	79,404	34.7	39,294	38.6	102,384	41.3
Employee expenses	35,226	15.4	19,622	19.3	46,981	19.0
Machinery and equipment leasing expenses	75,742	33.1	7,367	7.2	22,190	9.0
Material costs	3,798	1.7	10,811	10.6	39,491	15.9
Fuel and oil expenses	19,446	8.5	5,378	5.3	13,493	5.4
Depreciation of property and equipment	4,867	2.1	7,802	7.7	8,792	3.5
Depreciation of right-of-use assets	997	0.4	998	1.0	1,014	0.4
Project consultancy cost	3,063	1.3	2,753	2.7	3,713	1.5
Others ^(Note)	6,596	2.9	7,787	7.6	9,835	4.0
Total cost of services (site formation works)	229,139	100	101,812	100	247,893	100

Note: Others mainly include the cost of repair and maintenance of our machineries, equipment and motor vehicles and insurance expenses.



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The following table sets forth the breakdown of our cost of services for road and drainage works during the Track Record Period:

	FY2021/22		FY2022/23		FY2023/24	
	HK\$'000	%	HK\$'000	%	HK\$'000	%
Subcontracting fees	4,244	34.7	19,925	38.8	20,753	45.9
Employee expenses	3,313	27.1	13,763	26.8	12,199	27.0
Machinery and equipment leasing expenses	41	0.3	445	0.9	846	1.9
Material costs	1,120	9.2	10,734	20.9	6,166	13.6
Fuel and oil expenses	14	0.1	157	0.3	190	0.4
Depreciation of property and equipment	20	0.2	343	0.7	442	1.0
Project consultancy cost	375	3.1	1,797	3.5	2,188	4.8
Others ^(Note)	3,089	25.3	4,250	8.3	2,472	5.5
Total cost of services (road and drainage works)	12,216	100	51,414	100	45,256	100

Note: Others mainly include the cost of repair and maintenance of our machineries, equipment and motor vehicles and insurance expenses.

The following table sets forth the breakdown of our cost of services for electrical cable engineering works during the Track Record Period:

	FY2021/22		FY2022/23		FY2023/24	
	HK\$'000	%	HK\$'000	%	HK\$'000	%
Subcontracting fees	36,564	35.9	29,739	31.0	12,913	16.3
Employee expenses	40,719	40.0	48,641	50.7	48,115	60.8
Machinery and equipment leasing expenses	861	0.8	450	0.5	1,155	1.5
Material costs	12,905	12.7	5,699	5.9	6,532	8.3
Fuel and oil expenses	1,036	1.0	2,271	2.4	2,118	2.7
Depreciation of property and equipment	3,623	3.6	2,201	2.3	1,665	2.1
Depreciation of right-of-use assets	1,174	1.2	1,174	1.2	—	—
Project consultancy cost	13	0.0	44	0.0	78	0.1
Others ^(Note)	4,976	4.9	5,734	6.0	6,520	8.2
Total cost of services (electrical cable engineering works)	101,871	100	95,953	100	79,096	100

Note: Others mainly include the cost of repair and maintenance of our machineries, equipment and motor vehicles and insurance expenses.



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The following table sets forth the breakdown of our cost of services for solar PV system works during the Track Record Period:

	FY2021/22		FY2022/23		FY2023/24	
	HK\$'000	%	HK\$'000	%	HK\$'000	%
Subcontracting fees	11,682	37.0	8,939	29.5	7,389	24.4
Employee expenses	4,734	15.0	4,222	13.9	4,872	16.1
Machinery and equipment leasing expenses	291	0.9	122	0.4	266	0.9
Material costs	12,358	39.1	14,138	46.6	13,304	43.9
Fuel and oil expenses	38	0.1	282	0.9	205	0.7
Depreciation of property and equipment	—	—	38	0.1	—	—
Others ^(Note)	2,480	7.9	2,606	8.6	4,251	14.0
Total cost of services (solar PV system works)	31,583	100	30,347	100	30,287	100

Note: Others mainly include the cost of repair and maintenance of our machineries, equipment and motor vehicles and insurance expenses.

Our cost of services during the Track Record Period comprised the followings:

Subcontracting fees

Our subcontracting fees represented the costs for engaging subcontractors. Our subcontracting fees amounted to approximately HK\$131.9 million, HK\$97.9 million and HK\$143.4 million for FY2021/22, FY2022/23 and FY2023/24, respectively. The decrease in our subcontracting fee for FY2022/23 was mainly due to the completion of Project No. #01. In addition, during the Track Record Period, we deployed more direct labour in our projects year-on-year and reduced the use of subcontractors in our electrical cable engineering works and solar PV system works segments as we employed more direct labour. In particular, we had 88, 108 and 113 workers deployed for electrical cable engineering works projects as at 31 March 2022, 31 March 2023 and 31 March 2024, respectively. As a result of the foregoing, our subcontracting fee, as a percentage of service revenue, decreased from 30.1%, 28.9% to 27.4% for FY2021/22, FY2022/23 and FY2023/24, respectively.

Employee expenses

Our employee expenses represented our staff costs in respect of our staff who were directly involved in carrying out site works, and our staff who were responsible for project management and supervision.



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Our employee expenses amounted to approximately HK\$88.5 million, HK\$88.1 million and HK\$112.6 million for FY2021/22, FY2022/23 and FY2023/24, respectively. Our cost of employee expenses remained stable for FY2021/22 and FY2022/23. Our employee expenses increased from approximately HK\$88.1 million for FY2022/23 to HK\$112.6 million for FY2023/24, which was mainly due to the increase in the number of our staff.

Machinery and equipment leasing expenses

Our machinery and equipment leasing expenses represented the rental for the lease of machinery to supplement our own machinery fleet.

Our machinery and equipment leasing expenses amounted to approximately HK\$96.3 million, HK\$9.5 million and HK\$24.8 million for FY2021/22, FY2022/23 and FY2023/24, respectively. The significant decrease in our machinery and equipment leasing expenses from approximately HK\$96.3 million for FY2021/22 to approximately HK\$9.5 million for FY2022/23 was mainly due to the significant decrease in demand on machinery and equipment for FY2022/23 for Project No. #01, which was substantially completed towards end of FY2021/22. The following table sets forth the amount and proportion of our machinery and equipment leasing expenses attributable to Project No. #01 during the Track Record Period:

	FY2021/22	FY2022/23	FY2023/24
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Machinery and equipment leasing expenses attributable to Project No. #01	75,742	6,264	N/A ^(Note)
Total machinery and equipment leasing expenses	96,327	9,501	24,760
Percentage of machinery and equipment leasing expenses attributable to Project No. #01 to total machinery and equipment leasing expenses	78.6%	65.9%	N/A ^(Note)

Note: Project No. #01 was completed in June 2022.

In addition, as we began to acquire additional machinery in FY2021/22 for our own use, we incurred less machinery and equipment leasing expenses for FY2022/23 and FY2023/24. Therefore, our machinery and equipment leasing expenses represented approximately 22.0%, 2.8% and 4.7% of our service revenue for FY2021/22, FY2022/23 and FY2023/24, respectively.



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Our machinery and equipment leasing expenses increased from approximately HK\$9.5 million for FY2022/23 to approximately HK\$24.8 million for FY2023/24 which was mainly due to a higher demand on our machinery and equipment for projects including Project No. #07 and Project No. #08 during FY2023/24.

Material costs

Our material costs represented costs for construction materials required for performing our project works, such as structural steel, concrete, PVC panel and solar PV panels.

Consumption of construction materials and their costs may vary from project to project, as (i) the consumption of raw materials varies according to different types of works performed. For example, the use of PVC panel is usually higher in electrical cable engineering projects, roads and drainage projects than in site formation work projects; and (ii) the cost of construction materials may be borne by us or by our customers or subcontractors depending on our contract terms with different customers and subcontractors, resulting in fluctuations in the proportions of these costs from project to project.

Our material costs decreased from approximately HK\$57.2 million for FY2021/22 to approximately HK\$43.9 million for FY2022/23, and further increased to approximately HK\$66.3 million for FY2023/24, which was mainly due to the amount of raw materials purchased for projects that commenced during FY2022/23 and FY2023/24.

Depreciation of property and equipment

Our depreciation of property and equipment mainly represented the depreciation in respect of our machinery and equipment used for our projects. Our depreciation of property and equipment amounted to approximately HK\$8.5 million, HK\$10.4 million and HK\$10.9 million for FY2021/22, FY2022/23 and FY2023/24, respectively. The increase in FY2022/23 was mainly driven by the additional machinery we acquired during FY2021/22, the depreciation of which began to take effect in FY2022/23. Our depreciation of property and equipment remained relatively stable for FY2022/23 and FY2023/24, respectively.

Fuel and oil costs

Our fuel and oil expenses primarily represented the cost of fuel consumed for our machinery and equipments. Our fuel and oil expenses decreased from approximately HK\$20.5 million for FY2021/22 to approximately HK\$8.1 million, which was mainly due to the substantial completion of Project No. #01 during FY2021/22.



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Our fuel and oil expenses increased from approximately HK\$8.1 million for FY2022/23 to approximately HK\$16.0 million, which was mainly due to a higher demand on fuel for the machinery and equipment for projects including Project No. #07 and Project No. #08 during FY2023/24.

Gross profit and gross profit margin

The following table sets forth the breakdown of our service gross profit and service gross profit margin in respect of our service revenue by types of works for the years indicated:

	FY2021/22		FY2022/23		FY2023/24	
	Gross profit		Gross profit		Gross profit	
	Gross profit	margin	Gross profit	margin	Gross profit	margin
	HK\$'000	%	HK\$'000	%	HK\$'000	%
Civil engineering						
— Site formation works	33,885	12.9	12,783	11.2	61,535	19.9
— Road and drainage works	3,038	19.9	9,401	15.5	10,769	19.2
Electrical cable engineering	25,767	20.2	29,456	23.5	34,148	30.2
Solar PV system	1,324	4.0	7,696	20.2	14,021	31.6
Total service gross profit/gross profit margin	64,014	14.6	59,336	17.5	120,473	23.0

Our service gross profit margin is generally affected by factors such as, among others, the work progress and stage of the projects, the proportion of works performed by our subcontractors and our direct labour, the deployment of leased or our own machinery and the cost of the materials required for the projects.

Civil engineering — Site formation works

Our service gross profit margin of site formation works remained relatively stable at approximately 12.9% and 11.2% for FY2021/22 and FY2022/23, respectively, and increased sharply to approximately 19.9% for FY2023/24.



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The following table sets forth the percentage of our cost of services by nature to the service revenue in respect of site formation works for the years indicated:

	FY2021/22	FY2022/23	FY2023/24
Subcontracting fees	30.2%	34.3%	33.1%
Employee expenses	13.4%	17.1%	15.2%
Machinery and equipment leasing expenses.	28.8%	6.4%	7.2%
Material costs	1.4%	9.4%	12.8%
Fuel and oil expenses	7.4%	4.7%	4.4%
Depreciation of property and equipment . .	1.9%	6.8%	2.8%
Depreciation of right-of-use assets	0.4%	0.9%	0.3%
Project consultancy cost	1.2%	2.4%	1.2%
Others	2.5%	6.8%	3.2%

For FY2021/22, our service revenue from site formation works and the related cost of services were substantially attributable to Project No. #01, in which the service revenue attributable to Project No. #01 accounted for approximately 96.8% of our service revenue from site formation works for FY2021/22. Following our substantial completion of works for Project No. #01 towards the end of FY2021/22 (i.e. more works were performed in FY2021/22 than in FY2022/23) and acquiring additional machinery during the same year (in which we incurred approximately HK\$17.7 million), we incurred substantially less machinery and equipment leasing expenses for FY2022/23 in which the proportion of machinery and equipment leasing expenses to our service revenue from site formation works decreased from approximately 28.8% for FY2021/22 to approximately 6.4% for FY2022/23. The upward effect on our service gross profit margin of the abovementioned was partially offset by (i) the increase in purchase of raw materials for the new projects including Project No. #07 that commenced during FY2022/23 in which the proportion of material costs to our service revenue from site formation works increased from approximately 1.4% for FY2021/22 to approximately 9.4% for FY2022/23; and (ii) the increase in the proportion of our subcontracting fees and employee expenses to our service revenue for site formation works from approximately 30.2% and 13.4% for FY2021/22, respectively, to approximately 34.3% and 17.1% for FY2022/23, respectively. The resultant effect of the above was that our service gross profit margin for site formation works remained relatively stable for FY2021/22 and FY2022/23.

During FY2023/24, we continued to incur substantially less machinery and equipment leasing expenses in proportion by deploying our own machinery resulting in overall saving of our cost of services resulting in an improved service gross profit margin for site formation works for FY2023/24.



FINANCIAL INFORMATION

Civil engineering — Road and drainage works

The following table sets forth the percentage of our cost of services by nature to the service revenue in respect of road and drainage works for the years indicated:

	FY2021/22	FY2022/23	FY2023/24
Subcontracting fees	27.8%	32.8%	37.0%
Employee expenses	21.7%	22.6%	21.8%
Machinery and equipment leasing expenses	0.3%	0.7%	1.5%
Material costs	7.3%	17.7%	11.0%
Fuel and oil expenses	0.1%	0.3%	0.3%
Depreciation of property and equipment	0.1%	0.6%	0.8%
Project consultancy cost	2.5%	3.0%	3.9%
Others	20.3%	7.0%	4.4%

Our service gross profit margin for road and drainage works decreased from approximately 19.9% for FY2021/22 to approximately 15.5% for FY2022/23, and recovered to approximately 19.2% for FY2023/24. The decrease in service gross profit margin for road and drainage works from FY2021/22 to FY2022/23 was mainly because we incurred a higher subcontracting fees and costs for purchasing of raw materials for projects including Project No. #06, in which (i) the proportion of subcontracting fees to our service revenue from road and drainage works increased from approximately 27.8% for FY2021/22 to approximately 32.8% for FY2022/23; and (ii) the proportion of material costs to our service revenue from road and drainage works increased from approximately 7.3% for FY2021/22 to approximately 17.7% for FY2022/23.

Electrical cable engineering works

The following table sets forth the percentage of our cost of services by nature to the service revenue in respect of electrical cable engineering works for the years indicated:

	FY2021/22	FY2022/23	FY2023/24
Subcontracting fees	28.6%	23.7%	11.4%
Employee expenses	31.9%	38.8%	42.5%
Machinery and equipment leasing expenses	0.7%	0.4%	1.0%
Material costs	10.1%	4.5%	5.8%
Fuel and oil expenses	0.8%	1.8%	1.9%
Depreciation of property and equipment	2.8%	1.8%	1.5%
Depreciation of right-of-use assets	0.9%	0.9%	0.0%
Project consultancy cost	0.0%	0.0%	0.1%
Others	3.9%	4.6%	



FINANCIAL INFORMATION

Our service gross profit margin for electrical cable engineering works increased steadily during the Track Record Period, which increased from approximately 20.2% for FY2021/22 to approximately 23.5% for FY2022/23 and further increased to approximately 30.2% for FY2023/24. The steady improvement in our service gross profit margin for electrical cable engineering works was mainly because during the Track Record Period we gradually deployed more direct labour and reduced the use of subcontractors such that we were able to save the mark-up from our subcontractors, in which the proportion of subcontracting fees to our service revenue from electrical cable engineering works decreased from approximately 28.6% for FY2021/22 to approximately 23.7% for FY2022/23 to approximately 11.4% for FY2023/24 while the proportion of employee expenses increased from approximately 31.9% for FY2021/22 to approximately 38.8% for FY2022/23 to approximately 42.5% for FY2023/24.

Solar PV system works

The following table sets forth the percentage of our cost of services by nature to the service revenue in respect of solar PV system works for the years indicated:

	FY2021/22	FY2022/23	FY2023/24
Subcontracting fees	35.5%	23.5%	16.7%
Employee expenses	14.4%	11.1%	11.0%
Machinery and equipment leasing expenses	0.9%	0.3%	0.6%
Material costs	37.6%	37.2%	30.0%
Fuel and oil expenses	0.1%	0.7%	0.5%
Depreciation of property and equipment	0.0%	0.1%	0.0%
Others	7.5%	6.9%	9.6%

Our service gross profit margin for solar PV system works increased significantly from approximately 4.0% for FY2021/22 to approximately 20.2% for FY2022/23 and further increased to approximately 31.6% for FY2023/24. The improvement in our service gross profit margin for solar PV system works was mainly because during the Track Record Period, (i) we gradually deployed more direct labour, in which the proportion of subcontracting fees to our service revenue from solar PV system works substantially decreased from approximately 35.5% for FY2021/22 to approximately 23.5% for FY2022/23 to approximately 16.7%; and (ii) the significant decrease in cost of our key raw materials such as solar PV panels during FY2023/24, in which the proportion of material costs decreased from approximately 37.2% for FY2022/23 to approximately 30.0% for FY2023/24.



FINANCIAL INFORMATION

The following table sets forth the breakdown of our service gross profit and service gross profit margin in respect of our service revenue by reference to project sectors during the Track Record Period:

	FY2021/22		FY2022/23		FY2023/24	
	Gross profit		Gross profit		Gross profit	
	Gross profit	margin	Gross profit	margin	Gross profit	margin
	HK\$'000	%	HK\$'000	%	HK\$'000	%
Public sector	36,734	12.8	33,742	17.1	75,331	19.7
Private sector	27,280	18.1	25,594	18.1	45,143	32.2
Total service gross profit/gross profit margin	64,014	14.6	59,336	17.5	120,474	23.0

During the Track Record Period, our public sector projects were mainly site formation works projects and road and drainage works projects; and our private sector projects were mainly electrical cable engineering works projects. Our service gross profit margin for private sector projects was higher than that for public sector projects during the Track Record Period, which was driven by our electrical cable engineering works projects.

The following table sets forth the breakdown of our service gross profit and service gross profit margin in respect of our service revenue by our role as main contractor or subcontractor during the Track Record Period:

	FY2021/22		FY2022/23		FY2023/24	
	Gross profit		Gross profit		Gross profit	
	Gross profit	margin	Gross profit	margin	Gross profit	margin
	HK\$'000	%	HK\$'000	%	HK\$'000	%
Main contractor	3,427	19.7	10,261	16.3	13,204	22.7
Subcontractor	60,587	14.4	49,075	17.8	107,270	23.1
Total service gross profit/gross profit margin	64,014	14.6	59,336	17.5	120,474	23.0

During the Track Record Period, we mainly acted as subcontractor in site formation works projects and electrical cable engineering works projects, and we mainly acted as main contractor in road and drainage works projects. For FY2021/22, our relatively lower service gross profit margin as subcontractor for FY2021/22 was mainly driven by Project No. #01 which was mainly driven by the high proportion of machinery and equipment leasing expenses to service revenue.



FINANCIAL INFORMATION

Leasing of machinery and sales of materials (i.e. other revenue)

The following table sets forth the breakdown of our gross profit and gross profit margin from leasing of machinery and sales of materials during the Track Record Period:

	FY2021/22		FY2022/23		FY2023/24	
	Gross profit		Gross profit		Gross profit	
	Gross profit	margin	Gross profit	margin	Gross profit	margin
	HK\$'000	%	HK\$'000	%	HK\$'000	%
Leasing of machinery	18,274	48.4	13,745	92.1	720	70.0
Sales of materials	11,325	25.9	2,452	33.0	414	20.1
Total gross profit/gross profit						
margin for leasing of						
machinery and sales of						
materials.	29,599	36.3	16,197	72.5	1,134	36.7

The gross profit in respect of our revenue (comprising leasing of machinery and sales of materials) amounted to approximately HK\$29.6 million, HK\$16.2 million and HK\$1.1 million for FY2021/22, FY2022/23 and FY2023/24, respectively, representing a gross profit margin of approximately 36.3%, 72.5% and 36.7% for the corresponding years, respectively. The increase in the gross profit margin from FY2021/22 to FY2022/23 was mainly driven by leasing of machinery which contributed a higher amount of gross profit and gross profit margin than that of sales of materials for the corresponding financial year. Regarding leasing of machinery for FY2021/22 and FY2022/23, the other revenue and the related gross profit were substantially attributable to Project No. #01, which had a heavy demand on machinery that we leased such as excavator, crawler crane for site works to the main contractor, of which (i) for FY2021/22, those machinery was mainly machinery which we leased from other vendors; and (ii) for FY2022/23, those machinery was mainly our self-owned machinery which had been fully depreciated. As a result, the gross profit margin of leasing for FY2022/23 was higher than that for FY2021/22. For FY2023/24 (i.e. Project No. #01 had been completed), on an ad hoc basis, we leased to our customers both our self-owned fully-depreciated machinery and leased machinery from other vendors but the scale was substantially lower than the previous two financial years, and as a result the gross profit margin decreased.



FINANCIAL INFORMATION

General and administrative expenses

The following table sets forth the breakdown of our general and administrative expenses for the years indicated:

	FY2021/22		FY2022/23		FY2023/24	
	HK'000	%	HK'000	%	HK'000	%
Employee expenses	7,152	35.2	8,863	38.8	10,010	42.5
Office expenses	3,568	17.5	4,367	19.1	5,018	21.3
Entertainment and travelling expenses . .	2,203	10.8	4,816	21.1	3,040	12.9
Auditor's remuneration	508	2.5	246	1.1	188	0.8
Depreciation of property and equipment .	511	2.5	545	2.4	471	2.0
Depreciation of right-of-use assets	868	4.3	1,366	6.0	1,446	6.1
Insurance	430	2.1	59	0.3	46	0.2
Motor vehicles expenses	1,030	5.1	389	1.7	683	2.9
Legal and professional fees	1,814	8.9	1,121	4.9	1,678	7.1
Donation and sponsorship	271	1.3	411	1.8	253	1.1
Other expenses ^(note)	2,005	9.8	644	2.8	728	3.1
Total general and administrative expenses	20,360	100	22,827	100	23,561	100

Note: Other expenses mainly include the employees' compensation and medical expenses for staff.

Our general and administrative expenses during the Track Record Period comprised the followings:

Employee expenses

Our employee expenses represented our staff costs in respect of our back office staff. Our employee expenses increased from approximately HK\$7.2 million FY2021/22 to approximately HK\$8.9 million for FY2022/23, and further increased to approximately HK\$10.0 million for FY2023/24. Such increasing trend was mainly due to the increase in the number of our finance and administration staff.



FINANCIAL INFORMATION

Office expenses

Our office expenses mainly represented office utilities expenses in respect of our back office staff. Our office expenses amounted to approximately HK\$3.6 million, HK\$4.4 million and HK\$5.0 million for FY2021/22, FY2022/23 and FY2023/24, respectively. Our office expenses increased during the Track Record Period, which was in line in the increase in the number of back office staff.

Entertainment and travelling expenses

Our entertainment and travelling expenses mainly represented social and business development events in which we were keen to maintain customer relationship. Our entertainment and travelling expenses amounted to approximately HK\$2.2 million, HK\$4.8 million and HK\$3.0 million for FY2021/22, FY2022/23 and FY2023/24, respectively. Our entertainment and travelling expenses increased during FY2022/23, which was considered necessary by our executive Directors for connecting with our different business partners following the relaxation in social distancing measures.

(Impairment losses)/reversal of impairment loss on financial assets

Impairment losses on financial assets represented the movement of provision for impairment loss on trade receivables, retention receivables and contract assets during the Track Record Period. The following table sets forth the movement of balance of provision for impairment losses on trade receivables, retention receivables and contract assets during the Track Record Period:

	Trade receivables	Retention receivables	Contract assets	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Provision for impairment:				
As at 1 March 2021	210	101	588	899
Movement during FY2021/22	1,323	91	1,762	3,176
As at 31 March 2022	1,533	192	2,350	4,075
Movement during FY2022/23	4,298	(88)	4,431	8,641
As at 31 March 2023	5,831	104	6,781	12,716
Movement during FY2023/24	(743)	192	377	(174)
As at 31 March 2024	5,088	296	7,158	



FINANCIAL INFORMATION

Other income

The following table sets forth the breakdown of our other income for the years indicated:

	FY2021/22	FY2022/23	FY2023/24
	<i>HK'000</i>	<i>HK'000</i>	<i>HK'000</i>
Other income			
Subsidies			
— Government	—	4,179	305
— Construction Industry Council	143	640	1,337
Other	1,210	604	291
Total other income	1,353	5,423	1,933

Our other income mainly represented subsidies from the Government and the Construction Industry Council. The increase in our other income from approximately HK\$1.4 million for FY2021/22 to approximately HK\$5.4 million for FY2022/23 was mainly due to the subsidy granted under the Employment Support Scheme of the Anti-Epidemic Fund of the Government.

Other gains

Our other gains for FY2021/22 and FY2022/23 represented the net gain on disposal of subsidiaries. For FY2021/22, we recorded approximately HK\$0.4 million gain on disposal of our subsidiary, namely Creative Sun Engineering. For FY2022/23, we recorded approximately HK\$75,000 gain on disposal of our subsidiary, namely Wing Lee Property Investments. For details of the background of the above disposals of subsidiaries, please refer to the paragraph headed “History, Development and Reorganisation — Disposals during the Track Record Period” in this prospectus. For FY2023/24, we recorded approximately HK\$10,000 gain on disposal of our motor vehicle.



FINANCIAL INFORMATION

Finance costs, net

The following table sets forth the breakdown of our net finance costs for the years indicated:

	FY2021/22	FY2022/23	FY2023/24
	<i>HK'000</i>	<i>HK'000</i>	<i>HK'000</i>
Finance income:			
— Interest income from bank deposits	—*	—*	—*
Finance costs:			
— Interest expense on borrowings	(699)	(1,169)	(1,607)
— Interest expense of lease liabilities	(150)	(104)	(98)
— Interest expense on hire purchase	(485)	(643)	(662)
	(1,334)	(1,916)	(2,367)
Finance cost, net	(1,334)	(1,916)	(2,367)

*: The amount is less than HK\$1,000.

Interest expense on borrowings is the major component of our net finance cost. Our interest expense on borrowings increased during the Track Record Period, which was in line with the increase in our borrowings.

Income tax expenses

The following table sets forth the breakdown of our income tax expenses for the years indicated:

	FY2021/22	FY2022/23	FY2023/24
	<i>HK'000</i>	<i>HK'000</i>	<i>HK'000</i>
Current income tax	11,156	7,465	13,983
Deferred income tax	299	(383)	2,026
Total income tax expenses	11,455	7,082	16,009



FINANCIAL INFORMATION

Our income tax expenses included provision made for Hong Kong profits tax and movement of deferred income tax assets. Hong Kong profits tax is calculated at 16.5% of the estimated assessable profits during the Track Record Period, except for one subsidiary of our Company that is qualified under the tow-tiered profits tax regime, under which the first HK\$2.0 million of its assessable profits are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%.

For FY2021/22, FY2022/23 and FY2023/24, our effective tax rate, which is calculated by dividing income tax expenses by profit before income tax, was approximately 16.2%, 14.9% and 17.2%, respectively. The decrease in our effective tax rate for FY2022/23 was mainly because our subsidy received under the Employment Support Scheme was not taxable.

Net profit and net profit margin

As a result of the foregoing, our net profit for FY2021/22, FY2022/23 and FY2023/24 amounted to approximately HK\$59.1 million and HK\$40.6 million and HK\$76.9 million, respectively. Our net profit margin for FY2021/22, FY2022/23 and FY2023/24 was approximately 11.3%, 11.2% and 14.6%, respectively.

Excluding the Listing expenses incurred for the listing exercise, our adjusted net profit (Non-HKFRS measure) and adjusted net profit margin (Non-HKFRS measure) for FY2023/24 would be approximately HK\$81.8 million and 15.5% respectively. For details, please refer to the paragraph headed “Results of operations — Non-HKFRS financial measure” in this section.



FINANCIAL INFORMATION

LIQUIDITY AND CAPITAL RESOURCES

Net current assets

	As at 31 March			As at 31 July
	2022	2023	2024	2024
	HK'000	HK'000	HK'000	HK'000 (unaudited)
Current assets				
Inventories	—	—	469	—
Trade receivables	60,912	36,948	48,191	42,349
Contract assets	124,543	134,548	187,895	237,375
Deposits, prepayments and other receivables	3,810	8,474	9,099	13,436
Amounts due from Directors	—	13,046	—	—
Amounts due from related parties	4,171	4,160	—	—
Cash and cash equivalents	13,343	5,470	27,361	19,653
Total current assets	206,779	202,646	273,015	312,813
Current liabilities				
Trade and retention payables	75,210	45,089	79,419	95,718
Contract liabilities	9,412	566	4,073	—
Accruals, provision and other payables	25,676	13,812	46,548	47,917
Amounts due to Directors	6,220	—	—	—
Amounts due to related parties	196	197	100	—
Lease liabilities	3,048	2,399	1,954	2,504
Borrowings	36,384	42,270	42,203	29,637
Current income tax liabilities	16,599	20,548	12,648	20,719
Total current liabilities	172,745	124,881	186,945	196,495
Net current assets	34,034	77,765	86,070	116,318



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Our net current assets increased over the Track Record Period, which was mainly contributed by our net cash generated from operating activities and the increase in our working capital.

Our net current assets increased significantly from approximately HK\$34.0 million as at 31 March 2022 to approximately HK\$77.8 million as at 31 March 2023. Such increase was mainly because the decrease in our current liabilities outweighed the decrease in our current assets. The decrease in our current assets was mainly driven by the net cash outflow from investing and financing activities, while the decrease in our current liabilities was mainly driven by the decrease in our trade and retention payables and accruals, provision and other payables.

Our net current assets increased from approximately HK\$77.8 million as at 31 March 2023 to approximately HK\$86.1 million as at 31 March 2024. Such increase was mainly because the increase in our current assets outweighed the increase in our current liabilities. The increase in our current assets was mainly driven by the net cash inflow from operating activities and the increase in our contract assets, while the increase in our current liabilities was mainly driven by the increase in trade and retention payables and accruals, provision and other payables.

Our net current assets increased from approximately HK\$86.1 million as at 31 March 2024 to approximately HK\$116.3 million as at 31 July 2024. Such increase was mainly because the increase in our current assets outweighed the increase in our current liabilities. The increase in our current assets was mainly driven by the increase in our trade receivables and contract assets, while the increase in our current liabilities was mainly driven by the increase in our trade and retention payables, offset by the decrease in our borrowings. The increase in our contract assets was mainly due to the increase in the unbilled revenue of contract works from our top projects (i.e. Project No. #07 and Project No. #08) during FY2023/24 and the four months ended 31 July 2024.

Working capital

Taking into account the financial resources available to us, including our existing cash and cash equivalents, availability of banking facilities, estimated net proceeds to be received by us from the Share Offer after a possible Downward Offer Price Adjustment setting the final Offer Price up to 10% below the bottom end of the Offer Price range and cash flows from our operations, our Directors are of the view that, after due and careful inquiry, we have sufficient working capital for at least the next 12 months commencing from the date of this prospectus.



FINANCIAL INFORMATION

Cash flows

The following table sets forth a summary of our cash flows for the years indicated:

	FY2021/22	FY2022/23	FY2023/24
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Operating profit before changes in working capital	87,281	72,623	108,948
Changes in working capital	(77,927)	(32,330)	(17,674)
Cash flows from operating activities	9,354	40,293	91,274
Tax paid	(1,435)	(3,515)	(21,883)
Net cash inflow from operating activities . .	7,919	36,778	69,391
Net cash outflow from investing activities .	(5,493)	(35,872)	(39,608)
Net cash inflow/(outflow) from financing activities	2,000	(8,779)	(7,892)
Net increase/(decrease) in cash and cash equivalents.	4,426	(7,873)	21,891
Cash and cash equivalents at beginning of the financial year.	8,917	13,343	5,470
Cash and cash equivalents at end of the financial year.	<u>13,343</u>	<u>5,470</u>	<u>27,361</u>

During the Track Record Period, we recorded net cash inflow from operating activities and net cash outflow from investing activities for all years presented. On the other hand, we recorded net cash inflow from financing activities for FY2021/2022 and recorded net cash outflow from financing activities for FY2022/23 and FY2023/24.

Our cash and cash equivalents amounted to approximately HK\$27.4 million as at 31 March 2024, representing an increase of approximately HK\$21.9 million from approximately HK\$5.5 million as at 31 March 2023. Such increase was mainly because net cash inflow from operating activities outweighed the net cash outflow from investing and financing activities.



FINANCIAL INFORMATION

Net cash inflow from operating activities

For FY2021/22, we had net cash inflow from operating activities of approximately HK\$7.9 million, primarily reflecting: (i) profit before income tax expense of approximately HK\$70.5 million; (ii) positive adjustments before changes in working capital of approximately HK\$16.8 million, which primarily reflected depreciation of property and equipment of approximately HK\$9.0 million and depreciation of right-of-use assets of approximately HK\$3.0 million; (iii) negative movement in working capital of approximately HK\$77.9 million, which primarily reflected an increase in contract assets of approximately HK\$46.2 million, an increase in trade receivables of approximately HK\$42.6 million, offset by an increase in trade and retention payables of approximately HK\$17.8 million.

For FY2022/23, we had net cash inflow from operating activities of approximately HK\$36.8 million, primarily reflecting: (i) profit before income tax expense of approximately HK\$47.6 million; (ii) positive adjustments before changes in working capital of approximately HK\$25.0 million, which primarily reflected depreciation of property and equipment of approximately HK\$10.9 million; (iii) negative movement in working capital of approximately HK\$32.3 million, which primarily reflected a decrease in trade and retention payables of approximately HK\$30.1 million, an increase in contract assets of approximately HK\$14.3 million, offset by an increase in accruals, provision and other payables of approximately HK\$3.7 million and a decrease in trade receivables of HK\$19.7 million.

For FY2023/24, we had net cash inflow from operating activities of approximately HK\$69.4 million, primarily reflecting: (i) profit before income tax expense of approximately HK\$92.9 million; (ii) positive adjustments before changes in working capital of approximately HK\$16.0 million, which primarily reflected depreciation of property and equipment of approximately HK\$11.4 million; (iii) negative movement in working capital of approximately HK\$17.7 million, which primarily reflected an increase in contract assets of approximately HK\$53.9 million and an increase in trade receivables of approximately HK\$10.5 million, offset by an increase in accruals, provision and other payables of approximately HK\$12.7 million and an increase in trade and retention payables of approximately HK\$34.3 million.



FINANCIAL INFORMATION

Net cash outflow from investing activities

For FY2021/22, our net cash outflow from investing activities amounted to approximately HK\$5.5 million, which was mainly contributed by the payments for property and equipment of approximately HK\$6.1 million.

For FY2022/23, our net cash outflow from investing activities amounted to approximately HK\$35.9 million, which was mainly contributed by (i) advance to Directors of approximately HK\$13.0 million; and (ii) payments for property and equipment of approximately HK\$20.4 million.

For FY2023/24, our net cash outflow from investing activities amounted to approximately HK\$39.6 million, which was mainly contributed by (i) payments for property and equipment of approximately HK\$18.6 million; and (ii) advances to Directors of approximately HK\$27.4 million.

Net cash inflow/(outflow) from financing activities

For FY2021/22, our net cash inflow from financing activities amounted to approximately HK\$2.0 million, which was mainly contributed by (i) proceeds from bank loans of approximately HK\$21.8 million; and (ii) proceeds from hire purchase of approximately HK\$14.8 million, offset by repayment to Directors of approximately HK\$16.1 million.

For FY2022/23, our net cash outflow from financing activities amounted to approximately HK\$8.8 million, which was mainly contributed by (i) repayment of hire purchases of approximately HK\$11.6 million; (ii) repayment of bank loans of approximately HK\$6.9 million; (iii) repayment to Directors of approximately HK\$6.2 million, offset by proceeds from hire purchase of approximately HK\$12.8 million.

For FY2023/24, our net cash outflow from financing activities amounted to approximately HK\$7.9 million, which was mainly contributed by (i) repayment of bank loans of approximately HK\$17.7 million; and (ii) repayment of hire purchase of approximately HK\$12.4 million, offset by proceeds from bank loans of approximately HK\$22.4 million.



FINANCIAL INFORMATION

COMBINED STATEMENTS OF FINANCIAL POSITION

The following table sets forth our combined statements of financial position as at the dates indicated, which are extracted from the Accountant's Report:

	As at 31 March		
	2022	2023	2024
	HK'000	HK'000	HK'000
ASSETS			
Non-current assets			
Property and equipment	54,537	48,407	85,610
Right-of-use assets	3,680	3,322	2,764
Intangible assets	1,620	1,620	1,620
Deposits	—	46	525
Deferred income tax assets	2,215	2,344	2,243
Total non-current assets	62,052	55,739	92,762
Current assets			
Inventories	—	—	469
Trade receivables	60,912	36,948	48,191
Contract assets	124,543	134,548	187,895
Deposits, prepayments and other receivables	3,810	8,474	9,099
Amounts due from Directors	—	13,046	—
Amounts due from related parties	4,171	4,160	—
Cash and cash equivalents	13,343	5,470	27,361
Total current assets	206,779	202,646	273,015
Total assets	268,831	258,385	365,777
LIABILITIES			
Non-current liabilities			
Borrowings	10,447	7,519	7,959
Lease liabilities	790	1,018	813
Deferred income tax liabilities	5,956	5,703	7,628
Other payable	—	—	6,727
Provision for long service payment	442	269	313
Total non-current liabilities	17,635	14,509	23,440



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	As at 31 March		
	2022	2023	2024
	HK'000	HK'000	HK'000
Current liabilities			
Trade and retention payables	75,210	45,089	79,419
Contract liabilities	9,412	566	4,073
Accruals, provision and other payables	25,676	13,812	46,548
Amounts due to directors	6,220	—	—
Amounts due to related parties	196	197	100
Lease liabilities	3,048	2,399	1,954
Borrowings	36,384	42,270	42,203
Current income tax liabilities	16,599	20,548	12,648
Total current liabilities	172,745	124,881	186,945
Total liabilities	190,380	139,390	210,385
NET ASSETS	78,451	118,995	155,392
EQUITY			
Equity attributable to owners of the Company			
Combined capital	10	10	10
Other reserves	4,356	4,918	4,889
Retained earnings	73,541	144,067	150,493
Capital and reserves attributable to owners of the Company	77,907	118,995	155,392
Non-controlling interests	544	—	—
Total equity	78,451	118,995	155,392



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DESCRIPTION OF CERTAIN LINE ITEMS IN THE COMBINED STATEMENTS OF FINANCIAL POSITION

Property and equipment

The following table sets forth the breakdown of our property and equipment by class as at the dates indicated:

	As at 31 March		
	2022	2023	2024
	HK'000	HK'000	HK'000
Leasehold improvement.	579	406	155
Office equipment and furniture	475	712	492
Machinery	48,248	42,291	79,892
Motor vehicles	5,235	4,998	5,071
Total property and equipment	54,537	48,407	85,610

Our property and equipment primarily comprised leasehold improvements, office equipment, machinery and motor vehicles. Our property and equipment decreased from approximately HK\$54.5 million as at 31 March 2022 to approximately HK\$48.4 million as at 31 March 2023, which was mainly driven by the depreciation charge for the year. Our property and equipment increased from approximately HK\$48.4 million to approximately HK\$85.6 million as at 31 March 2024, which was mainly driven by the addition of our machinery during FY2023/24, partially offset by depreciation charge for the year. In respect of the addition of our machinery of approximately HK\$47.0 million for FY2023/24, approximately HK\$32.4 million was purchased from China Wealth (being a group company of one of our cornerstone investors, namely Sany Hongkong Group Limited (三一香港集團有限公司) and its associated company.

Right-of-use assets

Our right-of-use assets mainly represented our leased premises. As at 31 March 2022, 31 March 2023 and 31 March 2024, our right-of-use assets amounted to approximately HK\$3.7 million, HK\$3.3 million and HK\$2.8 million, respectively.

The slight decrease of our right-of-use assets from approximately HK\$3.7 million as at 31 March 2022 to approximately HK\$3.3 million as at 31 March 2023 was mainly due to depreciation charge for the year, which was partially offset by the addition of new leases.



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The slight decrease of our right-of-use assets from approximately HK\$3.3 million as at 31 March 2023 to approximately HK\$2.8 million as at 31 March 2024 was due to depreciation charge for the year, which was offset by the addition of new leases.

Intangible assets

Our intangible assets represented the construction licence (with indefinite useful lives) held by our wholly-owned subsidiary, namely, Kaiser Construction Engineering, of approximately HK\$1.6 million. The construction licence is granted by Development Bureau to Kaiser Construction Engineering. Through the construction licence, Kaiser Construction Engineering is eligible to undertake government construction contracts of road and drainage, subject to tender limit for public works contracts under the relevant works category of value up to HK\$150 million.

Our Group carried out impairment assessments annually and concluded that no impairment loss was recognised as at 31 March 2022, 31 March 2023 and 31 March 2024. For details of the key parameters, sensitivity analysis and headroom, please refer to Note 16 to the Accountants' Report.

Inventory

Our Group generally does not maintain a material amount of inventories during the Track Record Period as our construction materials are purchased and consumed on a project-by-project basis.

As at 31 March 2024, we recorded minimal inventory amounting to approximately HK\$0.5 million which represented a batch of solar PV panels.

Trade receivables

The following table sets forth the breakdown of our trade receivables as at the dates indicated:

	As at 31 March		
	2022	2023	2024
	HK\$'000	HK\$'000	HK\$'000
Trade receivables, gross	62,445	42,779	53,279
Less: provision for impairment	(1,533)	(5,831)	(5,088)
Trade receivables, net	60,912	36,948	48,191



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Our net trade receivables amounted to approximately HK\$60.9 million, HK\$36.9 million and HK\$48.2 million as at 31 March 2022, 31 March 2023 and 31 March 2024, respectively.

Our net trade receivables decreased from approximately HK\$60.9 million as at 31 March 2022 to approximately HK\$36.9 million as at 31 March 2023. Such decrease was due to (i) the decrease in the outstanding balance from a sizeable project undertaken by our Group during FY2022/2023, namely the gross trade receivables in respect of Project No. #01 which amounted to approximately HK\$23.2 million (as at 31 March 2022: approximately HK\$49.1 million); and (ii) provision for impairment made against the outstanding balances from Customer A in relation to Project No. #01, which amounted to approximately HK\$5.0 million.

Our net trade receivables increased from approximately HK\$36.9 million as at 31 March 2023 to approximately HK\$48.2 million as at 31 March 2024. Such increase was due to the increase in the outstanding balance from some of our top projects during FY2023/24, namely the gross trade receivables for Project No. #07 which amounted to approximately HK\$20.5 million, and the gross trade receivables for Project No. #08 which amounted to approximately HK\$10.3 million.

Our trade receivables are generally due within 7 to 60 days from the date of billing. For our credit policy and credit risk arising from trade receivables, please refer to Note 3(b) to the Accountant's Report.

The following is an ageing analysis of our trade receivables as at the dates indicated, based on the invoice date:

	As at 31 March		
	2022	2023	2024
	HK\$'000	HK\$'000	HK\$'000
Within 30 days	33,776	14,393	39,598
31–60 days	25,234	3,264	2,593
61–90 days	3,431	247	—
91–180 days	4	93	1,274
Over 180 days	—	24,782	9,814
Total trade receivables, gross	62,445	42,779	53,279

As at 31 March 2023, the gross trade receivables balance aged over 180 days of approximately HK\$24.8 million mainly included (i) approximately HK\$14.6 million from Customer A in respect of Project No. #01; and (ii) approximately HK\$8.5 million for Customer C in respect of Project No. #01. In terms of subsequent settlement, as at 31 July 2023, the gross trade receivables balance aged over 180 days of approximately HK\$24.8 million mainly included (i) approximately HK\$14.6 million from Customer A in respect of Project No. #01; and (ii) approximately HK\$8.5 million for Customer C in respect of Project No. #01. In terms of subsequent settlement, as at 31 July 2023, the gross trade receivables balance aged over 180 days of approximately HK\$24.8 million mainly included (i) approximately HK\$14.6 million from Customer A in respect of Project No. #01; and (ii) approximately HK\$8.5 million for Customer C in respect of Project No. #01.



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latest practicable date for subsequent settlement), (i) approximately HK\$10.4 million or 71.2% of the total balance in respect of Customer A that was outstanding as at 31 March 2023 has been settled; and (ii) the entire balance in respect of Customer C that was outstanding as at 31 March 2023 has been settled.

As at 31 March 2024, the gross trade receivables balance aged over 180 days of approximately HK\$9.8 million mainly included approximately HK\$9.3 million from Customer A in respect of Project No. #01 (such balance from Customer A net of provision for impairment amounting to approximately HK\$5.0 million). Our Directors confirm that, in an effort to recover the outstanding trade receivables as much as possible, our Group has been and was continuously negotiating a settlement amount with Customer A. As of the Latest Practicable Date, our Group has received emails from Customer A signifying that Customer A agreed to settle the outstanding balance of approximately HK\$5.0 million by two instalments upon Customer A receiving batch payments from the project owner. As advised by Customer A, it expects to receive the next batch payment from the project owner in November 2024.

To the best knowledge and belief of our executive Directors, the settlement issue relating to Project No. #01 was mainly due to protracted contract payment negotiations between the project owner and its main contractor.

The provision for impairment for trade receivables in respect of Customer A was assessed individually (our impairment policy is set out below). Out of the provision for impairment of trade receivables of approximately HK\$5.8 million as at 31 March 2023, approximately HK\$5.0 million was attributed to Customer A. Out of the provision for impairment of trade receivables of approximately HK\$5.1 million as at 31 March 2024, approximately HK\$4.3 million was attributed to Customer A.

Our Group applies simplified approach prescribed by HKFRS 9 to measuring expected credit loss which uses a lifetime expected loss allowance for all of our trade receivables. The loss allowances for trade receivables are based on assumptions about risk of default and expected loss rates. Our Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on our Group's past history, existing market conditions as well as forward-looking estimates at the end of each reporting period. Trade receivables relating to customers with known financial difficulties or significant doubt on collection of receivables are assessed individually for provision for impairment allowance. For the remaining balances, the expected loss rates are based on external default data of customers of similar nature. The historical loss rates are also adjusted to reflect current and forward-looking information on macroeconomic



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factors (i.e. employment rate) affecting the ability of the customers to settle the trade receivables. When a trade receivable or contract asset is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the same line item.

Considering that (i) our Group has made provision for impairment of approximately HK\$4.3 million as at 31 March 2024 which covered approximately 45.8% of the outstanding gross trade receivables from Customer A as at 31 March 2024; (ii) the latest payment from Customer A took place in January 2024 which was shortly before the end of the Track Record Period; and (iii) the abovementioned latest status of settlement negotiation with Customer A, our Directors are of the view that the net trade receivables from Customer A is recoverable and that sufficient provision for impairment has been made.

The following table sets forth the average turnover days of trade receivables for the years indicated:

	FY2021/22	FY2022/23	FY2023/24
	(days)	(days)	(days)
Average turnover days of trade receivables ⁽¹⁾	28.8	53.2	29.5
Average turnover days of trade receivables and unbilled revenue ⁽²⁾	94.2	173.5	138.4

Note:

- (1) Average turnover days of trade receivables equal average trade receivables, net of loss allowance, divided by total revenue for the year and multiplied by 365. Average trade receivables are calculated as trade receivables at the beginning of the year plus trade receivables at the end of the year, divided by two.
- (2) Average turnover days of trade receivables and unbilled revenue turnover days equal average trade receivables and unbilled revenue, net of loss allowance, divided by total revenue for the year and multiplied by 365. Average trade receivables and unbilled revenue are calculated as trade receivables and unbilled revenue at the beginning of the year plus trade receivables at the end of the year, divided by two.

Our average turnover days of trade receivables incurred from approximately 28.8 days for FY2021/22 to approximately 53.2 days for FY2022/23 was mainly driven by the long outstanding trade receivables from Customer A and Customer C as disclosed above. Our average turnover days of trade receivables was approximately 29.5 days, which was stable as compared to FY2021/22.



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Our trade receivables and unbilled revenue turnover days are longer than trade receivables turnover days, as it includes the progress of certification by our customer. Our Group generally submits a progress payment application to our customer on a monthly basis with reference to the amount of works completed and our customer will examine and certify our works done by issuing a payment certificate to us. We will then issue an invoice to our customer. Therefore, the fluctuation in trade receivables and unbilled revenue turnover days depends on (i) the certification process of our customers; (ii) our customers' internal process for approving our invoices; (iii) the credit terms granted by us to our customers; and (iv) the amount and time of settlement by our customers. Our average turnover days of trade receivables and unbilled revenue increased from approximately 94.2 days for FY2021/22 to approximately 173.5 days for FY2022/23, which was mainly driven by (i) the effect of the long outstanding trade receivables from Customer A and Customer C as disclosed above; and (ii) the increase in our unbilled revenue balance as at 31 March 2023, the analysis of which is disclosed in the paragraph headed "Contract assets and liabilities" below in this section.

As at 31 July 2024 (the latest practicable date for this information), approximately HK\$42.1 million, or 87.4%, of our net trade receivables as at 31 March 2024 were subsequently settled.

Contract assets and liabilities

A contract asset represents our right to consideration from customers in exchange for the provision of construction services that our Group has transferred to the customers that is not yet unconditional. Contract assets arise when our Group has provided the construction services under the relevant contracts but the works have yet to be certified by architects, quantity surveyors or other representatives appointed by the customers and/or our right to payment is still conditional on factors other than passage of time. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point when our Group's right to payment becomes unconditional other than passage of time.

A contract liability represents our obligation to transfer the aforesaid services to a customer for which our Group has received consideration (or an amount of consideration is due) from the customer.

Our Group classifies these contract assets and liabilities as current because our Group expects to realise them in its normal operating cycle.



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The following table sets forth our contract assets and contract liabilities as at the dates indicated:

	As at 31 March		
	2022	2023	2024
	HK'000	HK'000	HK'000
Contracts assets			
Unbilled revenue	119,695	135,051	178,843
Billed retention receivables	7,390	6,382	16,506
Total contract assets, gross	127,085	141,433	195,349
Less: provision for impairment:			
— Unbilled revenue	(2,350)	(6,781)	(7,158)
— Billed retention receivables	(192)	(104)	(296)
Contract assets, net	124,543	134,548	187,895
Contract liabilities	(9,412)	(566)	(4,073)

Unbilled revenue

Our gross unbilled revenue increased from approximately HK\$119.7 million as at 31 March 2022 to approximately HK\$135.1 million as at 31 March 2023. Such increase was primarily attributable to the increase in size and number of contract works that the relevant services were provided but not certified at the end of each reporting period, such as (i) Project No. #01, in which approximately HK\$43.1 million of unbilled revenue in respect of Project No. #01 was included in the total unbilled revenue balance as at 31 March 2023. The unbilled revenue balance in respect of Project No. #01 as at 31 March 2023 was subsequently certified in September 2023 as the final accounts was agreed; (ii) projects under the Master Agreement A, in which the unbilled revenue increased from approximately HK\$18.6 million as at 31 March 2022 to approximately HK\$21.5 million as at 31 March 2023; (iii) projects under the Master Agreement B, in which the unbilled revenue increased from approximately HK\$5.2 million as at 31 March 2022 to approximately HK\$8.0 million as at 31 March 2023; and (iv) Project No. #06, in which our unbilled revenue increased from approximately HK\$1.6 million as at 31 March 2022 to approximately HK\$5.1 million as at 31 March 2023.



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Our gross unbilled revenue increased from approximately HK\$135.1 million as at 31 March 2023 to approximately HK\$178.8 million as at 31 March 2024. Such increase was primarily attributable to the increase in size and number of contract works that the relevant services were provided but not certified at the end of each reporting period, such as (i) Project No. #06, in which our unbilled revenue increased from approximately HK\$5.1 million as at 31 March 2023 to approximately HK\$19.0 million as at 31 March 2024; (ii) Project No. #07, in which our unbilled revenue increased from approximately HK\$6.4 million as at 31 March 2023 to approximately HK\$36.9 million as at 31 March 2024; (iii) Project No. #08, in which our unbilled revenue increased from approximately HK\$1.0 million as at 31 March 2023 to approximately HK\$19.3 million as at 31 March 2024; and (iv) projects under the Master Agreement A, in which our unbilled revenue increased from approximately HK\$21.5 million as at 31 March 2023 to approximately HK\$24.6 million as at 31 March 2024.

Included in the provision for impairment for unbilled revenue of approximately HK\$6.8 million as at 31 March 2023 and HK\$7.2 million as at 31 March 2024 was a balance of approximately HK\$5.0 million as at each of the above year end, which was attributable to Customer E in respect of Project No. #01, respectively as Customer E had not certified our works as Customer E was still in negotiation with the project owner. In an effort to collect the outstanding unbilled revenue as much as possible, our Group has been and was continuously negotiating with Customer E up to the Latest Practicable Date. The unbilled revenue attributable to Customer E was assessed individually instead of collectively, in which the unbilled revenue attributable to Customer E was fully provided for impairment. As at the Latest Practicable Date, our Group was yet to collect the said HK\$5.0 million from Customer E. Considering that the said HK\$5.0 million was immaterial to the aggregate revenue from the Third Runway Projects, our Directors are of the view that the full provision for impairment of unbilled revenue attributable to Customer E had no material impact on our Group's financial performance.

In addition, considering that (i) the subsequent certification of our unbilled revenue as disclosed below; and (ii) our Group has made full provision for impairment in respect of the unbilled revenue attributable to Customer E while all our other customers had no track record of not certifying our works, our Directors are of the view that there is no recoverability issue for our net unbilled revenue and that sufficient provision for impairment has been made.

Our net unbilled revenue amounted to approximately HK\$171.7 million as at 31 March 2024. Of which, approximately 80.5% (which amounted to approximately HK\$138.1 million) had been subsequently billed up to 31 July 2024 (the latest practicable date for this information).



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Billed retention receivables

Billed retention receivables are settled in accordance with the terms of the respective contracts. The terms and conditions in relation to the release of retention vary from contract to contract, which is subject to practical completion, the expiry of the defect liability period or a pre-agreed time period. In the combined statements of financial position, billed retention receivables are classified as current assets based on its normal operating cycle.

The settlement analysis of these retention receivables based on the terms of related contracts was as follows:

	As at 31 March		
	2022	2023	2024
	HK\$'000	HK\$'000	HK\$'000
To be recovered within twelve months	7,338	3,810	4,172
To be recovered more than twelve months after the end of the reporting period	52	2,572	12,334
Billed retention receivables, net	7,390	6,382	16,506

Deposits, prepayments and other receivables

	As at 31 March		
	2022	2023	2024
	HK'000	HK'000	HK'000
Prepayments	697	238	2,442
Deferral of listing fee related to issuance of new shares	—	—	1,511
Other receivables	744	5,272	2,959
Deposits	2,369	3,010	2,712
Total deposits, prepayments and other receivables	3,810	8,520	9,624

Deposits

Our deposits mainly consist of (i) rental deposits and (ii) material deposits paid to suppliers.



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Our deposits amounted to approximately HK\$2.4 million, HK\$3.0 million and HK\$2.7 million as at 31 March 2022, 31 March 2023 and 31 March 2024, respectively. Our deposits increased from approximately HK\$2.4 million to approximately HK\$3.0 million was mainly due to increase in deposits for purchase of motor vehicle and utilities. Our deposits remained stable as at 31 March 2023 and 31 March 2024.

Prepayments

Our prepayments mainly consist of prepayments of (i) machinery and motor vehicle instalment; and (ii) subcontracting fees.

Our prepayments amounted to approximately HK\$0.7 million, HK\$0.2 million and HK\$2.4 million as at 31 March 2022, 31 March 2023 and 31 March 2024, respectively. Our prepayments decreased from approximately HK\$0.7 million as at 31 March 2022 to approximately HK\$0.2 million as at 31 March 2023, which was mainly due to prepayment of a scissor platform towards year end of FY2021/22. Our prepayments increased from approximately HK\$0.2 million as at 31 March 2023 to approximately HK\$2.4 million as at 31 March 2024, which was mainly due to prepayment of subcontracting fees of concrete works and installation of steel structures to subcontractors near the year end of FY2023/24.

Other receivables

Our other receivables mainly consist of loan to subcontractors for mobilising their labour to undertake the works.

Our other receivables amounted to approximately HK\$0.7 million, HK\$5.3 million and HK\$3.0 million as at 31 March 2022, 31 March 2023 and 31 March 2024, respectively. Included in our other receivables as at 31 March 2023 and 31 March 2024 was an advance to one of our suppliers for its working capital need. As at the Latest Practicable Date, such amount has been subsequently settled.

Trade and retention payables

	As at 31 March		
	2022	2023	2024
	HK\$'000	HK\$'000	HK\$'000
Trade payables	73,749	42,146	72,576
Retention payables	1,461	2,943	6,843
Total trade and retention payables	75,210	45,089	



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Our trade and retention payables mainly comprised payables to subcontractors, suppliers of construction materials and rental of machineries.

Our trade payables amounted to approximately HK\$73.7 million, HK\$42.1 million and HK\$72.6 million as at 31 March 2022, 31 March 2023 and 31 March 2024, respectively. The following table sets forth the comparison of our trade payables and cost of services (excluding employee expenses, depreciation of property and equipment and depreciation of right-of-use assets):

	As at/for the years ended 31 March		
	2022	2023	2024
	HK\$'000	HK\$'000	HK\$'000
Trade payables	73,749	42,146	72,576
Cost of services (excluding employee expenses, depreciation of property and equipment and depreciation of right-of-use assets).	327,511	185,015	279,971
Percentage of trade payables to cost of services (excluding employee expenses, depreciation of property and equipment and depreciation of right-of-use assets) . .	22.5%	22.8%	25.9%

Our trade payables as a percentage to cost of services (excluding employee expenses, depreciation of property and equipment and depreciation of right-of-use assets) remained stable at approximately 22.5% and 22.8% for FY2021/22 and FY2022/23, respectively and increased to approximately 25.9% for FY2023/24. Such increase was mainly driven by our trade payables to Supplier F of approximately HK\$5.6 million as disclosed below. Excluding the effect of the abovementioned trade payables to Supplier F, our trade payables as a percentage to cost of services (excluding employee expenses, depreciation of property and equipment and depreciation of right-of-use assets) was approximately 23.9% for FY2023/24.

Our retention payables to subcontractors amounted to approximately HK\$1.5 million, HK\$2.9 million and HK\$6.8 million as at 31 March 2022, 31 March 2023 and 31 March 2024, respectively. Such fluctuation depends on the practical completion, the expiry of the defect liabilities period or a pre-agreed time period of each projects involving retention payables to our subcontractors.



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As at 31 March 2022, 31 March 2023 and 31 March 2024, the ageing analysis of the trade and retention payables based on invoice date is as follows:

	As at 31 March		
	2022	2023	2024
	HK\$'000	HK\$'000	HK\$'000
Within 30 days	28,779	27,366	32,370
31 to 60 days	17,717	10,338	11,782
61 to 90 days	26,355	1,037	3,725
Over 90 days	898	3,405	24,699
Total trade payables	<u>73,749</u>	<u>42,146</u>	<u>72,576</u>

	As at 31 March		
	2022	2023	2024
	HK\$'000	HK\$'000	HK\$'000
Within 30 days	46	70	524
31 to 60 days	146	13	496
61 to 90 days	370	15	433
Over 90 days	899	2,845	5,390
Total retention payables	<u>1,461</u>	<u>2,943</u>	<u>6,843</u>

The following table sets forth the average turnover days of trade payables for the years indicated:

	FY2021/22	FY2022/23	FY2023/24
	(days)	(days)	(days)
Average turnover days of trade payables ⁽¹⁾ .	<u>55.5</u>	<u>74.0</u>	<u>51.8</u>

Note:

- (1) Average turnover days of trade payables equal average trade payables, divided by cost of service for the year and multiplied by 365. Average trade payables are calculated as trade payables at the beginning of the year plus trade payables at the end of the year, divided by two.



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During the Track Record Period, our top suppliers generally granted a credit period ranged from 7 days to 50 days. The credit period we granted to our customers are generally longer than the credit period our suppliers granted to us. To the best knowledge of our Directors, our suppliers normally do not object to allowing us a reasonable time extension for settling our trade payables, noting that there could be some delay by our customers in settling our trade receivables. As a result, our average turnover days of trade payables may exceed the stated credit period granted by our suppliers. Our Directors confirm that during the Track Record Period and up to the Latest Practicable Date, (i) our Group had not defaulted in settling our trade payables; and (ii) there was no dispute, claim or legal proceedings between our Group and our suppliers for late settlement of trade payables.

As at 31 March 2024, our trade payables included a trade payables balance of approximately HK\$5.6 million to Supplier F in respect of Project No. #01. Our Directors confirm that our Group has been and was continuously negotiating a settlement amount with Supplier F up to the Latest Practicable Date, and that Supplier F is aware that our Group was yet to receive the HK\$5.0 million from Customer E in respect of the same contract under Project No. #01. Our Directors further confirm that during the Track Record Period and up to the Latest Practicable Date, our Group had not received any claim from Supplier F in respect of the trade payables to Supplier F.

Our average turnover days of trade payables were approximately 55.5 days, 74.0 days and 51.8 days for FY2021/22, FY2022/23 and FY2023/24, respectively. The increase in our average turnover days of trade payables for FY2022/23 was mainly because more work was completed during the fourth quarter of FY2022/23 which led to the increase in proportion of our trade payables balance aged within 30 days.

As at 31 July 2024 (the latest practicable date for this information), approximately HK\$21.7 million, or 29.9%, of our trade payables as at 31 March 2024 were subsequently settled.



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Accruals, provision and other payables

	As at 31 March		
	2022	2023	2024
	HK'000	HK'000	HK'000
Non-current liabilities			
Payable for purchase of property and equipment	—	—	6,727
Provision for long service payment	442	269	313
	<u>442</u>	<u>269</u>	<u>7,040</u>
Current liabilities			
Payable for purchase of property and equipment	15,576	—	23,267
Accrued auditors' remuneration	440	214	204
Accrued employee expenses	7,745	10,224	12,145
Accrued Listing expenses	—	—	3,142
Other accruals and payable	1,915	3,374	7,790
	<u>25,676</u>	<u>13,812</u>	<u>46,548</u>

Payable for purchase of property and equipment

Our payable for purchase of property and equipment represented payable for our purchase of machinery and equipment which had not yet settled as at the year end.

Provision for long service payment

Provision for long service payment represented the long service payment obligations for its employees in Hong Kong.

The Government gazetted the Hong Kong Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (the “**Amendment Ordinance**”) in June 2022, which will eventually abolish the statutory right of an employer to reduce its long service payment (“**LSP**”) and severance payment payable to a Hong Kong employee by drawing on its mandatory contributions to the Mandatory Provident Fund (“**MPF**”) scheme (also known as the “**offsetting mechanism**”). The Government has subsequently announced that the Amendment Ordinance will come into effect from 1 May 2025 (the “**Transition Date**”). Among other things, once the abolition of the offsetting mechanism takes effect, an employer can no longer use any of



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the accrued benefits derived from its mandatory MPF contributions (irrespective of the contributions made before, on or after the Transition Date) to reduce the LSP in respect of an employee's service from the Transition Date.

Pension costs are assessed using the projected unit credit cost method. The pension costs are charged to the statement of comprehensive profit or loss so as to spread the regular costs as at 31 March 2022, 31 March 2023 and 31 March 2024 over the service lives of employees. A full valuation of the defined benefit obligation based on the projected unit credit cost method has been carried out by the valuer, an independent qualified actuary, and the pension costs are charged to the combined statement of profit or loss.

For movement in the present value of our long service payment provision, please refer to Note 27 to the Accountant's Report.

Accrued employee expenses

Our accrued employee expenses increased from approximately HK7.7 million as at 31 March 2022 to approximately HK10.2 million as at 31 March 2023 and further increased to approximately HK12.1 million as at 31 March 2024, which were generally in line with the increase in number of employees.

Other accruals and payable

Our other accruals and payables as at 31 March 2024 mainly comprised payable for rental of machinery.

Borrowings

Our borrowings comprised bank loans and hire purchase. The following table sets forth the breakdown of our borrowings as at the dates indicated:

	As at 31 March		
	2022	2023	2024
	HK'000	HK'000	HK'000
Guaranteed:			
— Bank loans	28,524	30,254	34,905
Secured:			
— Hire purchase	18,307	19,535	15,257
Total borrowings	46,831	49,789	



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The following table sets forth the maturity groups (without taking into account the effect of repayment of demand clause) as at the dates indicated:

	As at 31 March		
	2022	2023	2024
	HK\$'000	HK\$'000	HK\$'000
Borrowings repayable:			
Within one year.	5,803	7,636	20,164
Between one and two years.	6,001	7,966	7,729
Between two years to five years	14,539	13,261	6,446
Over five years	2,181	1,391	566
Total bank loans	28,524	30,254	34,905

As at 31 March 2022, 31 March 2023 and 31 March 2024, (i) our borrowing facilities are secured by our property and equipment with net book value of approximately HK\$43.3 million, HK\$36.1 million and HK\$71.4 million, respectively, and personal guarantees by our Directors. The personal guarantees by our Directors shall be released upon Listing.

Current income tax liabilities

The following table sets forth the movement of our current income tax liabilities:

	As at 31 March		
	2022	2023	2024
	HK'000	HK'000	HK'000
Current income tax liabilities as the			
beginning of the year.	6,878	16,599	20,548
Current income tax	11,156	7,464	13,983
Tax paid	(1,435)	(3,515)	(21,883)
Current income tax liabilities as end of			
the year	16,599	20,548	12,648

Our current income tax liabilities increased from approximately HK\$16.6 million as at 31 March 2022 to approximately HK\$20.5 million as at 31 March 2023, such increase was mainly due to current income tax recognised. Our current income tax liabilities decreased significantly from approximately HK\$20.5 million as at 31 March 2023 to approximately HK\$12.6 million as at 31 March 2024, such decrease was mainly due to the tax paid during the FY2023/24.



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Generally our current income tax for a particular financial year would only take place subsequent to that relevant financial year as the tax returns/tax assessment would only be submitted/issued to/by the Inland Revenue Department subsequent to that relevant financial year. During FY2023/24, we paid tax of approximately HK\$21.9 million, which was in respect of our current income tax for FY2021/22 (i.e. year of assessment 2021/22) and FY2022/23 (i.e. year of assessment 2022/23). In particular, due to the COVID-19 pandemic, we were allowed an extension of time by the Inland Revenue Department to pay our tax in respect of FY2021/22 partly during FY2022/23 and more substantially during FY2023/24. As a result, our tax paid for FY2021/22 and FY2022/23 was lower than the current income tax for the corresponding financial years.

SELECTED FINANCIAL RATIOS

The following table sets forth certain key financial ratios as at/for the years ended 31 March 2022, 31 March 2023 and 31 March 2024:

	As at/For the year ended 31 March		
	2022	2023	2024
Gross profit margin ⁽¹⁾	18.0%	20.9%	23.1%
Net profit margin ⁽²⁾	11.3%	11.2%	14.6%
Return on equity ⁽³⁾	75.3%	34.1%	49.5%
Return on assets ⁽⁴⁾	22.0%	15.7%	21.0%
Current ratio ⁽⁵⁾	1.2	1.6	1.5
Gearing ratio ⁽⁶⁾	64.6%	44.7%	34.1%
Interest coverage ratio ⁽⁷⁾	53.9	25.9	40.3

Notes:

- (1) Gross profit margin represents gross profit for the year divided by total revenue for the respective year.
- (2) Net profit margin represents net profit for the year divided by total revenue for the respective year.
- (3) Return on equity represents profit for the year divided by total equity as at the end of a year.
- (4) Return on assets represents profit for the year divided by total assets as at the end of a year.
- (5) Current ratio represents total current assets divided by total current liabilities as at the relevant year end.
- (6) Gearing ratio represents total interest-bearing borrowings and lease liabilities, less cash and cash equivalents, divided by total equity as at the end of a year.
- (7) Interest coverage ratio represents profit before net finance costs and taxation divided by net finance costs for the relevant year.



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Gross profit margin

Our gross profit margin was approximately 18.0%, 20.9% and 23.1% for FY2021/22, FY2022/23 and FY2023/24, respectively. For analysis of our gross profit margin, please refer to the paragraph headed “Principal components of the combined statements of profit or loss — Gross profit and gross profit margin” in this section.

Net profit margin

Our net profit margin was approximately 11.3%, 11.2% and 14.6% for FY2021/22, FY2022/23 and FY2023/24, respectively. Please refer to the paragraph headed “Significant factors affecting our results of operations and financial condition of continuing operations” in this section.

Return on equity

For FY2021/22, FY2022/23 and FY2023/24, our return on equity was approximately 75.3%, 34.1%, and 49.5%, respectively. The decrease in our return on equity during FY2022/23 was mainly attributable to the decrease in net profit which was mainly resulted from the decrease in revenue.

For FY2023/24, our return on equity increased to approximately 49.5%, mainly due to the increase in net profit resulting from the increase in revenue and the decrease in the Listing expenses for the year.

Return on assets

For FY2021/22, FY2022/23 and FY2023/24, our return on assets was approximately 22.0%, 15.7%, and 21.0%, respectively. The decrease in our return on total assets to 15.7% during FY2022/23 was mainly attributable to the decrease in net profit which was mainly resulted from the decrease in revenue.

For FY2023/24, our return on assets increased to approximately 21.0%, mainly due to the increase in net profit resulting from the increase in revenue and the decrease in the Listing expenses for the year.

Current ratio

Our current ratio was approximately 1.2, 1.6 and 1.5 as at 31 March 2022, 31 March 2023 and 31 March 2024, respectively. For analysis of our net current assets, please refer to the paragraph headed “Liquidity and capital resources — Net current assets” in this section.



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Gearing ratio

Our gearing ratio was approximately 64.6%, 44.7% and 34.1% as at 31 March 2022, 31 March 2023 and 31 March 2024, respectively. We recorded interest-bearing bank borrowing of approximately HK\$46.8 million, HK\$49.8 million and HK\$50.2 million as at 31 March 2022, 31 March 2023 and 31 March 2024, respectively. Therefore, our gearing ratio decreased from approximately 44.7% as at 31 March 2022 to approximately 34.1% as at 31 March 2023. We had net cash position during the Track Record Period.

Interest coverage ratio

Our interest coverage ratio decreased from approximately 53.9 times for FY2021/22 to approximately 25.9 times for FY2022/23. Such decrease was mainly due to the decrease in net profit during FY2022/23 as discussed above.

Our interest coverage ratio increased from approximately 25.9 times for FY2022/23 to approximately 40.3 times for FY2023/24. Such increase in our interest coverage was mainly due to the increase in profit before interest and tax as a result of the increase in revenue, offset by the incurrence of Listing expenses during the FY2023/24.

CAPITAL EXPENDITURES

Our capital expenditures primarily comprised expenditures for purchases of machineries and motor. Our capital expenditures amounted to approximately HK\$21.6 million, HK\$4.8 million and HK\$48.6 million for FY2021/22, FY2022/23 and FY2023/24, respectively.

Our current plan with respect to future capital expenditures is subject to changes based on the evolution of our business plan, market conditions and our outlook of future business conditions. As we continue to expand, we may incur additional capital expenditures.

INDEBTEDNESS

During the Track Record Period and at the close of business on 31 July 2024, being the latest practicable date on which such information was available to us, our Group did not have any indebtedness except for those disclosed below.

During the Track Record Period and up to the Latest Practicable Date, apart from intra-group liabilities and those disclosed below, our Group did not have outstanding indebtedness or any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar



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indebtedness, liabilities under acceptances (other than normal trade bills) or acceptable credits, debentures, mortgages, charges, finance leases or hire purchases commitments, guarantees, material covenants, or other material contingent liabilities.

Our indebtedness comprised bank loans, hire purchases and lease liabilities. The following table sets forth our indebtedness as at the dates indicated:

	As at 31 March			As at 31 July
	2022	2023	2024	2024
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
				(unaudited)
Unsecured:				
— Amounts due to Directors	6,220	—	—	—
— Amounts due to related parties	196	197	100	—
— Lease liabilities	3,838	3,417	2,767	3,638
<i>Sub-total</i>	<u>10,254</u>	<u>3,614</u>	<u>2,867</u>	<u>3,638</u>
Secured:				
— Bank loans	28,524	30,254	34,905	25,776
— Finance leases	18,307	19,535	15,257	10,491
<i>Sub-total</i>	<u>46,831</u>	<u>49,789</u>	<u>50,162</u>	<u>36,267</u>
Total	<u>57,085</u>	<u>53,403</u>	<u>53,029</u>	<u>39,905</u>

As at 31 March 2022, 31 March 2023, 31 March 2024 and 31 July 2024, our Group had bank loans, obligations under finance leases, amounts due to Directors and amounts due to related parties in aggregate of approximately HK\$57.1 million, HK\$53.4 million, HK\$53.0 million and HK\$39.9 million, respectively, all of which were denominated in Hong Kong Dollars.

Our Directors confirm that, since the Latest Practicable Date and up to the date of this Prospectus, there has been no material change in the above indebtedness statement. Our Directors further confirm that, during the Track Record Period and up to the Latest Practicable Date, (i) there was no material covenant on any of outstanding indebtedness or any breach thereof; and (ii) our Group had not experienced any difficulty in obtaining bank loans and other borrowings or default in repayment of bank loans and other borrowings.

As at 31 July 2024, we had no unutilised banking facilities as all of our bank loans were non-revolving loans.



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CONTRACTUAL OBLIGATIONS AND COMMITMENTS

Capital commitments

Our capital commitments primarily related to the acquisition of property and equipment. As at 31 March 2024, we had capital commitments contracted in respect of the acquisition of machinery and equipment amounting to approximately HK\$3.1 million.

Except for the contractual obligations set out in the paragraph headed “Indebtedness” in this section as at the Latest Practicable Date, we have not entered into any financial guarantees or other commitments to guarantee the payment obligations of any third parties. We have not entered into any derivative contracts that are indexed to our Shares and classified as shareholder’s equity, or that are not reflected in our combined financial statements. We do not have any variable interests in any uncombined entity that provides financing, liquidity or credit support to us.

RELATED PARTY TRANSACTIONS

During the Track Record Period, other than compensation of key management personnel of our Group and the personal guarantee by our Directors for our banking facilities, our major related party transactions can be classified into the following categories: (i) purchase of goods and services; (ii) rental payment on machinery leases; and (iii) rental income.

For details of the related party transactions, please refer to Note 30 to the Accountant’s Report. Our Directors are of the view that our related party transactions were under normal commercial terms that are fair and reasonable and in the best interest of our Group.

All outstanding related party balances will be fully settled before the Listing.

OFF-BALANCE SHEET ARRANGEMENTS

An off-balance sheet arrangement is any transaction, agreement or other contractual arrangement involving another entity under which we have made guarantees or any obligation arising out of a material variable interest in another entity that provides financing, liquidity, market risk or credit risk support to us, or that engages in leasing, hedging, or research and development arrangements with us. As at 31 March 2024, we did not have any off-balance sheet arrangements.



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CONTINGENT LIABILITIES

As at 31 March 2022, 31 March 2023 and 31 March 2024, we did not have any material contingent liabilities or guarantees.

Save as disclosed above, and apart from intra-group liabilities, our Group did not have outstanding indebtedness or any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances, other than normal trade bills, or acceptable credits, debentures, mortgages, charges, finance leases or hire purchases commitments, guarantees, material covenants, foreign exchange liabilities or other material contingent liabilities as at 31 March 2024.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

During the Track Record Period, we are principally subject to interest rate risk, credit risk and liquidity risk. Please refer to Note 3 to the Accountant's Report for further details.

DIVIDENDS

For FY2021/22, FY2022/23 and FY2023/24, members of our Group declared dividends in aggregate of nil, nil, and approximately HK\$40.5 million, to their then shareholders, respectively. As at the Latest Practicable Date, the dividends were either settled by cash or set off against the amounts due from Director. On 20 September 2024, we declared final dividends of approximately HK\$30.0 million in respect of FY2023/24, which will be paid before Listing by our Group's internal source of funding. Our Directors consider there to be no material adverse impact on our Group's financial and liquidity position arising out of the dividend payments as our Group will continue to maintain net current assets and net assets position after such payments of dividends.

We currently have no dividend policy in place and we do not have a predetermined dividend payout ratio after the Listing. The payment and the amount of any future dividends will be at the discretion of our Directors and will depend on our Group's future operations and earnings, capital requirements and surplus, general financial conditions, contractual restrictions and other factors which our Directors deem relevant. Any final dividends for a financial year will be subject to Shareholders' approval. Holders of the Shares will be entitled to receive such dividends pro rata according to the amounts paid up on the Shares. Dividends may be paid only out of our Company's distributable profits as permitted under the relevant laws. There can be no assurance that our Company will be able to declare or distribute in the amount set out in any plan of our Board or at all. Our Group's historical payment of dividends during the Track Record Period may not be used as a reference or basis to determine the level of dividends that may be declared or paid by our Company in the future.



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DISTRIBUTABLE RESERVES

As at 31 March 2024, our Company had no distributable reserves available for distribution to equity holders.

UNAUDITED PRO FORMA ADJUSTED COMBINED NET TANGIBLE ASSETS

Please refer to the paragraph headed “A. Unaudited Pro Forma Statement of Adjusted Combined Net Tangible Assets” set out in Appendix II to this prospectus.

LISTING EXPENSES

The total amount of Listing expenses represents professional fees, underwriting commission and other fees incurred in connection with the Share Offer is estimated to be approximately HK\$32.0 million (based on the mid-point of the indicative Offer Price range), representing approximately 19.7% of our estimated gross proceeds from the Share Offer (based on the mid-point of the indicative Offer Price range and assuming the Over-allotment Option is not exercised). We estimate that our listing expenses, comprising (i) underwriting-related expenses, including underwriting commission, of approximately HK\$6.5 million; and (ii) non-underwriting-related expenses of approximately HK\$25.5 million, including (a) fees paid and payable to legal advisers and the Reporting Accountants of approximately HK\$12.5 million; and (b) other fees and expenses of approximately HK\$13.0 million. The Listing expenses of: (i) approximately HK\$12.8 million is directly attributable to the issue of the Offer Shares and is to be accounted for as a deduction from equity in accordance with the relevant accounting standards; and (ii) approximately HK\$19.2 million has been or is to be charged to the combined statements of profit or loss, of which (a) approximately HK\$4.9 million have been charged for FY2023/24; and (b) approximately HK\$14.3 million is expected to be charged prior to or upon Listing. Expenses in relation to the Listing are non-recurring in nature.

DISCLOSURE REQUIRED UNDER THE LISTING RULES

Our Directors confirm that, as at the Latest Practicable Date, they were not aware of any circumstances that would give rise to a disclosure requirements under Rules 13.13 to 13.19 of the Listing Rules.

RECENT DEVELOPMENT AND MATERIAL ADVERSE CHANGE

We did not experience any significant decrease in revenue or any unexpected increase in the direct costs and other costs subsequent to the Track Record Period and up to the Latest Practicable Date. As far as our Directors are aware, there are no material adverse change



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industry we operate in Hong Kong which could have a material and adverse impact on our business and financial conditions and our operating results. However, (i) the impact of the Listing expenses on our combined statement of profit or loss; and (ii) our Group's legal and professional fees and staff costs are expected to increase after the Listing which has posed or will pose a material adverse change in the financial or trading position or prospect of our Group since 31 March 2024. Prospective investors should be aware of the above impacts on the financial performance of our Group for the year ending 31 March 2025.

Subsequent to the end of the Track Record Period, in May 2024, our Group was first included on the List of Pre-Qualified Tenderers for Civil Engineering Works of Hong Kong International Airport, enabling our Group to bid for tender projects as main contractor. As advised by Frost & Sullivan, AAHK commits to enhancing infrastructure of the Hong Kong International Airport in the foreseeable future. With reference to the annual reports of AAHK, while the Third Runway Projects have progressed significantly in earlier years, the non Third Runway Projects expenditures have notably increased, with the contracted amount for non Third Runway Projects rising from HK\$6,679 million in 2018 to HK\$9,243 million in 2024, representing a CAGR of approximately 5.6%, and the figure of approved non Third Runway Projects that are yet to be formally contracted jumped from HK\$16,231 million in 2018 to HK\$24,708 million in 2024, representing a CAGR of approximately 7.3%, demonstrating AAHK's dedication to ongoing infrastructure development beyond the Third Runway, offering continued opportunities for the construction and engineering sector in the future. In August 2024, we have received three invitations from AAHK to submit tenders.

Save as disclosed above, our Directors confirm that, up to the date of this prospectus, there has been no material change in our financial or trading positions or prospects of our Group since 31 March 2024 (being the date of which our Group's latest audited combined financial statements were made up) and there had been no event since 31 March 2024 which would materially affect the information shown in the Accountant's Report in Appendix I to this prospectus.

As at the Latest Practicable Date, we were involved in an ongoing litigation where a third party, who was involved in a traffic accident and sustained personal injuries, commenced a legal action against us. Our Hong Kong Legal Counsel advised that the amount claimed against us in such legal proceedings shall be covered by the third party insurance. As such, our Directors consider that such ongoing litigation will not have any material adverse impact on our business operations and financial performance. The next hearing in the case is scheduled on 12 February 2025. For further details, please refer to the paragraph headed "Business — Litigation and claims" in this prospectus.



FUTURE PLANS AND USE OF PROCEEDS

BUSINESS OBJECTIVES AND STRATEGIES

Our Group will endeavour to expand our business operations by adopting our business strategies through the following implementation plans. For details of our business strategies, please refer to the paragraph headed “Business — Business strategies” in this prospectus. Our Group’s actual course of business may vary from the business objectives set out in this prospectus. There can be no assurance that the plans of our Group will be materialised in accordance with the expected time frame or that the business objectives of our Group will be accomplished at all.

REASONS FOR THE LISTING

The principal business objective of our Group is to further strengthen our market position, increase our market share and capture the growth in the Hong Kong’s civil and electrical cable engineering industries. We intend to achieve our business objective by expanding our scale of operation through our intended effort in actively seeking opportunities in undertaking additional and/or sizeable civil and electrical cable engineering works projects, from both our existing and potential new customers, on top of our present scale of operation and our current projects on hand. Our Directors believe that the Listing is beneficial to our Company and our Shareholders as a whole because of the following reasons:

- the net proceeds from the Share Offer will provide additional financial resources to our Group for our business plans as set out in the paragraph headed “Business — Business strategies” in this prospectus, which will further strengthen our market position and enable us to capture the future opportunities arising from the growth of the civil and electrical cable engineering works industry in Hong Kong;
- a public listing status will enhance our corporate profile and recognition and enable our Group to be considered more favourably by our customers when tendering for civil and electrical cable engineering works projects, given that a listed company is subject to ongoing regulatory compliance for announcements, financial disclosures and corporate governance;
- the Share Offer will provide a fund-raising platform for our Company, thereby enabling us to raise the capital required to finance our future growth and expansion without reliance on our Controlling Shareholders. Such platform would allow us to gain direct access to the capital market for equity and/or debt financing, both at the time of the Listing as well as at a later stage, to fund our existing operations and future expansion, which could be instrumental to our expansion and improving our operating and financial performance to enhance Shareholders’ return; and



FUTURE PLANS AND USE OF PROCEEDS

- upon the Listing, our Shares will be freely traded on the Stock Exchange. A public listing status will offer us a broader shareholder base which could lead to a more liquid market in the trading of our Shares.

Funding needs for implementing our business strategies

As at 31 March 2024, our cash and cash equivalents, being our immediately available working capital, amounted to approximately HK\$27.4 million. Our Directors consider that the amount of our available working capital fluctuates from time to time, depending on the timing of (i) payment from our customers; and (ii) payment to our subcontractors and suppliers of materials and other services. As disclosed in the paragraph headed “Business — Business strategies”, it is our business strategies to compete for more sizable projects which would require a more solid base of working capital and machinery as well as human resources.

In view of the aforesaid, it is necessary for our Group to gain access to the capital market and raise funds to enrich our source of capital for expanding our fleet of machinery, expanding our workforce and/or undertaking additional and/or sizeable projects which would inevitably require more available cash for up-front costs and general working capital.

USE OF PROCEEDS

We estimate that the net proceeds from the Share Offer (assuming the Over-allotment Option is not exercised) based on the Offer Price of HK\$0.65 per Offer Share, being the mid-point of the indicative Offer Price range of HK\$0.57 to HK\$0.73 per Offer Share, after deducting the related Listing expenses, are estimated to be approximately HK\$130.5 million. We intend to apply such net proceeds in the following manner:

- (a) approximately HK\$58.7 million, representing approximately 45% of the estimated net proceeds, will be used for acquiring additional electric machinery and equipment comprising, among others, electric excavators, portable combo fast charging stations, dump trucks, electric cement mixers and electric crawler cranes required for our projects, in particular for site formation works and electrical cable engineering works. Our Directors are of the view that it is imperative for us to acquire additional machinery and equipment taking into account:
 - (i) our machinery and equipment were fully utilised and have been deployed to various work sites as at the end of the Track Record Period;



FUTURE PLANS AND USE OF PROCEEDS

- (ii) during the Track Record Period there was heavy demand on our machinery and equipment for our projects. For instance, during the Track Record Period we had to rent additional machinery and equipment to supplement our existing fleet of machinery and equipment and incurred machinery and equipment leasing expenses;
- (iii) despite our backlog value has grown substantially during the Track Record Period, our fleet of machinery and equipment had not been able to grow at the same proportion. For instance, our backlog value grew significantly from approximately HK\$221.4 million as at 31 March 2022 to approximately HK\$722.0 million as at 31 March 2023, whereas the total number of our self-owned machinery only increased from 96 as at 31 March 2022 to 103 as at 31 March 2023. As an illustration, the backlog value per each item of machinery, which is calculated by dividing the backlog value by the number of machinery, increased from approximately HK\$2,306,000 per item of machinery as at 31 March 2022 to approximately HK\$7,010,000 per item of machinery as at 31 March 2023. Despite our addition of machinery during FY2023/24 to supplement our machinery that have short remaining useful life or have been fully depreciated, as at 31 March 2024 we only had 181 units of machinery to cover a backlog value of approximately HK\$707.6 million, implying a backlog value per each item of machinery of HK\$3,909,000 per unit of machinery, which was still higher than the same as at 31 March 2022 (at which point our backlog value was yet to grow significantly);
- (iv) a material portion of our machinery in our fleet has been fully depreciated or has a short remaining useful life. As at 31 March 2024, a total of 45 out of 189 units of our machinery had been fully depreciated or had a useful life of less than two years. Although our executive Directors consider that our existing machinery was in operative conditions in general, the probability and frequency of breakdown or malfunction of our existing machinery will increase as such machinery ages.

Our Directors believe that acquiring new machinery and equipment can increase our flexibility in deploying resources to our projects and enhance our capability to cope with our increased backlog.

As disclosed in the paragraph headed “Business — Business strategies” in this prospectus, our executive Directors are of the view that sustainable construction is our Company’s corporate social responsibility and is a megatrend in the construction industry. As such, our Group plans to acquire electric machinery and equipment. In particular, our Directors believe that with the newly purchased electric machinery and equipment, our Group will be able to benefit from (i) better environmental-friendliness, works efficiency and technical capabilities; and (ii) saving in fuel and expenses.



FUTURE PLANS AND USE OF PROCEEDS

Through investing in and deploying electric machinery in our upcoming projects, our executive Directors believe that our Group can be one of the first companies in the construction industry to foster sustainable construction culture and make a contribution towards Hong Kong's "Zero-carbon Emissions • Liveable City • Sustainable Development" vision.

Particulars of additional electric machinery and equipment we intend to acquire are as follows:

Additional electric machinery and equipment	Specification/efficiency	Quantity	Estimated timeline of acquisition	Type of projects to be deployed	Estimated costs
					<i>HK\$'000</i>
Platform	Working height ranging from 7.8 metres Charging time for full charge not more than two hours	5	Fourth quarter of 2024 to first quarter of 2025	Civil engineering and solar PV system works	1,285
Electric Excavator . . .	Bucket capacity ranging from 0.04m ³ to 1.1m ³ Charging time for full charge not more than two hours	12	Fourth quarter of 2024 to first quarter of 2025	Civil engineering and electrical cable engineering works	13,200
Wheel Loader . .	Bucket capacity of at least 3.5m ³ Charging time for full charge not more than two hours	1	Fourth quarter of 2024 to first quarter of 2025	Civil engineering works	1,550
Portable Combo Fast Charging Station	At least two charging terminals	3	Fourth quarter of 2024 to first quarter of 2025	As charging stations for our project work sites	10,350
Electric Forklift .	Rated load of at least 3,000 kg Charging time for full charge not more than two hours	3	Fourth quarter of 2024 to first quarter of 2025	For use at our warehouse	810
Dump Truck . . .	Full load weight of at least 50 tonnes Charging time for full charge not more than two hours	10	Fourth quarter of 2024 to first quarter of 2025	Civil engineering and electrical cable engineering works	14,000
Electric Cement Mixer	Maximum capacity of at least 8m ³ Charging time for full charge not more than two hours	6	Fourth quarter of 2024 to first quarter of 2025	Civil engineering works	12,000
Electric Crawler Crane	Maximum lifting capacity of at least 135 tonnes Charging time for full charge not more than two hours	3	Fourth quarter of 2024 to first quarter of 2025	Civil engineering works	14,535



FUTURE PLANS AND USE OF PROCEEDS

Additional electric machinery and equipment	Specification/efficiency	Quantity	Estimated timeline of acquisition	Type of projects to be deployed	Estimated costs
					HK\$'000
Truck Crane . . .	Maximum lifting capacity of at least 50 tonnes Charging time for full charge not more than two hours	1	Fourth quarter of 2024 to first quarter of 2025	Civil engineering; electrical cable engineering and solar PV system works	2,360
					<u>70,090</u>

In the event the net proceeds is insufficient to cover the above acquisition costs, our Group plans to fund the shortfall by internal resources such as cash flows from operations.

- (b) approximately HK\$45.7 million, representing approximately 35% of the estimated net proceeds, will be used for paying upfront costs for our new projects;

Based on our operation history during the Track Record Period and depending on the scale of the projects, the average timeframe between (i) the time when we first incurred the up-front costs; and (ii) the time when we first generated positive monthly cash flow in respect of the project is on average seven months (the “**Up-front Period**”). Depending on our terms of engagement with different customers, in respect of the top projects undertaken during the Track Record Period, the total amount of up-front costs incurred by our Group during the Up-front Period represented on average 20% of the contract sum of the project.

During the Track Record Period, we achieved a significant growth in our backlog value. Our backlog value increased from approximately HK\$221.4 million as at 31 March 2022 to approximately HK\$722.0 million and HK\$707.6 million as at 31 March 2023 and 31 March 2024, respectively. As at 31 July 2024, we had 27 projects on hand, with value of backlog of approximately HK\$815.5 million. Based on the foregoing, our executive Directors are of the view that our Group have demonstrated our capability to expand our project portfolio during the Track Record Period through obtaining new sizable projects.

In addition, we had a sustainable tender success rate at 33.9%, 28.4% and 29.0% for FY2021/22, FY2022/23 and FY2023/24, respectively, and we also had a stable number of new projects during the Track Record Period. For FY2021/22, FY2022/23 and FY2023/24, we had 27, 32 and 29 new projects, respectively.



FUTURE PLANS AND USE OF PROCEEDS

As at the Latest Practicable Date, our Group has secured a new project (the “**Designated Project**”) for which the work is expected to commence in the second quarter of 2025. We intend to apply part of our net proceeds from the Share Offer towards fulfilling the relevant up-front costs of the Designated Project. The following table sets forth the details of the Designated Project:

Project No.	Customer	Project sector	Type of works	Our role	Location	Contact sum	Estimated up-front costs	Estimated up-front costs to be funded by net proceeds from the Share Offer	Estimated up-front costs to be funded by our internal resources	Expected date of commencement and duration of our works (Note 1)
						HK\$'000	HK\$'000	HK\$'000	HK\$'000	
T01.	Customer L	Private	Site formation works	Subcontractor	Kowloon City	266,432	53,286	26,643	26,643	Commencement: second quarter of 2025 Duration: 24 months

Note:

- The expected commencement date and duration of our works are provided based on our management's best estimation. In making the estimation, our management takes into account factors including the negotiation with the customer, letter of award (if applicable), formal contract (if applicable) and the estimated work schedule.



FUTURE PLANS AND USE OF PROCEEDS

As at the Latest Practicable Date, our Group had 51 submitted tenders which were still undergoing tender selection process and pending tender result. Out of these 51 tenders, our executive Directors are positive that we shall be able to secure at least three projects, taking into consideration the latest negotiation with the relevant customer. The following table sets forth particulars of these projects:

Tender No.	Project sector	Type of works	Our role	Location	Tender amount	Estimated up-front costs	Status	Expected date of release of tender result ^(Note 1)	Expected date of commencement and duration of our works ^(Note 2)
					HK\$'000	HK\$'000			
T02	Public	Road and drainage and waterworks	Subcontractor	Hung Shui Kiu	298,000	59,000	The prospective customer has indicated in writing that it has agreed with our Group on the scope, responsibility and quantity of work as well as our fee quotation	November to December 2024	Commencement: first quarter of 2025 Duration: 48 months
T03	Private	Electrical cable engineering works	Main contractor	Any zone in Kowloon and New Territories as directed by the project owner	N/A ^(Note 3)	20,000	Submitted tender based on the negotiation with the prospective customer which is the project owner	October 2024	Commencement: fourth quarter of 2024 Duration: Initial term of four years with option to extend the term for up to four years on an annual basis
T04	Private	Civil engineering and maintenance works	Main contractor	Tuen Mun	N/A ^(Note 4)	10,000	Submitted tender based on the negotiation with the prospective customer which is the project owner	October 2024	Commencement: fourth quarter of 2024 Duration: Initial term of three years with option to extend the term for up to two years on an annual basis
					Total:	<u>89,000</u>			

Notes:

- The expected date of release of tender result is provided based on our management's discussion and negotiation with the prospective customer.
- The expected commencement date and duration of our works are provided based on our management's best estimation. In making the estimation, our management takes into account factors including the negotiation with the prospective customers, letter of award (if applicable), formal contract (if applicable) and the estimated work schedule.
- It is a fixed-term contract with no specified contract sum. Based on the negotiation with the prospective customer, our Directors expect that the annual budgeted sum of works is approximately HK\$100 million (i.e. HK\$400 million for the initial term of four years without taking into consideration of extension option).
- It is a fixed-term contract with no specified contract sum. Based on the negotiation with the prospective customer, our Directors expect that the annual budgeted sum of works is approximately HK\$50 million (i.e. HK\$150 million for the initial term of three years without taking into consideration of extension option).



FUTURE PLANS AND USE OF PROCEEDS

In respect of Project No. T02, the prospective customer has indicated in writing that it has agreed with our Group on the scope, responsibility and quantity of work as well as our fee quotation. Considering that the prospective customer made such indication in writing, our Directors are of the view that our Group's tender is highly likely to be successful. Based on the discussion between our Group and the prospective customer, as the worksite area in respect of our tendered works requires additional time to finalise, the prospective customer expected that there would be a slight delay in the releasing of tender result to around November or December 2024.

In respect of Project No. T03 and T04, our executive Directors confirm that subsequent to our submission of tenders we had attended meetings with the respective prospective customers and are in negotiation of the pricing. To the best knowledge of our executive Directors, only a limited number of tenderers was invited to tender (3 and 8 for Project No. T03 and T04, respectively). Our executive Directors consider that inviting us for meetings and engaging in negotiation of pricing with us are generally considered to be indications that we were shortlisted to the advanced stage of the tender selection process. In addition, we are tendering directly to the project owner. Based on the experience of our executive Directors, only a limited number of potential main contractors would be shortlisted by this project owner for selection at the advanced stage of the tender selection process. In particular, for Project No. T03, we have submitted our financial information to the prospective customer. To the best knowledge of our Directors, submission of financial information is generally an indication that we are in the final stage of negotiation.

Although our executive Directors are positive that we shall be able to secure the tenders for Project No. T02, T03 and T04 based on their latest tender status as set out above, there is no assurance that all or any of such tenders will eventually be awarded to us. Should we be unable to secure any of these projects, we will utilise the net proceeds from the Share Offer for financing project up-front costs of the successful projects.

In the event that the net proceeds designated by us are insufficient to fully fund the up-front costs of those projects successfully obtained by us, we currently plan to finance the shortfall by our internal resources and/or debt financing.

There is inherent uncertainty involved in predicting the number and scale of projects which will eventually be awarded to us and when exactly we are required to make available cash for project up-front costs. Further, the time required to complete tender review process and the subsequent award of contract varies depending on the customer and project size. Therefore, there is no assurance that we can accurately estimate when the results for the tenders we submitted are released or when exactly we are required to



FUTURE PLANS AND USE OF PROCEEDS

incur the up-front costs for the projects awarded. These timelines will depend on, among others, (i) the timetable of the potential project which may or may not be available to us before we submit a tender; (ii) the particular customer's internal arrangement which may be affected by market conditions and may or may not adhere to the original project timetable provided to us; (iii) the scope of work of the project which may in turn affect whether and when we are required to make payments to our subcontractors and suppliers; and (iv) our negotiation with our customers which may in turn affect the payment terms of our projects.

- (c) approximately HK\$6.5 million, representing approximately 5% of the estimated net proceeds, will be used for recruiting new staff members;

As at 31 July 2024, we had 27 projects on hand, with value of backlog of approximately HK\$815.5 million. Of which, 7 projects with post Track Record Period revenue contribution of HK\$10.0 million or more had commenced as of 31 July 2024.

Typically, in respect of a project with contract sum of HK\$10.0 million or more, we need to designate a full team consisting of project management and supervision personnel, safety personnel, quantity surveyors and engineers. Based on the number and scale of our projects on hand as at the Latest Practicable Date, each of our project supervision staff was required to oversee multiple projects concurrently. Our executive Directors consider that it is crucial for our Group to maintain this work allocation ratio in order to ensure that we can properly supervise the works of our employees and/or subcontractors and ensure their works are performed in conformance with our customers' requirements and specifications. For the details of our staff as at the Latest Practicable Date, please refer to the paragraph headed "Business — Employees" in this prospectus. Taking into consideration the expected increase in project supervision works associated with (i) the projects on hand as at the Latest Practicable Date; and (ii) the tendered projects of which our executive Directors are positive to secure as at the Latest Practicable Date, our executive Directors consider that our current project management staff might not be able to properly and adequately supervise and manage the site works performed. Therefore, our executive Directors consider that it is not feasible to maintain our project management efficiency if we continue to obtain additional projects in the future without expanding our human resources.

Further, the increase in number of projects generally entails an increase in number of project worksites. As a result, our project supervision staff will be required to visit more locations in order to carry out their project supervisory works for different projects. If we intend to take up more sizeable and additional projects without recruiting additional personnel, we may fail to maintain our service quality because our project supervision



FUTURE PLANS AND USE OF PROCEEDS

staff could (i) become less responsive to our customers' requests and enquiries owing to the increase in workload; (ii) fail to promptly address ad-hoc or urgent matters at a particular project site as they may be occupied with management and supervisory works at other project sites at that time; and (iii) fail to closely monitor the work progress and quality of our employees and/or subcontractors resulting in delay or sub-standard works.

In view of the aforesaid, if we cannot expand our manpower to cope with the expected increase in our project backlogs, we may have to adopt a less proactive tendering strategy and reduce our submission of new tenders for additional projects until our workloads are reduced to a more manageable level. While this may provide a temporary measure to overcome our manpower constraint, this may be detrimental to our competitiveness in the long run because failure to respond to tender invitations may be perceived negatively by our customers and the prospective customers could be less inclined to invite us to for their projects again in the future.

The following table sets out the particulars of staff by different functions that we intend to recruit upon Listing through different channels including but limited to posting job advertisements, employee referrals, engaging recruitment agency (depending on the positions and requirements of the new staff to be recruited):

Position	Preferred experience	Preferred qualifications	Approximate monthly salary HK\$	No. of headcounts	Expected annual cost HK\$'000
Senior Project Manager . . .	10 years	Degree in engineering and relevant professional qualification	90,000	1	1,080
Project Manager	5 years	Degree in engineering	65,000	2	1,560
Safety Manager.	10 years	Certification as registered safety officer under the Factories and Industrial Undertakings (Safety Officers and Safety Supervisors) Regulations (Chapter 59Z of the Laws of Hong Kong)	75,000	1	900
Safety Officer	5 years	Certification as registered safety officer under the Factories and Industrial Undertakings (Safety Officers and Safety Supervisors) Regulations (Chapter 59Z of the Laws of Hong Kong)	46,000	2	1,104



FUTURE PLANS AND USE OF PROCEEDS

Position	Preferred experience	Preferred qualifications	Approximate monthly salary HK\$	No. of headcounts	Expected annual cost HK\$'000
Quantity Surveyor	10 years	Degree in quantity surveying and membership of the Hong Kong Institute of Surveyors or the Royal Institution of Chartered Surveyors or similar professional qualification	40,000	2	960
Assistant Quantity Surveyor	5 years	Degree in quantity surveying	22,000	3	792
Engineer	5 years	Degree in engineering	38,000	2	912
Senior Engineer	10 years	Degree in engineering	58,000	1	696
			Total:		8,004

As of the Latest Practicable Date, our Company has liaised with certain recruitment agencies and has received several resumes from potential candidates. In addition, our Directors are of the view that (i) the remuneration package offered by our Company is competitive (ii) the growth of the our Group's business as disclosed in this prospectus would provide a platform for career development of our staff; (iii) our Group's business is diversified to cover site formation works, electrical cable engineering works, road and drainage works and solar PV system works which would provide various exposure to our staff; and (iv) our long history ,which can be traced back to 2005, and our listing status would provide recognition and confidence to our staff as an employee. As such, our Directors are positive that our Company will be able to recruit the new staff upon Listing.

It is expected that the allocated estimated net proceeds will be able to cover approximately 9.5 months of the annual salary of the above new staff to be hired.

- (d) approximately HK\$6.5 million, representing approximately 5% of the estimated net proceeds, will be used for procuring 4S and an enterprise resources planning system;



FUTURE PLANS AND USE OF PROCEEDS

The following table sets out the particulars of 4S and enterprise resources planning system that we intend to acquire upon Listing:

System	Components	Quantity (set)	Expected cost per set HK\$'000	Estimated cost HK\$'000
4S (3 sets for 3 worksites)	Centralised management platform	3	232	696
	Digitalised tracking system for site plants, powered tools and ladders	3	154	462
	Digitalised permit-to-work system for high risk activities	3	201	603
	Lock management system for hazardous areas access control	3	174	522
	Alert system for unsafe acts and dangerous situations	3	280	840
	Monitoring system (with smart monitoring devices such as smart watches) for workers and frontline site personnel	3	280	840
	Safety monitoring system using artificial intelligence	3	530	1,590
	Confined space monitoring system	3	217	651
	Data transmission hub	3	286	858
			Sub-total:	7,062
Enterprise resources planning system (1 set).	Integrated trading system, production information management system and task management system	1	300	300
	Inventory system	1	100	100
	Project management system	1	250	250
	Roster system	1	70	70
	Human resources management system	1	280	280
	Leave management system	1	105	105
	Employee self-services mobile app module	1	70	70
	Implementation service cost	N/A	264	264
			Sub-total:	1,439
			Total:	8,501

In the event the net proceeds is insufficient to cover the above acquisition costs, our Group plans to fund the shortfall by internal resources such as cash flows from operations.

- (e) approximately HK\$13.1 million, representing approximately 10% of the estimated net proceeds, will be reserved as our general working capital.



FUTURE PLANS AND USE OF PROCEEDS

BASIS AND ASSUMPTIONS

The implementation plan set out by our Directors is based on the following assumptions:

- our Group will have sufficient financial resources to meet the planned capital expenditure and business development requirements during the period to which our future plans relate;
- there will be no material changes in the funding requirement for each of our Group's future plans described in this prospectus from the amount as estimated by our Directors;
- there will be no material changes in existing laws and regulations, or other Government policies relating to our Group, or in the political, economic or market conditions in which our Group operates in;
- there will be no changes in the effectiveness of the licences, permits and qualifications obtained by our Group, where applicable;
- there will be no material changes in the bases or rates of taxation applicable to the activities of our Group;
- there will be no disasters, natural, political or otherwise, which would materially disrupt the businesses or operations of our Group; and
- our Group will not be materially affected by the risk factors as set out in the section headed "Risk Factors" in this prospectus.

There can be no assurance that the net proceeds from the Share Offer will be sufficient for fully implementing our business expansion plans. For instance, (i) the up-front costs requirement for projects awarded to us may exceed the net proceeds allocated for such purpose as set out above; (ii) the number of machinery we intend to purchase may not be sufficient to fulfil the machinery needs associated with the increase in number and scale of projects to be undertaken by us; and (iii) the number of additional staff we intend to recruit may not fulfil the manpower needs as we continue to undertake additional and more sizeable projects. In the event any of the above occurs or that the Listing becomes unsuccessful such that the net proceeds from the Share Offer becomes unavailable to us, we may adjust the timing and scale of our business expansion plans and/or seek alternative form of financing.



FUTURE PLANS AND USE OF PROCEEDS

To the extent that the net proceeds are not immediately applied to the above purposes and to the extent permitted by the applicable laws and regulations, we will deposit the net proceeds into short-term interest-bearing accounts at licensed commercial banks and/or other authorised financial institutions (as defined under the SFO or applicable laws or regulations in other jurisdictions).

In the event that the Over-allotment Option is exercised in full, we estimate that we will receive additional net proceeds of approximately HK\$23.4 million after deducting the related Listing expenses and assuming an Offer Price of HK\$0.65 per Share, being the mid-point of the proposed Offer Price range of HK\$0.57 to HK\$0.73. In the event that the Offer Price is set at the low-end of the proposed Offer Price range and the Over-allotment Option is exercised in full, our Company will receive additional net proceeds of approximately HK\$20.5 million after deducting the related Listing expenses. In the event that the Offer Price is set at the high-end of the proposed Offer Price range and the Over-allotment Option is exercised in full, our Company will receive additional net proceeds of approximately HK\$26.3 million after deducting the related Listing expenses. The allocation of the additional net proceeds will be used in the same proportions as set out above.

Assuming the Over-allotment Option is not exercised at all, and in the event that the Offer Price is set at the highest or lowest point of the indicative Offer Price range, the net proceeds to be received from the Share Offer after deducting the related Listing expenses will increase or decrease by approximately HK\$38.4 million, respectively. In such event, the net proceeds will be used in the same proportions as disclosed above.

Assuming the Over-allotment Option is not exercised at all, and in the event that we make a Downward Offer Price Adjustment to set the final Offer Price at HK\$0.513 per Offer Share, the net proceeds to be received from the Share Offer after deducting the related Listing expenses will decrease by approximately HK\$32.9 million than if we set our final Offer Price at HK\$0.65 (being the mid-point of the proposed Offer Price range of HK\$0.57 to HK\$0.73. In such event, the net proceeds will be used in the same proportions as disclosed above.

We will issue an announcement in the event that there is any material change in the use of proceeds of the Share Offer as described above.



CORNERSTONE INVESTORS

CORNERSTONE PLACING

We have entered into the cornerstone investment agreements (each a “**Cornerstone Investment Agreement**”, and collectively the “**Cornerstone Investment Agreements**”) with Sany Hongkong Group Limited (三一香港集團有限公司) (“**Sany HK**”), Accel Group Holdings Limited (高陞集團控股有限公司) (“**Accel Group**”) and The Triplex Holdings Limited (三鋒控股管理有限公司) (“**Triplex**”) (collectively the “**Cornerstone Investors**”, and each a “**Cornerstone Investor**”), pursuant to which the Cornerstone Investors have agreed to subscribe for, at the Offer Price, such number of Offer Shares (rounded down to the nearest whole board lot of 5,000 Shares) that may be subscribed for an aggregate amount of HK\$35,000,000 (exclusive of brokerage, SFC transaction levy, AFRC transaction levy and Stock Exchange trading fee) (the “**Cornerstone Placing**”).

Assuming the Offer Price is set at HK\$0.513, after a Downward Offer Price Adjustment of 10%, the total number of the Offer Shares to be subscribed by the Cornerstone Investors will be 68,215,000 Shares, (i) representing approximately 27.3% of the total number of the Offer Shares and approximately 6.7% of the total Shares in issue and outstanding immediately upon completion of the Capitalisation Issue and the Share Offer, assuming Over-allotment Option is not exercised; or (ii) representing approximately 23.7% of the total number of the Offer Shares and approximately 6.6% of the total Shares in issue and outstanding immediately upon completion of Capitalisation Issue and the Share Offer, assuming Over-allotment Option is fully exercised.

Assuming the Offer Price is set at HK\$0.57, being the low-end of the indicative Offer Price range, the total number of the Offer Shares to be subscribed by the Cornerstone Investors will be 61,395,000 Shares, (i) representing approximately 24.5% of the total number of the Offer Shares and approximately 6.2% of the total Shares in issue and outstanding immediately upon completion of the Capitalisation Issue and the Share Offer, assuming Over-allotment Option is not exercised; or (ii) representing approximately 21.4% of the total number of the Offer Shares and approximately 5.9% of the total Shares in issue and outstanding immediately upon completion of Capitalisation Issue and the Share Offer, assuming Over-allotment Option is fully exercised.



CORNERSTONE INVESTORS

Assuming the Offer Price is set at HK\$0.65, being the mid-point of the indicative Offer Price range, the total number of the Offer Shares to be subscribed by the Cornerstone Investors will be 53,835,000 Shares, (i) representing approximately 21.5% of the total number of the Offer Shares and approximately 5.4% of the total Shares in issue and outstanding immediately upon completion of the Capitalisation Issue and the Share Offer, assuming Over-allotment Option is not exercised; or (ii) representing approximately 18.7% of the total number of the Offer Shares and approximately 5.2% of the total Shares in issue and outstanding immediately upon completion of the Capitalisation Issue and the Share Offer, assuming Over-allotment Option is fully exercised.

Assuming the Offer Price is set at HK\$0.73, being the high-end of the indicative Offer Price range, the total number of the Offer Shares to be subscribed by the Cornerstone Investors will be 47,935,000 Shares, (i) representing approximately 19.2% of the total number of the Offer Shares and approximately 4.8% of the total Shares in issue and outstanding immediately upon completion of the Capitalisation Issue and the Share Offer, assuming Over-allotment Option is not exercised; or (ii) representing approximately 16.7% of the total number of the Offer Shares and approximately 4.6% of the total Shares in issue and outstanding immediately upon completion of the Capitalisation Issue and the Share Offer, assuming Over-allotment Option is fully exercised.

Our Company is of the view that, leveraging on the Cornerstone Investors' profile, the Cornerstone Placing will help raise the profile of our Company and signify that such the Cornerstone Investors have confidence in our business and prospect. Our Company became acquainted with Cornerstone Investors through introduction by our existing Shareholders.

The Cornerstone Placing will form part of the Placing and the Cornerstone Investors will not subscribe for any Offer Shares under the Share Offer (other than pursuant to the Cornerstone Investment Agreements). The Offer Shares to be subscribed by the Cornerstone Investors will rank pari passu in all respects with the other fully paid Shares then in issue and to be listed on the Stock Exchange upon completion of the Share Offer and will be counted towards the public float of our Company. Immediately following the completion of the Share Offer, none of the Cornerstone Investors or their close associates will become a substantial shareholder of our Company, nor will have any board representation in our Company.



CORNERSTONE INVESTORS

To the best knowledge of our Company, (i) each of the Cornerstone Investors is an Independent Third Party and is not our connected person or its associate (as defined in the Listing Rules); (ii) none of the Cornerstone Investors is accustomed to taking instructions from our Company, our Directors, chief executive, our Controlling Shareholders, substantial shareholders, existing Shareholders or any of their subsidiaries or their respective close associates; and (iii) none of the subscription of the Offer Shares by the Cornerstone Investors is financed by our Company, our Directors, chief executive, Controlling Shareholders, substantial shareholders, existing Shareholders or any of their subsidiaries or their respective close associates. As confirmed by the Cornerstone Investors, their subscription under the Cornerstone Placing would be financed by their internal resources. Other than a guaranteed allocation of the Offer Shares at the final Offer Price, the Cornerstone Investors do not have any preferential rights in the Cornerstone Investment Agreements as compared with other public Shareholders, and there are no side agreements or arrangements between our Company and each of the Cornerstone Investors or any benefit, direct or indirect, conferred on the Cornerstone Investors by virtue of or in relation to the Listing.

To the best knowledge of our Company and as confirmed by each of the Cornerstone Investors, save as Accel Group which is listed on the Main Board of the Stock Exchange, none of the Cornerstone Investors nor their respective shareholders are listed on any stock exchanges. Each of the Cornerstone Investors has confirmed that all necessary approvals have been obtained with respect to the Cornerstone Placing and that no specific approval from any stock exchange (if relevant) or its shareholders is required for the relevant cornerstone investment.

The number of Offer Shares to be subscribed by the Cornerstone Investors may be affected by reallocation of the Offer Shares between the Placing and the Public Offer in the event of over-subscription under the Public Offer as described in the section headed “Structure and Conditions of the Share Offer — The Public Offer — Reallocation” in this prospectus. Details of the actual number of Offer Shares to be allocated to the Cornerstone Investors will be disclosed in the allotment results announcement of our Company to be published on or around 8 October 2024.

There will be no deferred settlement or delayed delivery in respect of the Offer Shares to be subscribed by the Cornerstone Investors pursuant to the Cornerstone Investment Agreements, and the payment for the Offer Shares to be subscribed by the Cornerstone Investors will be settled and paid in full before the Listing.



CORNERSTONE INVESTORS

CORNERSTONE INVESTORS

We have entered into the Cornerstone Investment Agreements with the Cornerstone Investors in respect of the Cornerstone Placing. The details of the investment of our Cornerstone Investors are set forth below:

Assuming a final Offer Price of HK\$0.513 per Share (being the Offer Price after a Downward Offer Price Adjustment of 10%)						
				Assuming the Over-allotment Option is not exercised	Assuming the Over-allotment Option is fully exercised	
				Approximately % of total Shares in issue immediately following the completion of the	Approximately % of total Shares in issue immediately following the completion of the	
Cornerstone Investor	Investment approximate amount ⁽¹⁾ (in HK\$)	Number of Offer Shares to be acquired ⁽²⁾	Approximate % of the Offer Shares	Capitalisation Issue and the Share Offer	Approximate % of the Offer Shares	Capitalisation Issue and the Share Offer
Sany HK	15,000,000	29,235,000	11.7%	2.9%	10.1%	2.8%
Accel Group	10,000,000	19,490,000	7.8%	1.9%	6.8%	1.9%
Triplex	10,000,000	19,490,000	7.8%	1.9%	6.8%	1.9%
Total:	35,000,000	68,215,000	27.3%	6.7%	23.7%	6.6%



CORNERSTONE INVESTORS

Assuming a final Offer Price of HK\$0.57 per Share
(being the low-end of the indicative Offer Price range)

				Assuming the Over-allotment Option is not exercised	Assuming the Over-allotment Option is fully exercised	
				Approximately % of total Shares in issue immediately following the completion of the	Approximately % of total Shares in issue immediately following the completion of the	
Cornerstone Investor	Investment approximate amount ⁽¹⁾ (in HK\$)	Number of Offer Shares to be acquired ⁽²⁾	Approximate % of the Offer Shares	Capitalisation Issue and the Share Offer	Approximate % of the Offer Shares	Capitalisation Issue and the Share Offer
Sany HK	15,000,000	26,315,000	10.5%	2.6%	9.2%	2.5%
Accel Group	10,000,000	17,540,000	7.0%	1.8%	6.1%	1.7%
Triplex	10,000,000	17,540,000	7.0%	1.8%	6.1%	1.7%
Total:	35,000,000	61,395,000	24.5%	6.2%	21.4%	5.9%

Assuming a final Offer Price of HK\$0.65 per Share
(being the mid-point of the indicative Offer Price range)

				Assuming the Over-allotment Option is not exercised	Assuming the Over-allotment Option is fully exercised	
				Approximately % of total Shares in issue immediately following the completion of the	Approximately % of total Shares in issue immediately following the completion of the	
Cornerstone Investor	Investment approximate amount ⁽¹⁾ (in HK\$)	Number of Offer Shares to be acquired ⁽²⁾	Approximate % of the Offer Shares	Capitalisation Issue and the Share Offer	Approximate % of the Offer Shares	Capitalisation Issue and the Share Offer
Sany HK	15,000,000	23,075,000	9.1%	2.4%	7.9%	2.2%
Accel Group	10,000,000	15,380,000	6.2%	1.5%	5.4%	1.5%
Triplex	10,000,000	15,380,000	6.2%	1.5%	5.4%	1.5%
Total:	35,000,000	53,835,000	21.5%	5.4%	18.7%	5.2%



CORNERSTONE INVESTORS

Assuming a final Offer Price of HK\$0.73 per Share
(being the high-end of the indicative Offer Price range)

(Using the high end of the indicative Offer Price Range)						
			Assuming the Over-allotment Option is not exercised		Assuming the Over-allotment Option is fully exercised	
	Investment approximate amount ⁽¹⁾ (in HK\$)	Number of Offer Shares to be acquired ⁽²⁾	Approximate % of the Offer Shares	Approximately % of total Shares in issue immediately following the completion of the Capitalisation Issue and the Share Offer	Approximately % of total Shares in issue immediately following the completion of the Approximate % of the Offer Shares	Approximately % of total Shares in issue immediately following the completion of the Capitalisation Issue and the Share Offer
Cornerstone Investor						
Sany HK	15,000,000	20,545,000	8.2%	2.0%	7.1%	2.0%
Accel Group	10,000,000	13,695,000	5.5%	1.4%	4.8%	1.3%
Triplex	10,000,000	13,695,000	5.5%	1.4%	4.8%	1.3%
Total:	35,000,000	47,935,000	19.2%	4.8%	16.7%	4.6%

Notes:

- (1) The total investment amount excludes brokerage, SFC transaction levy, AFRC transaction levy and the Stock Exchange trading fee.
- (2) Round down to the nearest whole board lot of 5,000 Shares.

The following information about the Cornerstone Investors was provided to our Company by the Cornerstone Investors in relation to the Cornerstone Placing:

Sany HK

Sany HK is an investment holding company incorporated in Hong Kong with limited liability on 14 October 2005. Sany HK is a wholly-owned subsidiary of Sany Heavy Equipment Investments Company Limited (三一重裝投資有限公司), being a company incorporated in the BVI, which is in turn owned as to approximately 56.38% by Mr. Liang Wengen (梁穩根先生), who is the ultimate beneficial owner of Sany HK. Mr. Liang is a Chinese entrepreneur.

Sany HK is the holding company of Sany Heavy Equipment International Holdings Company Limited (三一重裝國際控股有限公司) (“**Sany International**”). Sany International is a company listed on the Main Board of the Stock Exchange (stock code: 631), which is principally engaged in the manufacture and sale of mining equipment, logistics equipment, robotic and



CORNERSTONE INVESTORS

products, petroleum equipment, new energy manufacturing equipment, and spare parts and the provision of related services in the PRC. As at the Latest Practicable Date, Sany HK owned approximately 79.93% of the issued share capital of Sany International.

In June 2024, our Group has entered into a distribution agreement (the “**Distribution Agreement**”) with China Wealth, pursuant to which China Wealth has granted us the right to distribute various electric construction machinery, such as excavators, dump trucks and lifting platform under the brand name of “SANY” in Hong Kong for a term of three years commencing on 12 June 2024 and ending on 11 June 2027. China Wealth is (i) a fellow subsidiary of Sany International; (ii) a fellow subsidiary of Sany Heavy Industry Co., Ltd* (三一重工股份有限公司), being a heavy equipment manufacturing multinational company which is listed on the Shanghai Stock Exchange (stock code: 600031); and (iii) a group company of Sany HK. Mr. Liang Wengen (梁穩根先生) is the ultimate beneficial owner of the above companies. For details of the Distribution Agreement, please refer to the paragraph headed “Business — Business Strategies — 1. Acquiring additional electric machinery and equipment to enhance our operational capacity for our ongoing and upcoming projects and to seize the opportunity for sustainable construction” in this prospectus.

During FY2023/24, our Group purchased machinery from China Wealth and its associated company for an aggregate amount of approximately HK\$32.4 million, which was the first time our Group transacted with China Wealth or its group companies. Following the establishment of business relationship with China Wealth, our Group and China Wealth were in discussion for further business collaboration. With the mutual understanding that (i) it is China Wealth’s principal business to sell construction machinery and, in particular, electric machinery; and (ii) our Group is an advocate of sustainable construction and at the same time has business need to acquire further electric machinery for our operations, our Group and China Wealth entered into the Distribution Agreement. Our Directors confirmed that the negotiations of the Distribution Agreement and the Cornerstone Investment Agreement in respect of Sany HK were separate and independent from each other and that there were no inter-conditions between the two agreements.

Notwithstanding the Distribution Agreement, the Cornerstone Investment by Sany HK is made on an open and fair basis and that Sany HK will not have any preferential treatment, having considered the following:

1. The number of Offer Shares to be allotted and issued to Sany HK shall be determined by dividing the relevant Cornerstone Placing amount by the final Offer Price (rounded down to the nearest whole board lot of 5,000 Shares). In other words, Sany HK is not subject to any preferential allocation mechanism.



CORNERSTONE INVESTORS

2. The Cornerstone Placing by Sany HK, as well as other Cornerstone Placing, shall be subject to terms that are not less favourable than the minimum requirements by the Listing Rules and the relevant guidelines.
3. Sany HK is neither a related party nor connected person of our Company merely because of the historical purchase of electric machinery from China Wealth and its associated company as mentioned above or the Distribution Agreement.
4. Sany HK shall not have any board representation in our Company.
5. To avoid any potential conflict of interest going forward, for the period when the Distribution Agreement is in force while Sany HK (or any of its group companies) is a Shareholder, any transactions with Sany HK or its group companies (including with China Wealth whether or not under the Distribution Agreement) after the Listing will have to be approved by our independent non-executive Directors, which include Mr. Shang Hailong, Mr. Fu He and Mr. Leung Wa Hung. In addition, any material purchase of machinery has to comply with our Group's procurement policy.
6. The Cornerstone Investment Agreements will constitute material contracts which will be available for display upon the publication of this Prospectus such that the terms therein are open to all Shareholders or potential investor of our Company.

Accel Group

Accel Group is a company listed on the Main Board of the Stock Exchange (stock code: 1283). Accel Group is principally engaged in provision of electrical and mechanical engineering services typically involving supply, installation and maintenance of mechanical ventilation and air-conditioning systems.

For FY2021/22 and FY2022/23, a wholly owned subsidiary of Accel Group, namely Chit Tat Electrical, was one of our overlapping customers. For details, please refer to the paragraph headed "Business — Our customers — Overlapping customers" in this prospectus. For FY2023/24 and up to the Latest Practicable Date, our Group had no transaction with Accel Group. Our Group first commenced business relationship with Chit Tat Electrical in 2021. During the Track Record Period and up to the Latest Practicable Date, our Group did not have transaction with Accel Group itself. In addition, our executive Director and chief financial officer, Ms. Tse Ka Wing, serves as the independent non-executive director of Accel Group. For details of her biographical information, please refer to the paragraph headed "Directors and senior management — Board of Directors — executive Directors" in this prospectus. Ms. Tse confirmed that she is not involved in the operation of Accel Group and she has abstained from the meeting at both our Company and



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approval of such cornerstone investment. Despite Ms. Tse is an independent non-executive director of Accel Group and our executive Director and chief financial officer, our Directors are of the view that Ms. Tse is not a board representative of Accel Group in our Company, considering that:

- (i) Ms. Tse was appointed as an independent non-executive director of Accel Group in September 2019, and she joined our Group in March 2023 which was way before the negotiation between our Company and Accel Group in respect of the cornerstone investment;
- (ii) our Company and Accel Group did not become acquainted because of Ms. Tse. Instead, our Company became acquainted with Accel Group through previous business collaboration with one of Accel Group's wholly-owned subsidiary, namely Chit Tat Electrical. As disclosed in the paragraph headed "Business — Our customers — Overlapping customers" in this prospectus, for FY2021/22 and FY2022/23, Chit Tat Electrical was one of our Group's overlapping customers. For FY2023/24 and up to the Latest Practicable Date, our Group had no transaction with Chit Tat Electrical. During the Track Record Period and up to the Latest Practicable Date, our Group did not have transaction with Accel Group itself. In addition, Ms. Tse as our chief financial officer is primarily responsible for the financial management of our Group and is not responsible for our project management. As such, she is not involved in dealing with Chit Tat Electrical as our customer;
- (iii) Ms. Tse became acquainted with Mr. Yiu in October 2019 when Mr. Yiu as guest and Ms. Tse as independent non-executive director attended the listing ceremony of Accel Group. When Mr. Yiu subsequently began to prepare for our Company's listing application, Mr. Yiu invited Ms. Tse to join our Group in March 2023 having considered that Ms. Tse's professional accounting qualification and, more importantly, her relevant working experience in listed companies and initial public offering can make a contribution to our Company's listing application. In addition, our Company invited Ms. Tse to join our Board as executive Director taking into account (i) as the chief financial officer of our Group, Ms. Tse's accounting and financial expertise can contribute to the Board; and (ii) Ms. Tse can bring gender diversity of our Board as good corporate governance practice; and
- (iv) as an independent non-executive director of Accel Group, Ms. Tse is primarily responsible for providing independent advice to the board of Accel Group and protecting the interests of Accel Group's shareholders and is not involved in Accel Group's operation and cornerstone investment. In addition, as confirmed by Ms. Tse, she does not own any shares in Accel Group and our Company.



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Triplex

Triplex is an investment holding company incorporated in Hong Kong with limited liability on 21 November 2014 and is wholly-owned by Mr. Tso Fai (曹暉先生) (“**Mr. Tso**”). Triplex owns other subsidiaries which engage in various business activities such as automotive glass distribution, education consultancy, automotive parts development and software development.

Mr. Tso is currently an executive director and vice chairman of the board of directors of Fuyao Glass Industry Group Co., Ltd. (福耀玻璃工業集團股份有限公司), which is a company listed on both the Main Board of the Stock Exchange (stock code: 3606) and on the Shanghai Stock Exchange (stock code: 600660) principally engaging in the manufacturing and sale of glass products and float glass for automotive purpose. Mr. Tso is the son of Mr. Cho Tak Wong, who is one of the major founders and the chairman of Fuyao Glass Industry Group Co., Ltd.

Mr. Tso holds positions in various organisations, including as a member of the 14th National Committee of the Chinese People’s Political Consultative Conference (中國人民政治協商會議第十四屆全國委員會委員), a vice president of the Chamber of Commerce of the Fujian Industry and Commerce Association (福建省工商業聯合會) and a member of the standing committee of the 13th Executive Committee of the All-China Federation of Industry & Commerce (全國工商聯第十三屆執委會). Mr. Tso received a master’s degree in business administration from Baker College in the United States in December 2005, and obtained the qualification of senior economist as approved by Fujian Provincial Bureau of Civil Servants (福建省公務員局) and the Office of Human Resources Development of the Fujian Province (福建省人力資源開發辦公室) in December 2012.

CLOSING CONDITIONS

The obligation of the Cornerstone Investors to subscribe for the Offer Shares under the Cornerstone Investment Agreements is subject to, among other things, the following closing conditions:

- (i) the Public Offer Underwriting Agreement and the Placing Underwriting Agreement being entered into and having become effective and unconditional (in accordance with their respective original terms or as subsequently waived or varied by agreement of the parties thereto) by no later than the time and date as specified in these underwriting agreements, and neither of the aforesaid underwriting agreements having been terminated;
- (ii) the Offer Price having been agreed upon between our Company and the Overall Coordinator (for itself and on behalf of the Underwriters);



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- (iii) the Stock Exchange having granted the approval for the listing of, and permission to deal in, the Shares in issue or to be issued as described in this prospectus (including such Shares to be subscribed by the Cornerstone Investors under the Cornerstone Placing) as well as other applicable approvals and waivers, and such approvals, permissions or waivers having not been withdrawn or revoked prior to the commencement of dealings in the Shares on the Stock Exchange;
- (iv) that no law shall have been enacted or promulgated by any regulatory authorities prohibiting the consummation of the transactions contemplated in the Share Offer or in the Cornerstone Investment Agreements, and there shall be no order or injunction from a court of competent jurisdiction in effect precluding or prohibiting the consummation of such transactions; and
- (v) that the representations, warranties, undertakings, acknowledgements and confirmations of the Cornerstone Investors under the Cornerstone Investment Agreements are accurate and true in all respects and not misleading, and there is no material breach of the Cornerstone Investment Agreements on the part of the Cornerstone Investors.

RESTRICTION ON DISPOSALS BY THE CORNERSTONE INVESTORS

Sany HK has agreed that without the prior written consent of our Company, the Overall Coordinator and the Sole Sponsor, it will not, whether directly or indirectly, at any time during the period of nine months starting from and inclusive of the Listing Date (the “**Sany HK Lock-up Period**”), (i) dispose of, in any way, any of the Offer Shares it has subscribed for pursuant to the its Cornerstone Investment Agreement (the “**Sany HK Cornerstone Shares**”) or any interest (including any securities that are convertible into, exchangeable for or exercisable to be any of the aforesaid securities or any securities representing the right to receive the aforesaid securities) in any company or entity holding any of such Sany HK Cornerstone Shares; (ii) allow for a change in control at the level of its ultimate beneficial owner (as defined in the Takeovers Code); or (iii) enter into any transactions directly or indirectly with the same economic effect as any aforesaid transaction, save for certain limited circumstances, such as transfers to any of its wholly-owned subsidiaries/companies which will be bound by the same obligations of Sany HK, including the Sany HK Lock-up Period restrictions.



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Accel Group has agreed that without the prior written consent of our Company, the Overall Coordinator and the Sole Sponsor, it will not, whether directly or indirectly, at any time during the period of twelve months starting from and inclusive of the Listing Date (the “**Accel Group Lock-up Period**”), (i) dispose of, in any way, any of the Offer Shares it has subscribed for pursuant to its Cornerstone Investment Agreement (the “**Accel Group Cornerstone Shares**”) or any interest (including any securities that are convertible into, exchangeable for or exercisable to be any of the aforesaid securities or any securities representing the right to receive the aforesaid securities) in any company or entity holding any of such Accel Group Cornerstone Shares; (ii) allow for a change in control at the level of its ultimate beneficial owner (as defined in the Takeovers Code); or (iii) enter into any transactions directly or indirectly with the same economic effect as any aforesaid transaction, save for certain limited circumstances, such as transfers to any of its wholly-owned subsidiaries/companies which will be bound by the same obligations of Accel Group, including the Accel Group Lock-up Period restrictions.

Triplex has agreed that without the prior written consent of our Company, the Overall Coordinator and the Sole Sponsor, it will not, whether directly or indirectly, at any time during the period of twelve months starting from and inclusive of the Listing Date (the “**Triplex Lock-up Period**”), (i) dispose of, in any way, any of the Offer Shares it has subscribed for pursuant to its Cornerstone Investment Agreement (the “**Triplex Cornerstone Shares**”) or any interest (including any securities that are convertible into, exchangeable for or exercisable to be any of the aforesaid securities or any securities representing the right to receive the aforesaid securities) in any company or entity holding any of such Triplex Cornerstone Shares; (ii) allow for a change in control at the level of its ultimate beneficial owner (as defined in the Takeovers Code); or (iii) enter into any transactions directly or indirectly with the same economic effect as any aforesaid transaction, save for certain limited circumstances, such as transfers to any of its wholly-owned subsidiaries/companies which will be bound by the same obligations of Triplex, including the Triplex Lock-up Period restrictions.



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OVERALL COORDINATOR

Alliance Capital Partners Limited

PUBLIC OFFER UNDERWRITERS *(in alphabetical order)*

ABCI Securities Company Limited
Alliance Capital Partners Limited
China Galaxy International Securities (Hong Kong) Co., Limited
China Industrial Securities International Capital Limited
Cinda International Capital Limited
CMBC Securities Company Limited
Futu Securities International (Hong Kong) Limited
Gaoyu Securities Limited
Haitong International Securities Company Limited
Livermore Holdings Limited
Phillip Securities (Hong Kong) Limited
ZMF Asset Management Limited

UNDERWRITING ARRANGEMENTS AND EXPENSES

The Public Offer

Public Offer Underwriting Agreement

Pursuant to the Public Offer Underwriting Agreement, our Company has agreed to offer the Public Offer Shares for subscription by the public in Hong Kong on and subject to the terms and conditions of this prospectus.

Subject to, among other conditions, the granting of the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus by the Stock Exchange and certain other conditions set out in the Public Offer Underwriting Agreement, the Public Offer Underwriters have agreed to procure subscribers for the Public Offer Shares now being offered, or failing which, the Public Offer Underwriters shall subscribe for the Public Offer Shares on the terms and conditions of this prospectus and the Public Offer Underwriting Agreement.

The Public Offer Underwriting Agreement is conditional on and subject to the Placing Underwriting Agreement having been signed and becoming unconditional and not having been terminated in accordance with its terms.



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Grounds for termination

The obligations of the Public Offer Underwriters to subscribe for, or procure subscribers for the Public Offer Shares are subject to termination. The Overall Coordinator shall have the absolute right by notice in writing to our Company to terminate the Public Offer Underwriting Agreement with immediate effect at any time prior to 8:00 a.m. on the Listing Date (the “**Termination Time**”) if any of the following events shall occur prior to the Termination Time:

1. there comes to the notice of the Overall Coordinator:
 - (i) any matter or event resulting in any of the representations, warranties, agreements and undertakings given to the Public Offer Underwriters under the Public Offer Underwriting Agreement (the “**Warranties**”) becoming untrue, inaccurate or misleading in any material respect when given or repeated or there has been a breach of any of the Warranties or any other provisions of the Public Offer Underwriting Agreement by any party to the Public Offer Underwriting Agreement other than the Public Offer Underwriters which, in any such cases, is considered, in the reasonable opinion of the Overall Coordinator, to be untrue, inaccurate or misleading and material in the context of the Public Offer; or
 - (ii) any statement contained in this prospectus has become untrue, incorrect or misleading in any material respect which is considered, in the reasonable opinion of the Overall Coordinator, to be untrue, inaccurate or misleading and material in the context of the Public Offer; or
 - (iii) any event, series of events, matters or circumstances occurs or arises on or after the date of the Public Offer Underwriting Agreement and before the Termination Time, being events, matters or circumstances which, if it had occurred before the date of the Public Offer Underwriting Agreement, would have rendered any of the Warranties untrue, incorrect or misleading in any material respect, and which is considered, in the reasonable opinion of the Overall Coordinator to be untrue, inaccurate or misleading and material in the context of the Public Offer; or
 - (iv) any matter which, had it arisen or been discovered immediately before the date of this prospectus and not having been disclosed in this prospectus, would have constituted, in the reasonable opinion of the Overall Coordinator, a material omission in the context of the Public Offer; or



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- (v) in the reasonable opinion of the Overall Coordinator, any event, act or omission which gives or is likely to give rise to any liability of a material nature of our Company and any of our executive Directors and our Controlling Shareholders arising out of or in connection with the breach of any of the Warranties; or
 - (vi) any breach by any party to the Public Offer Underwriting Agreement other than the Public Offer Underwriters of any provision of the Public Offer Underwriting Agreement which, in the reasonable opinion of the Overall Coordinator, is material;
2. there shall have developed, occurred, existed, or come into effect any event or series of events, matters or circumstances whether occurring or continuing on and/ or after the date of the Public Offer Underwriting Agreement and including an event or change in relation to or a development of an existing state of affairs concerning or relating to any of the following:
- (i) any new law or regulation or any change in existing laws or regulations or any change in the interpretation or application thereof by any court or other competent authority in Hong Kong, the BVI, the Cayman Islands or any of the jurisdictions in which our Group operates or has or is deemed by any applicable law to have a presence (by whatever name called) or any other jurisdiction relevant to the business of our Group; or
 - (ii) any change in, or any event or series of events or development resulting or likely to result in any change in Hong Kong, the BVI, the Cayman Islands or any of the jurisdictions relevant to the business of our Group, the local, regional or international financial, currency, political, military, industrial, economic, stock market or other market conditions or prospects; or
 - (iii) any adverse change in the conditions of Hong Kong or international equity securities or other financial markets; or
 - (iv) the imposition of any moratorium, suspension or material restriction on trading in securities generally on any of the markets operated by the Stock Exchange due to exceptional financial circumstances; or
 - (v) any change or development involving a prospective change in taxation or exchange control (or the implementation of any exchange control) in Hong Kong, the BVI, the Cayman Islands or any of the jurisdictions in which our Group operates or has or is deemed by any applicable law to have a presence (by whatever name called) or other jurisdiction relevant to our Group's business; or



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- (vi) any adverse change or prospective adverse change in the business or in the financial or trading position or prospects of any member of our Group; or
- (vii) a general moratorium on commercial banking activities in Hong Kong declared by the relevant authorities; or
- (viii) any event of force majeure including, without limiting the generality thereof, any act of God, military action, riot, public disorder, civil commotion, fire, flood, tsunami, explosion, epidemic (other than COVID-19), terrorism, strike or lock-out;

which, in the reasonable opinion of the Overall Coordinator acting in good faith:

- (a) is or will be, or is likely to be, adverse, in any material respect, to the business, financial or other condition or prospects of our Group taken as a whole; or
- (b) has or will have or is reasonably likely to have a material adverse effect on the success of the Share Offer or the level of the Offer Shares being applied for or accepted, or the distribution of the Offer Shares; or
- (c) makes it impracticable, inadvisable or inexpedient for the Public Offer Underwriters to proceed with the Public Offer as a whole.

For the above purpose:

- (a) a change in the system under which the value of the Hong Kong currency is linked to that of the currency of the U.S. shall be taken as an event resulting in a change in currency conditions; and
- (b) any normal market fluctuations shall not be construed as events or series of events affecting market conditions referred to above.

Undertakings

Undertakings Pursuant to the Listing Rules

Pursuant to Rule 10.08 of the Listing Rules, our Company has undertaken to the Stock Exchange that, except pursuant to the Share Offer, the Capitalisation Issue, the grant of options under the Share Option Scheme, the grant of Shares under the Share Award Scheme, the grant of Shares which may fall to be issued upon the exercise of the Over-allotment Option (if any) and the issue of Shares upon exercise of any such options or as otherwise permitted under the Listing Rules, no further Shares or securities convertible into our equity securities (whether or not of a class already listed) may be issued or sold or transferred out of treasury by our Company.



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the subject of any agreement to such an issue, or sale or transfer out of treasury by us within six months from the Listing Date (whether or not such issue of Shares or securities will be completed within six months from the Listing Date), except for the circumstances as permitted by Rule 10.08(1) to (5) of the Listing Rules.

Undertakings by our Controlling Shareholders

Pursuant to Rule 10.07 of the Listing Rules, each of our Controlling Shareholders has jointly and severally undertaken to the Stock Exchange each of the Overall Coordinator, the Public Offer Underwriters and our Company that, except pursuant to the Capitalisation Issue and the Share Offer, he or it shall not and shall procure that the relevant registered holder(s) shall not:

1. in the period commencing on the date by reference to which disclosure of the shareholding of the Controlling Shareholders is made in this prospectus and ending on the date which is six months from the Listing Date, dispose of, nor enter into any agreement to dispose of, or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares or securities in respect of which he or it is shown by this prospectus to be the beneficial owners; or
2. in the period of six months commencing on the date on which the period mentioned in paragraph (1) above expires, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares or securities referred to in (1) above if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests, or encumbrances, he or it would cease to be a Controlling Shareholder of our Company or a member of a group of the Controlling Shareholders of our Company or would together with the other Controlling Shareholders cease to be “Controlling Shareholders” (as defined in the Listing Rules) of our Company.

Pursuant to Note (3) to Rule 10.07(2) of the Listing Rules, each of our Controlling Shareholders has further jointly and severally undertaken to the Stock Exchange that, within the period commencing on the date by reference to which disclosure of his or its shareholdings in our Company is made in this prospectus and ending on the date which is 12 months from the Listing Date, he or it will:

1. if and when he or it pledges or charges any Shares or any securities or interest in the securities of our Company beneficially owned by him or it in favour of any authorised institution pursuant to Note (2) to Rule 10.07(2) of the Listing Rules, immediately inform our Company of such pledge or charge together with the number of securities of our Company and nature of interests so pledged or charged; and



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2. if and when he or it receives indications, either verbal or written, from any pledgee or chargee that any of the pledged or charged Shares or securities or interests in the securities of our Company will be disposed of, immediately inform our Company of such indications.

Our Company will inform the Stock Exchange as soon as we have been informed of the matters referred to in paragraphs (1) and (2) above (if any) by our Controlling Shareholders and disclose such matters by way of an announcement in accordance with Rule 2.07C of the Listing Rules as soon as possible.

Undertakings Pursuant to the Public Offer Underwriting Agreement Undertakings by our Company

Pursuant to the Public Offer Underwriting Agreement, our Company had undertaken to each of the Sole Sponsor, the Overall Coordinator, the Joint Bookrunners, the Joint Lead Managers and the Public Offer Underwriters that, except pursuant to the Share Offer, the Capitalisation Issue, the grant of options under the Share Option Scheme, the grant of Shares under the Share Award Scheme, the grant of Shares which may fall to be issued upon the exercise of the Over-allotment Option (if any), and the issue of Shares upon exercise of any such options or as otherwise permitted under the Listing Rules, our Company will not, and our Company, our Controlling Shareholders and each of our executive Directors will procure, that our subsidiaries will not, unless with the prior written consent of the Overall Coordinator (such consent not to be unreasonably withheld or delayed) and unless in compliance with the requirements of the Listing Rules:

- allot or issue, or agree to allot or issue, Shares or other securities of our Company (including warrants or other convertible or exchangeable securities) or grant or agree to grant any options, warrants, or other rights to subscribe for or convertible or exchangeable into Shares or other securities of our Company; or
- enter into any swap or other arrangement that transfers, in whole or in part, any of the economic consequence of ownership of any Shares or offer to or agree to do any of the foregoing or announce any intention to do so,

during the six months immediately following the Listing Date (the “**First Six-month Period**”).

In the event of our Company doing any of the foregoing by virtue of the aforesaid exceptions or during the period of six months immediately following the expiry of the First Six-month Period (the “**Second Six-month Period**”), it will take all reasonable steps to ensure that any such act will not create a disorderly or false market for any Shares or other securities of our Company.



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Undertakings by our Controlling Shareholders

Pursuant to the Public Offer Underwriting Agreement, each of our Controlling Shareholders has jointly and severally undertaken to each of the Overall Coordinator, our Company and the Public Offer Underwriters that during the First Six-month Period, he or it shall not, and shall procure that the relevant registered holder(s) and his or its associates and companies controlled by him or it and any nominee or trustee holding in trust for him or it shall not, without the prior written consent of the Overall Coordinator (such consent not to be unreasonably withheld or delayed) unless in compliance with the requirements of the Listing Rules:

- (i) offer, pledge, charge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant or agree to grant any option, right or warrant to purchase or subscribe for, lend or otherwise transfer or dispose of, either directly or indirectly, any of the Shares in respect of which he or it is shown in this prospectus to be directly or indirectly interested (the “**Relevant Securities**”); or
- (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the Relevant Securities, whether any of the foregoing transactions is to be settled by delivery of the Relevant Securities or such other securities, in cash or otherwise; or
- (iii) agree (conditionally or unconditionally) to enter into or effect any transaction with the same economic effect as any of the transactions referred to in paragraphs (i) or (ii) above; or
- (iv) announce any intention to enter into or effect any of the transactions referred to in paragraphs (i), (ii) or (iii) above.

Each of our Controlling Shareholders has jointly and severally undertaken to the Overall Coordinator, our Company and the Public Offer Underwriter that, save as pursuant to the Stock Borrowing Agreement or unless as a result of any exercise of the Over-allotment Option or otherwise in compliance with the Listing Rules, he or it shall not, and shall procure that the relevant registered holder(s) and his or its associates or companies controlled by him or it and any nominee or trustee holding in trust for him or it shall not, without the prior written consent of the Stock Exchange in the Second Six-month Period, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any Relevant Securities held by him or it or any of his or its associates or companies controlled by him or it or any nominee or trustee holding in trust for him or it if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, he



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or it would cease to be a Controlling Shareholder or would together with the other Controlling Shareholders cease to be, or be regarded as, Controlling Shareholders (as defined in the Listing Rules) of our Company.

In the event of a disposal of any of the Shares or securities of our Company directly or indirectly beneficially owned by him or it or any interest therein within the Second Six-month Period, the relevant Controlling Shareholder shall take all reasonable steps to ensure that such a disposal will not create a disorderly or false market for any Shares or other securities of our Company.

Pursuant to the Public Offer Underwriting Agreement, each of our Controlling Shareholders has further undertaken to each of our Company, the Overall Coordinator and the Public Offer Underwriters that within the first twelve months from the Listing Date, he or it will:

- if and when he or it pledges or charges any Shares or any securities or interests in the securities of our Company beneficially owned by him or it directly or indirectly, immediately inform our Company and the Overall Coordinator in writing of such pledges or charges together with the number of securities and nature of interests so pledged or charged; and
- if and when he or it receives indications, either verbal or written, from any pledgee or chargee that any of the pledged or charged securities or interests in the securities of our Company will be sold, transferred or disposed of, immediately inform our Company and the Overall Coordinator in writing of such indications.

Our Company will inform the Stock Exchange as soon as we have been informed of the matters above (if any) by our Controlling Shareholders and disclose such matters by way of a press announcement.

The Placing

In connection with the Placing, it is expected that our Company will enter into the Placing Underwriting Agreement with, among others, the Placing Underwriters, on terms and conditions that are substantially similar to the Public Offer Underwriting Agreement as described above and on the additional terms described below. Under the Placing Underwriting Agreement, the Placing Underwriters will severally agree to subscribe or procure subscribers for the Placing Shares being offered pursuant to the Placing.

Our Company will grant to the Placing Underwriters the Over-allotment Option, exercisable by the Overall Coordinator at any time from the Listing Date until 30 days after the last day for the lodging of applications under the Public Offer (being Sunday, 3 November 2020), to require



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our Company to allot and issue up to an aggregate of 37,500,000 additional Shares representing 15% of the number of Offer Shares initially offered under the Share Offer, at the same price per Share under the Placing to cover, among other things, over-allocations (if any) in the Placing. For further details on the stabilisation and the Over-allotment Option, please refer to the paragraph headed “Structure and Conditions of the Share Offer — Stabilisation and over-allotment” in this prospectus.

Commissions and expenses

The Underwriters will receive an underwriting commission at the rate of 3.0% of the aggregate Offer Price payable for the Offer Shares (including shares to be issued pursuant to the Over-allotment Option) (the “**Fixed Fees**”), out of which they will pay any sub-underwriting commissions. Our Company may, at our sole discretion, pay to one or more Underwriters an incentive fee of up to 1% of the Offer Price payable for the Offer Shares (the “**Discretionary Fees**”). Assuming the Discretionary Fees are paid in full, the ratio of Fixed Fees and Discretionary Fees payable is therefore 75:25.

Such commission, together with the Stock Exchange listing fees, the Stock Exchange trading fees, the SFC transaction levy, AFRC transaction levy, legal and other professional fees, printing, and other expenses relating to the Share Offer, is currently estimated to be approximately HK\$32.0 million in aggregate (based on an Offer Price of HK\$0.65 per Offer Share, being the mid-point of the indicative Offer Price range of HK\$0.57 per Offer Share and HK\$0.73 per Offer Share and the assumption that the Over-allotment Option is not exercised) and are payable by our Company with reference to the number of Offer Shares under the Share Offer respectively.

UNDERWRITERS’ INTERESTS IN OUR COMPANY

The Sole Sponsor will receive a sponsorship fee to the Share Offer. The Underwriters will receive an underwriting commission. Particulars of the underwriting commission are set forth under the paragraph headed “Commission and expenses” above.

We have appointed Alliance Capital as our compliance adviser pursuant to Rule 3A.19 of the Listing Rules for the period commencing on the Listing Date and ending on the date on which we comply with Rule 13.46 of the Listing Rules in respect of our financial results for the full financial year commencing after the Listing Date.

Save for their obligations under the Underwriting Agreements, and as disclosed above, none of the Sole Sponsor or the Underwriters is interested legally or beneficially in any shares of any member of our Group nor has any right or option (whether legally enforceable or not) to subscribe for or purchase or to nominate persons to subscribe for or purchase securities in any member of our Group nor any interest in the Share Offer.



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INDEPENDENCE OF THE SOLE SPONSOR

Alliance Capital, being the Sole Sponsor, satisfies the independence criteria applicable to sponsors as set out in Rule 3A.07 of the Listing Rules.

RESTRICTIONS ON THE OFFER SHARES

No action has been taken to permit a public offering of the Offer Shares other than in Hong Kong, or the distribution of this prospectus in any jurisdiction other than Hong Kong. Accordingly, this prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in any jurisdiction or in any circumstances in which such an offer or invitation is not authorised or to any person to whom it is unlawful to make such an offer or invitation.



STRUCTURE AND CONDITIONS OF THE SHARE OFFER

THE SHARE OFFER

The Share Offer consists of (subject to reallocation and the Over-allotment Option):

- the Public Offer of 25,000,000 Shares (subject to reallocation as mentioned below) as described under the section headed “Structure and conditions of the Share Offer — The Public Offer” in this prospectus; and
- the Placing of 225,000,000 Shares (subject to reallocation as mentioned below) as described under the section headed “Structure and conditions of the Share Offer — The Placing” in this prospectus.

Investors may apply for the Offer Shares under the Public Offer or indicate an interest, if qualified to do so, for the Offer Shares under the Placing, but may not do both. The Public Offer is open to members of the public in Hong Kong as well as to institutional, professional and other investors in Hong Kong. The Placing will involve selective marketing of the Offer Shares to institutional, professional and other investors. The Placing Underwriters are soliciting from prospective investors indications of interest in acquiring the Offer Shares in the Placing. Prospective investors will be required to specify the number of Offer Shares under the Placing they would be prepared to acquire either at different prices or at a particular price.

The number of Offer Shares to be offered under the Public Offer and the Placing respectively may be subject to reallocation as described in the section headed “Structure and conditions of the Share Offer — Pricing and allocation” in this prospectus.

PRICING AND ALLOCATION

Offer Price

The Offer Price will be not more than HK\$0.73 per Offer Share and is expected to be not less than HK\$0.57 per Offer Share, unless otherwise announced. Prospective investors should be aware that the Offer Price to be determined on the Price Determination Date may be, but is not expected to be, lower than the indicative Offer Price range stated in this prospectus (subject to a Downward Offer Price Adjustment).



STRUCTURE AND CONDITIONS OF THE SHARE OFFER

Price payable on application

Applicants under the Public Offer may be required to pay, on application (subject to application channels), the maximum indicative Offer Price of HK\$0.73 per Public Offer Share plus 1.0% brokerage, a 0.0027% SFC transaction levy, a 0.00015% AFRC transaction levy and a 0.00565% Stock Exchange trading fee, amounting to a total of HK\$3,686.82 for one board lot of 5,000 Shares. If the Offer Price as finally determined in the manner described below, is less than HK\$0.73 per Public Offer Share, appropriate refund payments (including the brokerage, SFC transaction levy, AFRC transaction levy and the Stock Exchange trading fee attributable to the surplus application monies) will be made to successful applicants (subject to application channels) without interest.

Determining the Offer Price

The Placing Underwriters are soliciting from prospective investors indications of interest in acquiring the Shares in the Placing. Prospective investors will be required to specify the number of Offer Shares under the Placing they would be prepared to acquire either at different prices or at a particular price. This process, known as “book-building”, is expected to continue up to, and to cease on or about Monday, 7 October 2024.

The Offer Price is expected to be fixed by agreement between the Overall Coordinator (for itself and on behalf of the Underwriters) and our Company on or before 12:00 noon on the Price Determination Date, when market demand for the Offer Shares will be determined. The Price Determination Date is expected to be on or before 12:00 noon on Monday, 7 October 2024.

If, for any reason, our Company and the Overall Coordinator (for itself and on behalf of the Underwriters) are unable to reach agreement on the Offer Price on or before 12:00 noon on Monday, 7 October 2024, the Share Offer will not proceed and will lapse.

Reduction in indicative Offer Price range and/or number of Offer Shares

The Overall Coordinator (for itself and on behalf of the Underwriters) may, where considered appropriate, based on the level of interest expressed by prospective professional and institutional investors during the book-building process, and with the consent of our Company, reduce the number of Offer Shares and/or the indicative Offer Price range as stated in this prospectus at any time on or prior to the morning of the last day for lodging applications under the Public Offer. In such case, we will, as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the day which is the last day for lodging applications under the Public Offer, cause to be announced on the website of our Company at



STRUCTURE AND CONDITIONS OF THE SHARE OFFER

www.winglee.com.hk and the website of the Stock Exchange at www.hkexnews.hk, notices of the reduction, and the cancellation of the Share Offer and relaunch of the offer at the revised number of Offer Shares and/or the revised Offer Price.

As soon as practicable after such reduction in the number of Offer Shares and/or the Offer Price, we will also issue a supplemental prospectus or a new prospectus updating investors of the change in the number of Offer Shares being offered under the Share Offer and/or the Offer Price, and giving investors at least three (3) Business Days to consider the new information. The supplemental or new prospectus should include at least the following: updated (i) Offer Price and market capitalisation; (ii) listing timetable and underwriting obligations; (iii) price/earning multiple, unaudited pro forma and adjusted net tangible assets; and (iv) use of proceeds and working capital adequacy confirmation based on the revised proceeds. The Share Offer must first be canceled and subsequently relaunched on FINI pursuant to the supplemental prospectus.

Before submitting applications for the Public Offer Shares, applicants should have regard to the possibility that any announcement of a reduction in the number of Offer Shares and/or the indicative Offer Price range may not be made until the day which is the last day for lodging applications under the Public Offer, which is Friday, 4 October 2024. In the absence of any such supplemental or new prospectus so published, the number of Offer Shares will not be reduced and/or the Offer Price, if agreed upon by the Overall Coordinator (for itself and on behalf of the Underwriters) and our Company, will under no circumstances be set outside the Offer Price range as stated in this prospectus.

If there is any change to the offer size due to change in the number of Offer Shares offered in the Share Offer (other than pursuant to the reallocation mechanism as disclosed in this prospectus), or change to the Offer Price which leads to the resulting price falling outside the indicative Offer Price range as stated in this prospectus, or change in the number of Offer Shares and/or Offer Price resulting in the expected market capitalisation of our Company falling below the minimum market capitalisation of HK\$500 million prescribed under Rule 8.09(2) of the Listing Rules or if our Company becomes aware that there has been a significant change affecting any matter contained in this prospectus or a significant new matter has arisen, the inclusion of information in respect of which would have been required to be in this prospectus if it had arisen before this prospectus was issued, after the issue of this prospectus and before the commencement of dealings in the Offer Shares as prescribed under Rule 11.13 of the Listing Rules, our Company is required to cancel the Share Offer and issue a supplemental prospectus or a new prospectus and subsequently relaunched on FINI pursuant to the supplemental prospectus.



STRUCTURE AND CONDITIONS OF THE SHARE OFFER

In the event of a reduction in the number of Offer Shares, the Overall Coordinator (for itself and on behalf of the Underwriters) may, at its discretion, reallocate the number of Offer Shares to be offered in the Public Offer and the Placing, provided that the number of Offer Shares comprised in the Public Offer shall not be less than 10% of the total number of Offer Shares available under the Share Offer. The Offer Shares to be offered in the Public Offer and the Offer Shares to be offered in the Placing may, in certain circumstances, be reallocated between these offerings at the discretion of the Overall Coordinator (for itself and on behalf of the Underwriters).

Allocation

The allocation of Shares between the Public Offer and the Placing is subject to reallocation as between these offerings at the discretion of the Overall Coordinator.

Allocation of the Public Offer Shares pursuant to the Placing will be determined by the Overall Coordinator and will be based on a number of factors including the level and timing of demand, total size of the relevant investor's invested assets or equity assets in the relevant sector and whether or not it is expected that the relevant investor is likely to buy further, and/or hold or sell Shares after the Listing. Such allocation may be made to professional, institutional and other investors and is intended to result in a distribution of the Shares on a basis which would lead to the establishment of a stable shareholder base to the benefit of our Company and the Shareholders as a whole.

Allocation of the Public Offer Shares to investors under the Public Offer will be based solely on the level of valid applications received under the Public Offer. The basis of allocation may vary, depending on the number of Public Offer Shares validly applied for by applicants. The allocation of Public Offer Shares could, where appropriate, consist of balloting, which would mean that some applicants may receive a higher allocation than others who have applied for the same number of Public Offer Shares, and those applicants who are not successful in the ballot may not receive any Public Offer Shares.

Announcement of Offer Price Reduction

The Overall Coordinator (for itself and on behalf of the Underwriters) may, where considered appropriate, based on the level of interest expressed by prospective investors during the book-building process, and with the consent of our Company, determine the final Offer Price to be no more than 10% below the bottom end of the Offer Price range, at any time on or prior to the Price Determination Date.



STRUCTURE AND CONDITIONS OF THE SHARE OFFER

In such situation, our Company will, as soon as practicable following the decision to set the final Offer Price below the bottom end of the Offer Price range, publish on the website of the Stock Exchange (www.hkexnews.hk) and the Company's website (www.winglee.com.hk) an announcement of the final Offer Price after making a Downward Offer Price Adjustment. Such announcement will be issued before and separate from the announcement of the results of allocations expected to be announced on Tuesday, 8 October 2024. The Offer Price announced following making of a Downward Offer Price Adjustment shall be the final Offer Price and shall not be subsequently changed.

In the absence of an announcement that a Downward Offer Price Adjustment has been made, the final Offer Price will not be outside the Offer Price range as disclosed in this prospectus.

Announcement of final Offer Price and basis of allocations

Irrespective of whether a Downward Offer Price Adjustment is made, the applicable final Offer Price, the level of indications of interest in the Placing and the basis of allocations of the Public Offer Shares are expected to be announced on Tuesday, 8 October 2024 on the Stock Exchange's website and on our Company's website.

Results of allocations in the Public Offer, including the identification document number of successful applicants (where applicable) and the number of Public Offer Shares successfully applied for through **HK eIPO White Form** service will be made available through a variety of channels as described in the section headed "How to apply for Public Offer Shares — B. Publication of results" in this prospectus.

CONDITIONS OF THE PUBLIC OFFER

Acceptance of all applications for the Offer Shares pursuant to the Public Offer will be conditional upon, among other things:

- the Stock Exchange granting listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Share Offer (including the Shares which may be made available pursuant to the Capitalisation Issue, the exercise of the Over-allotment Option and any Shares that may be granted under the Share Award Scheme);
- the Offer Price having been duly agreed on or around the Price Determination Date;
- the execution and delivery of the Placing Underwriting Agreement on or around the Price Determination Date; and



STRUCTURE AND CONDITIONS OF THE SHARE OFFER

- the obligations of the Underwriters under each of the Placing Underwriting Agreement and the Public Offer Underwriting Agreement having become unconditional and not having been terminated in accordance with the terms of the respective agreements,

in each case on or before the dates and times specified in such Underwriting Agreements (unless and to the extent such conditions are waived on or before such dates and times) and in any event not beyond the 30th day after the date of this prospectus.

The consummation of each of the Public Offer and the Placing is conditional upon, among other things, the other becoming unconditional and not having been terminated in accordance with its terms.

If the above conditions are not fulfilled or waived prior to the dates and times specified, the Share Offer will lapse and the Stock Exchange will be notified immediately. We will cause the notice of the lapse of the Public Offer to be published on the Stock Exchange's website and on our Company's website on the next day following such lapse.

Share certificates for the Offer Shares are expected to be issued on Tuesday, 8 October 2024 but will only become valid certificates of title at 8:00 a.m. on Wednesday, 9 October 2024, provided that (i) the Share Offer has become unconditional in all respects and (ii) the right of termination as described in the section headed "Underwriting — Underwriting arrangements and expenses — The Public Offer — Grounds for termination" in this prospectus has not been exercised.

THE PUBLIC OFFER

Number of Shares initially offered

Our Company is initially offering 25,000,000 Public Offer Shares at the Offer Price, representing 10% of the 250,000,000 Shares initially available under the Share Offer, for subscription by the public in Hong Kong. Subject to adjustment as mentioned below, the number of Shares offered under the Public Offer will represent 2.5% of the total issued share capital of our Company immediately after completion of the Share Offer (assuming that the Over-allotment Option is not exercised). The Public Offer is open to members of the public in Hong Kong as well as to institutional, professional and other investors. Completion of the Public Offer is subject to the conditions as set out in the section headed "Structure and conditions of the Share Offer — Conditions of the Public Offer" above.



STRUCTURE AND CONDITIONS OF THE SHARE OFFER

Allocation

For allocation purposes only, the Public Offer Shares initially being offered for subscription under the Public Offer (after taking into account any adjustment in the number of Offer Shares allocated between the Public Offer and the Placing) will be divided equally into two pools. Pool A will comprise 12,500,000 Public Offer Shares and Pool B will comprise 12,500,000 Public Offer Shares initially, both of which are available on a fair basis to successful applicants. All valid applications that have been received for Public Offer Shares with an aggregate subscription amount (excluding brokerage fee, SFC transaction levy, AFRC transaction levy and the Stock Exchange trading fee) of HK\$5 million or below will fall into Pool A and all valid applications that have been received for Public Offer Shares with an aggregate subscription amount (excluding brokerage fee, SFC transaction levy, AFRC transaction levy and Stock Exchange trading fee) of over HK\$5 million and up to the total value of Pool B, will fall into Pool B.

Applicants should be aware that applications in Pool A and Pool B are likely to receive different allocation ratios. If Public Offer Shares in one pool (but not both pools) are undersubscribed, the surplus Public Offer Shares will be transferred to the other pool to satisfy demand in that other pool and be allocated accordingly. Applicants can only receive an allocation of Public Offer Shares from either Pool A or Pool B but not from both pools and may only apply for Public Offer Shares in either Pool A or Pool B. In addition, multiple or suspected multiple applications within either pool or between pools will be rejected. No application will be accepted from applicants for more than 12,500,000 Public Offer Shares (being 50% of the initial number of Public Offer Shares).

Allocation of the Offer Shares to investors under the Public Offer will be based solely on the level of valid applications received under the Public Offer. The basis of allocation may vary, depending on the number of Public Offer Shares validly applied for by applicants. The allocation of Public Offer Shares could, where appropriate, consist of balloting, which means that some applicants may receive a higher allocation than others who have applied for the same number of Public Offer Shares, and those applicants who are not successful in the ballot may not receive any Public Offer Shares.



STRUCTURE AND CONDITIONS OF THE SHARE OFFER

Reallocation

The allocation of Offer Shares between the Public Offer and the Placing is at the discretion of the Overall Coordinator, subject to adjustment. According to Chapter 4.14 of the Guide For New Listing Applicants issued by the Stock Exchange and paragraph 4.2 of Practice Note 18 of the Listing Rules, a clawback mechanism shall be put in place which would have the effect of increasing the number of Offer Shares under the Public Offer to a certain percentage of the total number of Offer Shares offered under the Share Offer if the Placing is fully or over-subscribed and certain prescribed total demand levels are reached as further described below:

- (a) Where the Placing Shares are fully subscribed or oversubscribed:
 - (i) if the Public Offer Shares are undersubscribed, the Overall Coordinator has the authority to reallocate all or any unsubscribed Public Offer Shares to the Placing, in such proportions as the Overall Coordinator deems appropriate;
 - (ii) if the number of Offer Shares validly applied for under the Public Offer represents 15 times or more but less than 50 times the number of the Offer Shares initially available for subscription under the Public Offer, then 50,000,000 Offer Shares will be reallocated to the Public Offer from the Placing, so that the total number of the Offer Shares available under the Public Offer will be increased to 75,000,000 Offer Shares, representing 30% of the number of the Offer Shares initially available under the Share Offer (before any exercise of the Over-allotment Option);
 - (iii) if the number of Offer Shares validly applied for under the Public Offer represents 50 times or more but less than 100 times the number of the Offer Shares initially available for subscription under the Public Offer, then 75,000,000 Offer Shares will be reallocated to the Public Offer from the Placing, so that the number of the Offer Shares available under the Public Offer will be increased to 100,000,000 Offer Shares, representing 40% of the number of the Offer Shares initially available under the Share Offer (before any exercise of the Over-allotment Option); and
 - (iv) if the number of Offer Shares validly applied for under the Public Offer represents 100 times or more the number of the Offer Shares initially available for subscription under the Public Offer, then 100,000,000 Offer Shares will be reallocated to the Public Offer from the Placing, so that the number of the Offer Shares available under the Public Offer will be increased to 125,000,000 Offer Shares, representing 50% of the number of the Offer Shares initially available under the Share Offer (before any exercise of the Over-allotment Option);



STRUCTURE AND CONDITIONS OF THE SHARE OFFER

- (b) Where the Placing Shares are undersubscribed:
- (i) if the Public Offer Shares are undersubscribed, the Share Offer will not proceed unless the Underwriter would subscribe or procure subscribers for their respective applicable proportions of the Offer Shares being offered which are not taken up under the Share Offer on the terms and conditions of this prospectus and the Underwriting Agreements; and
 - (ii) if the Public Offer Shares are fully subscribed or oversubscribed irrespective of the number of times the number of Offer Shares initially available for subscription under the Public Offer, then up to 25,000,000 Offer Shares may be reallocated to the Public Offer from the Placing, so that the total number of the Offer Shares available under the Public Offer will be increased to 50,000,000 Offer Shares, representing 20% of the number of the Offer Shares initially available under the Share Offer (before any exercise of the Over-allotment Option).

In the event of reallocation of Offer Shares from the Placing to the Public Offer in the circumstances where (a) the Placing Shares are fully subscribed or oversubscribed and the Public Offer Shares are fully subscribed or oversubscribed by less than 15 times under paragraph (a)(ii) above; or (b) the Placing Shares are undersubscribed and the Public Offer Shares are fully subscribed or oversubscribed under paragraph (b)(ii) above, the final Offer Price shall be fixed at the lower of the low-end of the indicative Offer Price range (i.e. HK\$0.57 per Offer Share) and an offer price of HK\$0.513 per Offer Share after making a Downward Offer Price Adjustment of 10% as stated in this prospectus.

In addition, the Overall Coordinator may reallocate Offer Shares from the Placing to the Public Offer to satisfy valid applications under the Public Offer. In accordance with Chapter 4.14 of the Guide For New Listing Applicants issued by the Stock Exchange, if such reallocation is done other than pursuant to Practice Note 18 of the Listing Rules, the maximum total number of Offer Shares that may be reallocated to the Public Offer following such reallocation shall be not more than double the initial allocation to the Public Offer (i.e. 50,000,000 Offer Shares); and the final Offer Price shall be fixed at the lower of the low end of the indicated Offer Price range stated in this prospectus (i.e. HK\$0.57 per Offer Share) and an offer price of HK\$0.513 per Offer Share after making a Downward Offer Price Adjustment of 10%. In all cases, the number of Offer Shares allocated to the Placing will be correspondingly reduced.



STRUCTURE AND CONDITIONS OF THE SHARE OFFER

Applications

The Coordinator (for itself and on behalf of the Underwriters) may require any investor who has been offered Shares under the Placing, and who has made an application under the Public Offer to provide sufficient information to the Overall Coordinator so as to allow them to identify the relevant applications under the Public Offer and to ensure that it is excluded from any application for Shares under the Public Offer.

Each applicant under the Public Offer will also be required to give an undertaking and confirmation in the application submitted by him that he and any person for whose benefit he is making the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Offer Shares under the Placing, and such applicant's application is liable to be rejected if the said undertaking or confirmation is breached or untrue (as the case may be) or if such applicant has been or will be placed or allocated Offer Shares under the Placing.

References in this prospectus to applications, application monies or to the procedure for application relate solely to the Public Offer.

THE PLACING

Number of Offer Shares offered

Subject to the reallocation as described above, the number of Offer Shares to be initially offered for subscription under the Placing will be 225,000,000 Shares, representing 90% of the total number of Offer Shares initially available under the Share Offer. The Placing is subject to the Public Offer being unconditional.

Allocation

Pursuant to the Placing, the Placing Underwriter will conditionally place the Placing Shares with institutional, professional and other investors expected to have a sizeable demand for the Placing Shares in Hong Kong. Allocation of Placing Shares pursuant to the Placing will be effected in accordance with the "book-building" process described in the paragraph headed "Pricing and allocation" above.



STRUCTURE AND CONDITIONS OF THE SHARE OFFER

OVER-ALLOTMENT OPTION

Our Company is expected to grant to the Placing Underwriters the Over-allotment Option, exercisable by the Overall Coordinator at any time and from time to time from the Listing Date, up to (and including) the date which is the 30th day after the last day for lodging applications under the Public Offer. A press announcement will be made in the event that the Over-allotment Option is exercised. Pursuant to the Over-allotment Option, our Company may be required to allot and issue up to 37,500,000 Shares, representing 15% of the number of Offer Shares initially available under the Share Offer, at the Offer Price.

STOCK BORROWING AGREEMENT

The Stabilising Manager, or any person acting for it may choose to borrow 37,500,000 Shares from Wing Lee Green Development under the Stock Borrowing Agreement, or acquire Shares from other sources, including the exercising of the Over-allotment Option. The Stock Borrowing Agreement will not be subject to the restrictions of Rule 10.07(1)(a) of the Listing Rules provided that the requirements set out in Rule 10.07(3) of the Listing Rules are to be complied with as follows:

- such stock borrowing arrangement with Wing Lee Green Development will only be effected by the Stabilising Manager for settlement of over-allocations in the Placing and covering any short position prior to the exercise of the Over-allotment Option;
- the maximum number of Shares borrowed from Wing Lee Green Development under the Stock Borrowing Agreement will be limited to the maximum number of Shares which may be issued upon the exercise of the Over-allotment Option;
- the same number of Shares so borrowed must be returned to Wing Lee Green Development or its nominees on or before the third business day following the earlier of (i) the last day on which the Over-allotment Option may be exercised, (ii) the date on which the Over-allotment Option is exercised in full and the relevant over-allocation shares have been allocated, and (iii) such earlier time as the parties may from time to time agree in writing;
- the stock borrowing arrangement under the Stock Borrowing Agreement will be effected in compliance with all applicable laws, listing rules and regulatory requirements; and
- no payment will be made to Wing Lee Green Development by the Stabilising Manager or its authorised agents in relation to such stock borrowing arrangement.



STRUCTURE AND CONDITIONS OF THE SHARE OFFER

STABILISATION AND OVER-ALLOTMENT

In connection with the Share Offer, the Stabilising Manager, or any person acting for it, on behalf of the Underwriters, may, to the extent permitted by applicable laws of Hong Kong or elsewhere, over-allocate or effect any other transactions with a view to stabilising or maintaining the market price of the Shares at a level higher than that which might otherwise prevail in the open market for a limited period after the Listing Date. Any market purchases of Shares will be effected in compliance with all applicable laws and regulatory requirements. However, there is no obligation on the Stabilising Manager or any person acting for it to conduct any such stabilising activity, which if commenced, will be done at the absolute discretion of the Stabilising Manager or any person acting for it and may be discontinued at any time. Any such stabilising activity is required to be brought to an end within 30 days of the last day for the lodging of applications under the Public Offer (being Sunday, 3 November 2024). The number of Shares that may be over-allocated will not exceed the number of Shares that may be sold under the Over-allotment Option, namely, 37,500,000 Shares, which is 15% of the number of Offer Shares initially available under the Share Offer.

Stabilising action permitted in Hong Kong pursuant to the Securities and Futures (Price Stabilizing) Rules (Chapter 571W of the Laws of Hong Kong) includes: (i) over-allocation for the purpose of preventing or minimising any reduction in the market price of the Shares; (ii) selling or agreeing to sell the Shares so as to establish a short position in them for the purpose of preventing or minimising any reduction in the market price of the Shares; (iii) purchasing or subscribing for, or agreeing to purchase or subscribe for, the shares pursuant to the Over-allotment Option in order to close out any position established under (i) or (ii) above; (iv) purchasing, or agreeing to purchase, any of the Shares for the sole purpose of preventing or minimising any reduction in the market price of the Shares; (v) selling or agreeing to sell any Shares in order to liquidate any position held as a result of those purchases; and (vi) offering or attempting to do anything described in (ii), (iii), (iv) or (v).

Specifically, prospective applicants for and investors in the Shares should note that:

- the Stabilising Manager, or any person acting for it, may, in connection with the stabilising action, maintain a long position in the Shares;
- there is no certainty regarding the extent to which and the time period for which the Stabilising Manager, or any person acting for it, will maintain such a position;
- liquidation of any such long position by the Stabilising Manager may have an adverse impact on the market price of the Shares;



STRUCTURE AND CONDITIONS OF THE SHARE OFFER

- no stabilising action can be taken to support the price of the Shares for longer than the stabilising period which will begin on the Listing Date following announcement of the Offer Price, and is expected to expire on the last day falling within 30 days after the last date for lodging applications under the Public Offer (being Sunday, 3 November 2024). After this date, when no further stabilising action may be taken, demand for the Shares, and therefore the price of the Shares, could fall;
- the price of the Shares cannot be assured to stay at or above the Offer Price either during or after the stabilising period by taking of any stabilising action; and
- stabilising bids may be made or transactions effected in the course of the stabilising action at any price at or below the Offer Price, which means that stabilising bids may be made or transactions effected at a price below the price paid by applicants for, or investors in, the Shares.

Our Company will ensure or procure that a public announcement in compliance with the Securities and Futures (Price Stabilizing) Rules will be made within seven days of the expiration of the stabilising period. Such stabilisation action, if commenced, may be effected in all jurisdictions where it is permissible to do so, in each case in compliance with all applicable laws, rules and regulatory requirements, including the Securities and Futures (Price Stabilizing) Rules, as amended, made under the SFO.

In connection with the Share Offer, the Stabilising Manager may over-allocate up to and not more than an aggregate of 37,500,000 additional Shares and cover such over-allocations by exercising the Over-allotment Option, or by making purchases in the secondary market at prices that do not exceed the Offer Price or through stock borrowing arrangements or a combination of these means. In particular, for the purpose of settlement of over-allocations in connection with the Placing, the Stabilising Manager may borrow up to 37,500,000 Shares from Wing Lee Green Development, equivalent to the maximum number of Shares to be issued on full exercise of the Over-allotment Option, under the Stock Borrowing Agreement.



STRUCTURE AND CONDITIONS OF THE SHARE OFFER

SHARES WILL BE ELIGIBLE FOR CCASS

All necessary arrangements have been made enabling the Shares to be admitted into CCASS. If the Stock Exchange grants the listing of, and permission to deal in, the Shares and our Company complies with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares on the Stock Exchange or any other date HKSCC chooses. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second settlement day after any trading day. All activities under CCASS are subject to the General Rules of HKSCC and HKSCC Operational Procedures in effect from time to time.

DEALING ARRANGEMENTS

Assuming that the Public Offer becomes unconditional at or before 8:00 a.m. in Hong Kong on Wednesday, 9 October 2024, it is expected that dealings in the Shares on the Stock Exchange will commence at 9:00 a.m. on Wednesday, 9 October 2024. The Shares will be traded in board lots of 5,000 Shares.



HOW TO APPLY FOR PUBLIC OFFER SHARES

IMPORTANT NOTICE TO INVESTORS OF PUBLIC OFFER SHARES

FULLY ELECTRONIC APPLICATION PROCESS

We have adopted a fully electronic application process for the Public Offer and below are the procedures for application.

This prospectus is available at the website of the Stock Exchange at www.hkexnews.hk under the “HKEXnews> New Listings> New Listing Information” section, and our website at www.winglee.com.hk.

The contents of this prospectus are identical to the prospectus as registered with the Registrar of Companies in Hong Kong pursuant to Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

A. APPLICATION FOR PUBLIC OFFER SHARES

1. Who Can Apply

You can apply for Public Offer Shares if you or the person(s) for whose benefit you are applying for:

- are 18 years of age or older; and
- have a Hong Kong address (*for the **HK eIPO White Form** service only*).

Unless permitted by the Listing Rules, you cannot apply for any Public Offer Shares if you or the person(s) for whose benefit you are applying for:

- are an existing Shareholder or close associates; or
- are a Director or any of his/ her close associates.



HOW TO APPLY FOR PUBLIC OFFER SHARES

2. Application Channels

The Public Offer period will begin at 9:00 a.m. on Friday, 27 September 2024 and end at 12:00 noon on Friday, 4 October 2024 (Hong Kong time).

To apply for Public Offer Shares, you may use one of the following application channels:

Application Channel	Platform	Target Investors	Application Time
HK eIPO White Form service	Online application via the HK eIPO White Form service at the designated website at www.hkeipo.hk .	Investors who would like to receive a physical Share certificate. Public Offer Shares successfully applied for will be allotted and issued in your own name.	From 9:00 a.m. on Friday, 27 September 2024 to 11:30 a.m. on Friday, 4 October 2024, Hong Kong time. The latest time for completing full payment of application monies will be 12:00 noon on Friday, 4 October 2024, Hong Kong time.
HKSCC EIPO channel	Your broker or custodian who is a HKSCC Participant will submit an EIPO application on your behalf through HKSCC's FINI system in accordance with your instruction	Investors who would <u>not</u> like to receive a physical Share certificate. Public Offer Shares successfully applied for will be allotted and issued in the name of HKSCC Nominees, deposited directly into CCASS and credited to your designated HKSCC Participant's stock account.	Contact your broker or custodian for the earliest and latest time for giving such instructions, as this may vary by broker or custodian.

The **HK eIPO White Form** service and the HKSCC EIPO channel are facilities subject to capacity limitations and potential service interruptions and you are advised not to wait until the last day of the application period to apply for Public Offer Shares.



HOW TO APPLY FOR PUBLIC OFFER SHARES

For those applying through the **HK eIPO White Form** service, once you complete payment in respect of any application instructions given by you or for your benefit through the **HK eIPO White Form** service to make an application for Public Offer Shares, an actual application shall be deemed to have been made. If you are a person for whose benefit the **electronic application instructions** are given, you shall be deemed to have declared that only one set of **electronic application instructions** has been given for your benefit. If you are an agent for another person, you shall be deemed to have declared that you have only given one set of **electronic application instructions** for the benefit of the person for whom you are an agent and that you are duly authorised to give those instructions as an agent.

For the avoidance of doubt, giving an application instruction under the **HK eIPO White Form** service more than once and obtaining different payment reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application.

If you apply through the **HK eIPO White Form** service, you are deemed to have authorised the **HK eIPO White Form** Service Provider to apply on the terms and conditions in this prospectus, as supplemented and amended by the terms and conditions of the **HK eIPO White Form** service.

By instructing your broker or custodian to apply for the Public Offer Shares on your behalf through the HKSCC EIPO Channel, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have instructed and authorised HKSCC to cause HKSCC Nominees (acting as nominee for the relevant HKSCC Participants) to apply for Public Offer Shares on your behalf and to do on your behalf all the things stated in this prospectus and any supplement to it.

For those applying through HKSCC EIPO channel, an actual application will be deemed to have been made for any application instructions given by you or for your benefit to HKSCC (in which case an application will be made by HKSCC Nominees on your behalf) provided such application instruction has not been withdrawn or otherwise invalidated before the closing time of the Public Offer.

HKSCC Nominees will only be acting as a nominee for you and neither HKSCC nor HKSCC Nominees shall be liable to you or any other person in respect of any actions taken by HKSCC or HKSCC Nominees on your behalf to apply for Public Offer Shares or for any breach of the terms and conditions of this prospectus.



HOW TO APPLY FOR PUBLIC OFFER SHARES

3. Information Required to Apply

You must provide the following information with your application:

For Individual Applicants	For Corporate Applicants
• Full name(s) ² as shown on your identity document	• Full name(s) ² as shown on your identity document
• Identity document's issuing country or jurisdiction	• Identity document's issuing country or jurisdiction
• Identity document type, with order of priority: i. HKID card; or ii. National identification document; or iii. Passport; and	• Identity document type, with order of priority: i. Legal Entity Identifier ("LEI") registration document; or ii. Certificate of incorporation; or iii. Business registration certificate; or iv. Other equivalent document; and
• Identity document number	• Identity document number

Notes:

1. If you are applying through the **HK eIPO White Form** service, you are required to provide a valid e-mail address, a contact telephone number and a Hong Kong Address. You are also required to declare that the identity information provided by you follows the requirements as described in Note 2 below. In particular, where you cannot provide a HKID number, you must confirm that you do not hold a HKID card. The number of joint applicants may not exceed four. If you are a firm, the applicant must be in the individual members' names.
2. The applicant's full name as shown on their identity document must be used. If an applicant's identity document contains both an English and Chinese name, both English and Chinese names must be used. Otherwise, either English or Chinese names will be accepted. The order of priority of the applicant's identity document type must be strictly followed and where an individual applicant has a valid HKID card, the HKID number must be used when making an application to subscribe for shares in a public offer. Similarly for corporate applicants, a LEI number must be used if an entity has a LEI certificate.
3. If the applicant is a trustee, the client identification data ("CID") of the trustee, as set out above, will be required. If the applicant is an investment fund (i.e. a collective investment scheme, or CIS), the CID of the asset management company or the individual fund, as appropriate, which has opened a trading account with the broker will be required, as above.



HOW TO APPLY FOR PUBLIC OFFER SHARES

4. The maximum number of joint account holders on FINI is capped at 4¹ in accordance with market practice.
5. If you are applying as a nominee, you must provide: (i) the full name (as shown on the identity document), the identity document's issuing country or jurisdiction, the identity document type; and (ii), the identity document number, for each of the beneficial owners or, in the case(s) of joint beneficial owners, for each joint beneficial owner. If you do not include this information, the application will be treated as being made for your benefit.
6. If you are applying as an unlisted company and (i) the principal business of that company is dealing in securities; and (ii) you exercise statutory control over that company, then the application will be treated as being for your benefit and you should provide the required information in your application as stated above.

"Unlisted company" means a company with no equity securities listed on the Stock Exchange or any other stock exchange.

"Statutory control" means you:

- control the composition of the board of directors of the company;
- control more than half of the voting power of the company; or
- hold more than half of the issued share capital of the company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

For those applying through HKSCC EIPO channel, and making an application under a power of attorney, we and the Overall Coordinator, as our agent, have discretion to consider whether to accept it on any conditions we think fit, including evidence of the attorney's authority.

Failing to provide any required information may result in your application being rejected.

¹ Subject to change, if the Company's Articles of Incorporation and applicable company law prescribe a different number.



HOW TO APPLY FOR PUBLIC OFFER SHARES

4. Permitted Number of Public Offer Shares for Application

Board lot size : 5,000

Permitted number of Public Offer Shares for application and amount payable on application/ successful allotment : Public Offer Shares are available for application in specified board lot sizes only. Please refer to the amount payable associated with each specified board lot size in the table below.

The maximum Offer Price is HK\$0.73 per Share.

If you are applying through the HKSCC EIPO channel, you are required to pre-fund your application based on the amount specified by your broker or custodian, as determined based on the applicable laws and regulations in Hong Kong.

By instructing your broker or custodian to apply for the Public Offer Shares on your behalf through the HKSCC EIPO Channel, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have instructed and authorised HKSCC to cause HKSCC Nominees (acting as nominee for the relevant HKSCC Participants) to arrange payment of the final Offer Price, brokerage, SFC transaction levy, the Stock Exchange trading fee and the AFRC transaction levy by debiting the relevant nominee bank account at the Designated Bank for your broker or custodian.

If you are applying through the **HK eIPO White Form** service, you may refer to the table below for the amount payable for the number of Shares you have selected. You must pay the respective maximum amount payable on application in full upon application for Public Offer Shares.



HOW TO APPLY FOR PUBLIC OFFER SHARES

No. of Hong Kong Offer Shares applied for	Maximum Amount payable ⁽²⁾ on	No. of Hong Kong Offer Shares applied for	Maximum Amount payable ⁽²⁾ on	No. of Hong Kong Offer Shares applied for	Maximum Amount payable ⁽²⁾ on	No. of Hong Kong Offer Shares applied for	Maximum Amount payable ⁽²⁾ on
	application/ successful allotment		application/ successful allotment		application/ successful allotment		application/ successful allotment
	HK\$		HK\$		HK\$		HK\$
5,000	3,686.82	60,000	44,241.72	400,000	294,944.82	4,000,000	2,949,448.20
10,000	7,373.62	70,000	51,615.35	450,000	331,812.92	5,000,000	3,686,810.26
15,000	11,060.44	80,000	58,988.97	500,000	368,681.03	6,000,000	4,424,172.30
20,000	14,747.23	90,000	66,362.58	600,000	442,417.24	7,000,000	5,161,534.36
25,000	18,434.05	100,000	73,736.20	700,000	516,153.44	8,000,000	5,898,896.40
30,000	22,120.86	150,000	110,604.31	800,000	589,889.65	9,000,000	6,636,258.46
35,000	25,807.67	200,000	147,472.41	900,000	663,625.85	10,000,000	7,373,620.50
40,000	29,494.48	250,000	184,340.51	1,000,000	737,362.06	11,000,000	8,110,982.56
45,000	33,181.30	300,000	221,208.61	2,000,000	1,474,724.10	12,500,000 ⁽¹⁾	9,217,025.63
50,000	36,868.10	350,000	258,076.72	3,000,000	2,212,086.16		

- (1) Maximum number of Public Offer Shares you may apply for and this is 50% of the Public Offer Shares initially offered.
- (2) The amount payable is inclusive of brokerage, SFC transaction levy, the Stock Exchange trading fee and AFRC transaction levy. If your application is successful, brokerage will be paid to the Exchange Participants (as defined in the Listing Rules) or to the **HK eIPO White Form** Service Provider (for applications made through the application channel of the **HK eIPO White Form** Service Provider) while the SFC transaction levy, the Stock Exchange trading fee and the AFRC transaction levy will be paid to the SFC, the Stock Exchange and the AFRC, respectively.

5. Multiple Applications Prohibited

You or your joint applicant(s) shall not make more than one application for your own benefit, except where you are a nominee and provide the information of the underlying investor in your application as required under the paragraph headed “— A. Applications for Public Offer Shares — 3. Information Required to Apply” in this section. If you are suspected of submitting or cause to submit more than one application, all of your applications will be rejected.

Multiple applications made either through (i) the **HK eIPO White Form** service, (ii) HKSCC EIPO channel, or (iii) both channels concurrently are prohibited and will be rejected. If you have made an application through the **HK eIPO White Form** service or HKSCC EIPO channel, you or the person(s) for whose benefit you have made the application shall not apply for any Placing Shares.



HOW TO APPLY FOR PUBLIC OFFER SHARES

The Hong Kong Share Registrar would record all applications into its system and identify suspected multiple applications with identical names and identification document numbers according to the Best Practice Note on Treatment of Multiple/Suspected Multiple Applications (“**Best Practice Note**”) issued by the Federation of Share Registrars Limited.

Since applications are subject to personal information collection statements, identification document numbers displayed are redacted.

6. Terms and Conditions of An Application

By applying for Public Offer Shares through the **HK eIPO White Form** service or HKSCC EIPO channel, you (or as the case may be, HKSCC Nominees will do the following things on your behalf):

- (i) undertake to execute all relevant documents and instruct and authorise us and/or the Overall Coordinator, as our agent, to execute any documents for you and to do on your behalf all things necessary to register any Public Offer Shares allocated to you in your name or in the name of HKSCC Nominees as required by the Articles of Association, and (if you are applying through the HKSCC EIPO channel) to deposit the allotted Public Offer Shares directly into CCASS for the credit of your designated HKSCC Participant’s stock account on your behalf;
- (ii) confirm that you have read and understand the terms and conditions and application procedures set out in this prospectus and the designated website of the **HK eIPO White Form** service (or as the case may be, the agreement you entered into with your broker or custodian), and agree to be bound by them;
- (iii) (if you are applying through the HKSCC EIPO channel) agree to the arrangements, undertakings and warranties under the participant agreement between your broker or custodian and HKSCC and observe the General Rules of HKSCC and the HKSCC Operational Procedures for giving application instructions to apply for Public Offer Shares;
- (iv) confirm that you are aware of the restrictions on offers and sales of shares set out in this prospectus and they do not apply to you, or the person(s) for whose benefit you have made the application;



HOW TO APPLY FOR PUBLIC OFFER SHARES

- (v) confirm that you have read this prospectus and any supplement to it and have relied only on the information and representations contained therein in making your application (or as the case may be, causing your application to be made) and will not rely on any other information or representations;
- (vi) agree that the Relevant Persons⁽²⁾, the Hong Kong Share Registrar and HKSCC will not be liable for any information and representations not in this prospectus and any supplement to it;
- (vii) agree to disclose the details of your application and your personal data and any other personal data which may be required about you and the person(s) for whose benefit you have made the application to us, the Relevant Persons, the Hong Kong Share Registrar, HKSCC, HKSCC Nominees, the Stock Exchange, the SFC and any other statutory regulatory or governmental bodies or otherwise as required by laws, rules or regulations, for the purposes under the paragraph headed “G. Personal Data — 3. Purposes and 4. Transfer of personal data” in this section;
- (viii) agree (without prejudice to any other rights which you may have once your application (or as the case may be, HKSCC Nominees’ application) has been accepted) that you will not rescind it because of an innocent misrepresentation;
- (ix) agree that subject to Section 44A(6) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, any application made by you or HKSCC Nominees on your behalf cannot be revoked once it is accepted, which will be evidenced by the notification of the result of the ballot by the Hong Kong Share Registrar by way of publication of the results at the time and in the manner as specified in the paragraph headed “B. Publication of Results” in this section;
- (x) confirm that you are aware of the situations specified in the paragraph headed “C. Circumstances In Which You Will Not Be Allocated Public Offer Shares” in this section;
- (xi) agree that your application or HKSCC Nominees’ application, any acceptance of it and the resulting contract will be governed by and construed in accordance with the laws of Hong Kong;

² Relevant Persons would include the Sole Sponsor, the Joint Representatives, the Overall Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of their or the Company’s respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Share Offer.



HOW TO APPLY FOR PUBLIC OFFER SHARES

- (xii) agree to comply with the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Articles of Association and laws of any place outside Hong Kong that apply to your application and that neither we nor the Relevant Persons will breach any law inside and/ or outside Hong Kong as a result of the acceptance of your offer to purchase, or any action arising from your rights and obligations under the terms and conditions contained in this prospectus;
- (xiii) confirm that (a) your application or HKSCC Nominees' application on your behalf is not financed directly or indirectly by our Company, any of the directors, chief executives, substantial shareholder(s) or existing shareholder(s) of our Company or any of its subsidiaries or any of their respective close associates; and (b) you are not accustomed or will not be accustomed to taking instructions from our Company, any of the directors, chief executives, substantial shareholder(s) or existing shareholder(s) of our Company or any of its subsidiaries or any of their respective close associates in relation to the acquisition, disposal, voting or other disposition of the Shares registered in your name or otherwise held by you;
- (xiv) warrant that the information you have provided is true and accurate;
- (xv) confirm that you understand that we and the Overall Coordinator will rely on your declarations and representations in deciding whether or not to allocate any Public Offer Shares to you and that you may be prosecuted for making a false declaration;
- (xvi) agree to accept Public Offer Shares applied for or any lesser number allocated to you under the application;
- (xvii) declare and represent that this is the only application made and the only application intended by you to be made to benefit you or the person for whose benefit you are applying;
- (xviii) (if the application is made for your own benefit) warrant that no other application has been or will be made for your benefit by giving electronic application instructions to HKSCC directly or indirectly or through the application channel of the **HK eIPO White Form** Service Provider or by any one as your agent or by any other person; and
- (xix) (if you are making the application as an agent for the benefit of another person) warrant that (1) no other application has been or will be made by you as agent for or for the benefit of that person or by that person or by any other person as agent for that person



HOW TO APPLY FOR PUBLIC OFFER SHARES

by giving electronic application instructions to HKSCC and the **HK eIPO White Form** Service Provider and (2) you have due authority to give electronic application instructions on behalf of that other person as its agent.

B. PUBLICATION OF RESULTS

Results of Allocation

You can check whether you are successfully allocated any Public Offer Shares through:

Platform	Date/ Time
Applying through the HK eIPO White Form service or HKSCC EIPO channel :	
Website	From the “Allotment Results” page on www.tricor.com.hk/ipo/result or www.hkeipo.hk/IPOResult with a “search by ID” function. 24 hours, from 11:00 p.m. on Tuesday, 8 October 2024 to 12:00 midnight on Monday, 14 October 2024 (Hong Kong time)
The full list of (i) wholly or partially successful applicants using the HK eIPO White Form service and HKSCC EIPO channel, and (ii) the number of Public Offer Shares conditionally allotted to them, among other things, will be displayed at www.hkeipo.hk/IPOResult or www.tricor.com.hk/ipo/result .	
The Stock Exchange’s website at www.hkexnews.hk and our website at www.winglee.com.hk which will provide links to the above mentioned websites of the Hong Kong Share Registrar.	
Telephone	+852 3691 8488 — the allocation results between 9:00 a.m. and 6:00 p.m., from Wednesday, 9 October 2024 to Tuesday, 15 October 2024 (Hong Kong time) on a business day

For those applying through HKSCC EIPO channel, you may also check with your broker or custodian from 6:00 p.m. on Monday, 7 October 2024 (Hong Kong time)



HOW TO APPLY FOR PUBLIC OFFER SHARES

HKSCC Participants can log into FINI and review the allotment result from 6:00 p.m. on Monday, 7 October 2024 on a 24-hour basis and should report any discrepancies on allotments to HKSCC as soon as practicable.

Allocation Announcement

We expect to announce the results of the final Offer Price, the level of indications of interest in the Share Offer, the level of applications in the Public Offer and the basis of allocations of Public Offer Shares on the Stock Exchange's website at www.hkexnews.hk and our website at www.winglee.com.hk by no later than 11:00 p.m. on Tuesday, 8 October 2024 (Hong Kong time).

C. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOCATED PUBLIC OFFER SHARES

You should note the following situations in which Public Offer Shares will not be allocated to you or the person(s) for whose benefit you are applying for:

1. If your application is revoked:

Your application or the application made by HKSCC Nominees on your behalf may be revoked pursuant to Section 44A(6) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

2. If we or our agents exercise our discretion to reject your application:

We, the Overall Coordinator, the Hong Kong Share Registrar and their respective agents and nominees have full discretion to reject or accept any application, or to accept only part of any application, without giving any reasons.



HOW TO APPLY FOR PUBLIC OFFER SHARES

3. If the allocation of Public Offer Shares is void:

The allocation of Public Offer Shares will be void if the Stock Exchange does not grant permission to list the Shares either:

- within three weeks from the closing date of the application lists; or
- within a longer period of up to six weeks if the Stock Exchange notifies us of that longer period within three weeks of the closing date of the application lists.

4. If:

- you make multiple applications or suspected multiple applications. You may refer to the paragraph headed “A. Applications for Public Offer Shares — 5. Multiple Applications Prohibited” in this section on what constitutes multiple applications;
- your application instruction is incomplete;
- your payment (or confirmation of funds, as the case may be) is not made correctly;
- the Underwriting Agreements do not become unconditional or are terminated;
- we or the Overall Coordinator believe that by accepting your application, it or we would violate applicable securities or other laws, rules or regulations.

5. If there is money settlement failure for allotted Shares:

Based on the arrangements between HKSCC Participants and HKSCC, HKSCC Participants will be required to hold sufficient application funds on deposit with their Designated Bank before balloting. After balloting of Public Offer Shares, the Receiving Bank will collect the portion of these funds required to settle each HKSCC Participant’s actual Public Offer Share allotment from their Designated Bank.



HOW TO APPLY FOR PUBLIC OFFER SHARES

There is a risk of money settlement failure. In the extreme event of money settlement failure by a HKSCC Participant (or its Designated Bank), who is acting on your behalf in settling payment for your allotted shares, HKSCC will contact the defaulting HKSCC Participant and its Designated Bank to determine the cause of failure and request such defaulting HKSCC Participant to rectify or procure to rectify the failure.

However, if it is determined that such settlement obligation cannot be met, the affected Public Offer Shares will be reallocated to the Share Offer. Public Offer Shares applied for by you through the broker or custodian may be affected to the extent of the settlement failure. In the extreme case, you will not be allocated any Public Offer Shares due to the money settlement failure by such HKSCC Participant. None of us, the Relevant Persons, the Hong Kong Share Registrar and HKSCC is or will be liable if Public Offer Shares are not allocated to you due to the money settlement failure.

D. DESPATCH OF SHARE CERTIFICATES AND REFUND OF APPLICATION MONIES

You will receive one Share certificate for all Public Offer Shares allotted to you under the Public Offer (except pursuant to applications made through the HKSCC EIPO channel where the Share certificates will be deposited into CCASS as described below).

No temporary document of title will be issued in respect of the Shares. No receipt will be issued for sums paid on application.

Share certificates will only become valid at 8:00 a.m. on Wednesday, 9 October 2024 (Hong Kong time), provided that the Share Offer has become unconditional and the right of termination described in the section headed “Underwriting” has not been exercised. Investors who trade Shares prior to the receipt of Share certificates or the Share certificates becoming valid do so entirely at their own risk.

The right is reserved to retain any Share certificate(s) and (if applicable) any surplus application monies pending clearance of application monies.



HOW TO APPLY FOR PUBLIC OFFER SHARES

The following sets out the relevant procedures and time:

	HK eIPO White Form service	HKSCC EIPO channel
Despatch/collection of Share certificate³		
For application of 1,000,000 Public Offer Shares or more	Collection in person at the Hong Kong Share Registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong	Share certificate(s) will be issued in the name of HKSCC Nominees, deposited into CCASS and credited to your designated HKSCC Participant's stock account

Time: 9:00 a.m. to 1:00 p.m. on Wednesday, 9 October 2024 (Hong Kong time)

No action by you is required

If you are an individual, you must not authorise any other person to collect for you. If you are a corporate applicant, your authorised representative must bear a letter of authorisation from your corporation stamped with your corporation's chop.

Both individuals and authorised representatives must produce, at the time of collection, evidence of identity acceptable to the Hong Kong Share Registrar.

Note: If you do not collect your Share certificate(s) personally within the time above, it/they will be sent to the address specified in your application instructions by ordinary post at your own risk

³ Except in the event of a tropical cyclone warning signal number 8 or above, a black rainstorm warning and/or Extreme Conditions as announced by the Hong Kong Government in the morning on Tuesday, 8 October 2024 rendering it impossible for the relevant Share certificates to be dispatched to HKSCC in a timely manner, our Company shall procure the Hong Kong Share Registrar to arrange for delivery of the supporting documents and Share certificates in accordance with the contingency arrangements as agreed between them. You should refer to the paragraph headed "E. Bad Weather Arrangements" in this section.



HOW TO APPLY FOR PUBLIC OFFER SHARES

	HK eIPO White Form service	HKSCC EIPO channel
For application of less than 1,000,000 Public Offer Shares	Your Share certificate(s) will be sent to the address specified in your application instructions by ordinary post at your own risk Date: Tuesday, 8 October 2024	Share certificate(s) will be issued in the name of HKSCC Nominees, deposited into CCASS and credited to your designated HKSCC Participant's stock account No action by you is required
Refund mechanism for surplus application monies paid by you		
Date	Wednesday, 9 October 2024	Subject to the arrangement between you and your broker or custodian
Responsible party	Hong Kong Share Registrar	Your broker or custodian
Application monies paid through single bank account	HK eIPO White Form e-Auto Refund payment instructions to your designated bank account	Your broker or custodian will arrange refund to your designated bank account subject to the arrangement between you and it
Application monies paid through multiple bank accounts	Refund cheque(s) will be despatched to the address as specified in your application instructions by ordinary post at your own risk	



HOW TO APPLY FOR PUBLIC OFFER SHARES

E. BAD WEATHER ARRANGEMENTS

The Opening and Closing of the Application Lists

The application lists will not open or close on Friday, 4 October 2024 if, there is:

- a tropical cyclone warning signal number 8 or above;
- a black rainstorm warning; and/or
- Extreme Conditions,

(collectively, “**Bad Weather Signals**”),

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Friday, 4 October 2024.

Instead they will open between 11:45 a.m. and 12:00 noon and/or close at 12:00 noon on the next business day which does not have **Bad Weather Signals** in force at any time between 9:00 a.m. and 12:00 noon.

Prospective investors should be aware that a postponement of the opening/closing of the application lists may result in a delay in the Listing Date. Should there be any changes to the dates mentioned in the section headed “Expected Timetable” in this prospectus, an announcement will be made and published on the Stock Exchange’s website at www.hkexnews.hk and our website at www.winglee.com.hk of the revised timetable.

If a **Bad Weather Signal** is hoisted on Tuesday, 8 October 2024, the Hong Kong Share Registrar will make appropriate arrangements for the delivery of the Share certificates to the CCASS Depository’s service counter so that they would be available for trading on Wednesday, 9 October 2024.

If a **Bad Weather Signal** is hoisted on Tuesday, 8 October 2024, for application of less than 1,000,000 Public Offer Shares, the despatch of physical Share certificate(s) will be made by ordinary post when the post office re-opens after the **Bad Weather Signal** is lowered or cancelled (e.g. in the afternoon of Tuesday, 8 October 2024 or on Wednesday, 9 October 2024).

If a **Bad Weather Signal** is hoisted on Wednesday, 9 October 2024, for application of 1,000,000 Public Offer Shares or more, physical Share certificate(s) will be available for collection in person at the Hong Kong Share Registrar’s office after the **Bad Weather Signal** is lowered or cancelled (e.g. in the afternoon of Wednesday, 9 October 2024 or on Thursday, 10 October 2024).



HOW TO APPLY FOR PUBLIC OFFER SHARES

Prospective investors should be aware that if they choose to receive physical Share certificates issued in their own name, there may be a delay in receiving the Share certificates.

F. ADMISSION OF THE SHARES INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in, the Shares on the Stock Exchange and we comply with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares or any other date HKSCC chooses. Settlement of transactions between Exchange Participants is required to take place in CCASS on the second settlement Day after any trading day.

All activities under CCASS are subject to the General Rules of HKSCC and HKSCC Operational Procedures in effect from time to time.

All necessary arrangements have been made enabling the Shares to be admitted into CCASS.

You should seek the advice of your broker or other professional advisor for details of the settlement arrangement as such arrangements may affect your rights and interests.



HOW TO APPLY FOR PUBLIC OFFER SHARES

G. PERSONAL DATA

The following Personal Information Collection Statement applies to any personal data collected and held by our Company, the Hong Kong Share Registrar, the receiving bank and the Relevant Persons about you in the same way as it applies to personal data about applicants other than HKSCC Nominees. This personal data may include client identifier(s) and your identification information. By giving application instructions to HKSCC, you acknowledge that you have read, understood and agree to all of the terms of the Personal Information Collection Statement below.

1. Personal Information Collection Statement

This Personal Information Collection Statement informs the applicant for, and holder of, Public Offer Shares, of the policies and practices of our Company and the Hong Kong Share Registrar in relation to personal data and the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong).

2. Reasons for the Collection of Your Personal Data

It is necessary for applicants and registered holders of Public Offer Shares to ensure that personal data supplied to our Company or our agents and the Hong Kong Share Registrar is accurate and up-to-date when applying for Public Offer Shares or transferring Public Offer Shares into or out of their names or in procuring the services of the Hong Kong Share Registrar.

Failure to supply the requested data or supplying inaccurate data may result in your application for Public Offer Shares being rejected, or in the delay or the inability of our Company or the Hong Kong Share Registrar to effect transfers or otherwise render their services. It may also prevent or delay registration or transfers of Public Offer Shares which you have successfully applied for and/or the despatch of Share certificate(s) to which you are entitled.

It is important that applicants for and holders of Public Offer Shares inform our Company and the Hong Kong Share Registrar immediately of any inaccuracies in the personal data supplied.

3. Purposes

Your personal data may be used, held, processed, and/or stored (by whatever means) for the following purposes:

- processing your application and refund cheque and e-Auto Refund payment instruction(s), where applicable, verification of compliance with the terms and application procedures set out in this prospectus and announcing results of allocation of Public Offer Shares;



HOW TO APPLY FOR PUBLIC OFFER SHARES

- compliance with applicable laws and regulations in Hong Kong and elsewhere;
- registering new issues or transfers into or out of the names of the holders of the Shares including, where applicable, HKSCC Nominees;
- maintaining or updating the register of members of our Company;
- verifying identities of applicants for and holders of the Shares and identifying any duplicate applications for the Shares;
- facilitating Public Offer Shares balloting;
- establishing benefit entitlements of holders of the Shares, such as dividends, rights issues, bonus issues, etc.;
- distributing communications from our Company and its subsidiaries;
- compiling statistical information and profiles of the holder of the Shares;
- disclosing relevant information to facilitate claims on entitlements; and
- any other incidental or associated purposes relating to the above and/or to enable our Company and the Hong Kong Share Registrar to discharge their obligations to applicants and holders of the Shares and/or regulators and/or any other purposes to which applicants and holders of the Shares may from time to time agree.

4. Transfer of personal data

Personal data held by our Company and the Hong Kong Share Registrar relating to the applicants for and holders of Public Offer Shares will be kept confidential but our Company and the Hong Kong Share Registrar may, to the extent necessary for achieving any of the above purposes, disclose, obtain or transfer (whether within or outside Hong Kong) the personal data to, from or with any of the following:

- the Company's appointed agents such as financial advisers, receiving bank and overseas principal share registrar;



HOW TO APPLY FOR PUBLIC OFFER SHARES

- HKSCC or HKSCC Nominees, who will use the personal data and may transfer the personal data to the Hong Kong Share Registrar, in each case for the purposes of providing its services or facilities or performing its functions in accordance with its rules or procedures and operating FINI and CCASS (including where applicants for the Public Offer Shares request a deposit into CCASS);
- any agents, contractors or third-party service providers who offer administrative, telecommunications, computer, payment or other services to our Company or the Hong Kong Share Registrar in connection with their respective business operation;
- the Stock Exchange, the SFC and any other statutory regulatory or governmental bodies or otherwise as required by laws, rules or regulations, including for the purpose of the Stock Exchange's administration of the Listing Rules and the SFC's performance of its statutory functions; and
- any persons or institutions with which the holders of Public Offer Shares have or propose to have dealings, such as their bankers, solicitors, accountants or brokers etc.

5. Retention of personal data

Our Company and the Hong Kong Share Registrar will keep the personal data of the applicants and holders of Public Offer Shares for as long as necessary to fulfil the purposes for which the personal data were collected. Personal data which is no longer required will be destroyed or dealt with in accordance with the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong).

6. Access to and correction of personal data

Applicants for and holders of Public Offer Shares have the right to ascertain whether our Company or the Hong Kong Share Registrar hold their personal data, to obtain a copy of that data, and to correct any data that is inaccurate. Our Company and the Hong Kong Share Registrar have the right to charge a reasonable fee for the processing of such requests. All requests for access to data or correction of data should be addressed to our Company and the Hong Kong Share Registrar, at their registered address disclosed in the section headed "Corporate information" in this prospectus or as notified from time to time, for the attention of the company secretary, or the Hong Kong Share Registrar for the attention of the privacy compliance officer.



The following is the text of a report set out on pages I-1 to I-3, received from the Company's reporting accountant, PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus. It is prepared and addressed to the directors of the Company and to the Sole Sponsor pursuant to the requirements of Hong Kong Standard on Investment Circular Reporting Engagements 200, Accountants' Reports on Historical Financial Information in Investment Circulars issued by the Hong Kong Institute of Certified Public Accountants.



羅兵咸永道

ACCOUNTANT'S REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF WING LEE DEVELOPMENT CONSTRUCTION HOLDINGS LIMITED AND ALLIANCE CAPITAL PARTNERS LIMITED

Introduction

We report on the historical financial information of Wing Lee Development Construction Holdings Limited (the “**Company**”) and its subsidiaries (together, the “**Group**”) set out on pages I-4 to I-81, which comprises the combined statements of financial position as at 31 March 2022, 2023 and 2024, and the combined statements of profit or loss, the combined statements of comprehensive income, the combined statements of changes in equity and the combined statements of cash flows for each of the years ended 31 March 2022, 2023 and 2024 (the “**Track Record Period**”) and material accounting policy information and other explanatory information (together, the “**Historical Financial Information**”). The Historical Financial Information set out on pages I-4 to I-81 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated 27 September 2024 (the “**Prospectus**”) in connection with the initial listing of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited.

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of presentation and preparation set out in Notes 1.3 and 2 to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of Historical Financial Information that is free from material misstatement, whether due to fraud or error.



Reporting accountant's responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200, *Accountants' Reports on Historical Financial Information in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountant's judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountant considers internal control relevant to the entity's preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of presentation and preparation set out in Notes 1.3 and 2 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountant's report, a true and fair view of the combined financial position of the Group as at 31 March 2022, 2023 and 2024 and of its combined financial performance and its combined cash flows for the Track Record Period in accordance with the basis of presentation and preparation set out in Notes 1.3 and 2 to the Historical Financial Information.



Report on matters under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-4 have been made.

Dividends

We refer to Note 13 to the Historical Financial Information which contains information about the dividends paid by one of the companies now comprising the Group during the Track Record Period.

No statutory financial statements for the Company

No statutory financial statements have been prepared for the Company since its date of incorporation.

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 27 September 2024



I HISTORICAL FINANCIAL INFORMATION OF THE GROUP**PREPARATION OF HISTORICAL FINANCIAL INFORMATION**

Set out below is the Historical Financial Information which forms an integral part of this accountant's report.

The financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, were audited by PricewaterhouseCoopers in accordance with Hong Kong Standards on Auditing issued by the HKICPA ("**Underlying Financial Statements**").

The Historical Financial Information is presented in Hong Kong dollars ("**HK\$**") and all values are rounded to the nearest thousand ("**HK\$'000**") except when otherwise indicated.



COMBINED STATEMENTS OF PROFIT OR LOSS

		Year ended 31 March		
		2022	2023	2024
		HK\$'000	HK\$'000	HK\$'000
Revenue	5	520,351	361,207	526,099
Cost of services	7	(426,738)	(285,674)	(404,492)
Gross profit		93,613	75,533	121,607
General and administrative expenses	7	(20,360)	(22,827)	(23,561)
(Impairment loss)/reversal of impairment loss on financial assets		(3,176)	(8,641)	174
Other income	6	1,353	5,423	1,933
Other gains	6	414	75	10
Listing expenses	7	—	—	(4,880)
Operating profit		71,844	49,563	95,283
Finance costs, net	10	(1,334)	(1,916)	(2,367)
Profit before income tax		70,510	47,647	92,916
Income tax expenses	11	(11,455)	(7,082)	(16,009)
Profit for the year		59,055	40,565	76,907
Profit is attributable to:				
— Owners of the Company		58,456	40,526	76,907
— Non-controlling interests		599	39	—
		59,055	40,565	76,907

The above combined statements of profit or loss should be read in conjunction with the accompanying notes.



COMBINED STATEMENTS OF COMPREHENSIVE INCOME

		Year ended 31 March		
		2022	2023	2024
		HK\$'000	HK\$'000	HK\$'000
	Note			
Profit for the year		59,055	40,565	76,907
Other comprehensive income/(loss):				
<i>Item that will not be subsequently reclassified to profit or loss:</i>				
Remeasurements of post-employment benefit obligations		—	199	(29)
Other comprehensive income/(loss) for the year, net of tax		—	199	(29)
Total comprehensive income for the year		59,055	40,764	76,878
Total comprehensive income for the year is attributable to:				
— Owners of the Company		58,456	40,725	76,878
— Non-controlling interests		599	39	—
		59,055	40,764	76,878

The above combined statements of comprehensive income should be read in conjunction with the accompany notes.



COMBINED STATEMENTS OF FINANCIAL POSITION

		As at 31 March		
		2022	2023	2024
		HK\$'000	HK\$'000	HK\$'000
	Note			
ASSETS				
Non-current assets				
Property and equipment	14	54,537	48,407	85,610
Right-of-use assets	15(a)	3,680	3,322	2,764
Intangible assets	16	1,620	1,620	1,620
Deposits	20	—	46	525
Deferred income tax assets	17	2,215	2,344	2,243
Total non-current assets		62,052	55,739	92,762
Current assets				
Inventories	22	—	—	469
Trade receivables	19	60,912	36,948	48,191
Contract assets	21	124,543	134,548	187,895
Deposits, prepayments and other receivables	20	3,810	8,474	9,099
Amounts due from directors	30	—	13,046	—
Amounts due from related parties	30	4,171	4,160	—
Cash and cash equivalents	23	13,343	5,470	27,361
Total current assets		206,779	202,646	273,015
Total assets		268,831	258,385	365,777



COMBINED STATEMENTS OF FINANCIAL POSITION (CONTINUED)

		As at 31 March		
		2022	2023	2024
	Note	HK\$'000	HK\$'000	HK\$'000
LIABILITIES				
Non-current liabilities				
Borrowings	28	10,447	7,519	7,959
Lease liabilities	15(b)	790	1,018	813
Deferred income tax liabilities	17	5,956	5,703	7,628
Other payable	27	—	—	6,727
Provision for long service payment	27	442	269	313
Total non-current liabilities		17,635	14,509	23,440
Current liabilities				
Trade and retention payables	26	75,210	45,089	79,419
Contract liabilities	21	9,412	566	4,073
Accruals, provision and other payables	27	25,676	13,812	46,548
Amounts due to directors	30(b)	6,220	—	—
Amounts due to related parties	30(b)	196	197	100
Lease liabilities	15(b)	3,048	2,399	1,954
Borrowings	28	36,384	42,270	42,203
Current income tax liabilities		16,599	20,548	12,648
Total current liabilities		172,745	124,881	186,945
Total liabilities		190,380	139,390	210,385
NET ASSETS		78,451	118,995	155,392
EQUITY				
Equity attributable to owners of the Company				
Combined capital	24	10	10	10
Other reserves	25	4,356	4,918	4,889
Retained earnings		73,541	114,067	150,493
Capital and reserves attributable to owners of the Company		77,907	118,995	155,392
Non-controlling interests		544	—	—
Total equity		78,451	118,995	155,392

The above combined statements of financial position should be read in conjunction with the accompanying notes.



COMBINED STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the Company				Non-	
	Combined	Reserves	Retained	Total	controlling	Total equity
	capital (Note 24)	(Note 25)	earnings		interests	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Balance as at 1 April 2021	10	2,781	15,085	17,876	1,381	19,257
Comprehensive income						
Profit for the year	—	—	58,456	58,456	599	59,055
Total comprehensive income	—	—	58,456	58,456	599	59,055
Transactions with owners in their capacity as owners:						
Transactions with non-controlling interests						
(Note 31)	—	1,575	—	1,575	(1,575)	—
Disposal of a subsidiary (Note 30(e))	—	—	—	—	139	139
	—	1,575	—	1,575	(1,436)	139
Balance as at 31 March 2022	10	4,356	73,541	77,907	544	78,451



COMBINED STATEMENTS OF CHANGES IN EQUITY (CONTINUED)

	Attributable to owners of the Company				Non-	
	Combined	Reserves	Retained	Total	controlling	Total equity
	capital (Note 24)	(Note 25)	earnings		interests	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Balance as at 1 April 2022	10	4,356	73,541	77,907	544	78,451
Comprehensive income						
Profit for the year	—	—	40,526	40,526	39	40,565
Other comprehensive income/(loss)						
Item that will not be reclassified subsequently to profit or loss:						
Remeasurements of post-employment benefit obligations	—	199	—	199	—	199
Total comprehensive income	—	199	40,526	40,725	39	40,764
Transactions with owners in their capacity as owners:						
Transactions with non-controlling interests (Note 31)	—	363	—	363	(583)	(220)
Balance as at 31 March 2023	10	4,918	114,067	118,995	—	118,995



COMBINED STATEMENTS OF CHANGES IN EQUITY (CONTINUED)

	Attributable to owners of the Company				Non-	
	Combined	Reserves	Retained	Total	controlling	Total equity
	capital (Note 24)	(Note 25)	earnings		interests	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Balance as at 1 April 2023	10	4,918	114,067	118,995	—	118,995
Comprehensive income						
Profit for the year	—	—	76,907	76,907	—	76,907
Other comprehensive income/(loss)						
<i>Item that will not be reclassified subsequently</i>						
<i>to profit or loss:</i>						
Remeasurements of post-employment						
benefit obligations	—	(29)	—	(29)	—	(29)
Total comprehensive income	—	(29)	76,907	76,878	—	76,878
Transactions with owners in their capacity						
as owners:						
Dividend declared (Note 13)	—	—	(40,481)	(40,481)	—	(40,481)
	—	—	(40,481)	(40,481)	—	(40,481)
Balance as at 31 March 2024	10	4,889	150,493	155,392	—	155,392

The above combined statements of changes in equity should be read in conjunction with the accompanying notes.



COMBINED STATEMENTS OF CASH FLOWS

		Year ended 31 March		
		2022	2023	2024
		HK\$'000	HK\$'000	HK\$'000
	Note			
Cash flows from operating activities				
Cash generated from operations.	29(a)	9,354	40,293	91,274
Tax paid		(1,435)	(3,515)	(21,883)
Net cash inflow from operating activities				
activities		7,919	36,778	69,391
Cash flows from investing activities				
Payments for property and equipment		(6,071)	(20,375)	(18,583)
(Advance to)/repayments from related parties		578	(2,231)	6,400
Repayments from/(advance to) directors . .		—	(13,046)	(27,435)
Proceeds from sale of property and equipment	29(b)	—	—	10
Payment for acquisition of interests in subsidiary	31	—	(220)	—
Net cash outflow from investing activities				
activities		(5,493)	(35,872)	(39,608)



		Year ended 31 March		
		2022	2023	2024
	Note	HK\$'000	HK\$'000	HK\$'000
Cash flows from financing activities				
Interest paid on bank loans	29(c)	(699)	(1,169)	(1,607)
Proceeds from bank loans	29(c)	21,838	8,600	22,363
Repayment of bank loans	29(c)	(5,404)	(6,869)	(17,713)
Proceeds from hire purchases	29(c)	14,784	12,837	8,112
Repayments of hire purchases	29(c)	(8,702)	(11,610)	(12,389)
Repayments of principal portion of the lease liabilities.	29(c)	(3,036)	(3,602)	(2,552)
Repayments of interest portion of lease liabilities	29(c)	(150)	(104)	(98)
Repayments of interest portion of hire purchases.	29(c)	(485)	(643)	(662)
Repayments to directors	29(c)	(16,149)	(6,220)	—
Advance from/(repayments to) related parties	29(c)	3	1	(97)
Payments of listing expenses		—	—	(3,249)
Net cash inflow/(outflow) from financing activities		2,000	(8,779)	(7,892)
Net increase/(decrease) in cash and cash equivalents				
		4,426	(7,873)	21,891
Cash and cash equivalents at the beginning of the financial year		8,917	13,343	5,470
Cash and cash equivalents at end of year .		13,343	5,470	27,361

Major non-cash transaction includes settlement of dividend declared by Wing Lee Group (Holdings) Limited to its then shareholders through offsetting against amounts due from directors of the Group, who are also the then shareholders of Wing Lee Group (Holdings) Limited.

The above combined statements of cash flows should be read in conjunction with the accompanying notes.



II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1 General information, reorganisation and basis of presentation

1.1 General information

Wing Lee Development Construction Holdings Limited (the “**Company**”) was incorporated in the Cayman Islands on 17 May 2024 as an exempted company with limited liability under the Companies Law (Cap. 22, Law 3 of 1961 as consolidated and revised) of the Cayman Islands. The address of the Company’s registered office is 89 Nexus Way, Camana Bay, Grand Cayman, KY1-9009, Cayman Islands.

The Company is an investment holding company and its subsidiaries are principally engaged in large-scale excavation, steel structure support design and construction of underground facilities and construction works, solar system construction and maintenance, road and drainage improvement and construction, underground cable laying and connection project, machinery leasing, and material trading in public and private sector in Hong Kong (the “**Listing Business**”). The ultimate holding company of the Company is Wing Lee Green Development Limited. The ultimate controlling parties of the Group are Mr. Yiu Wang Lee, Mr. Yiu Wang Lung and Mr. Chan Lo Man.

1.2 Reorganisation

In preparing for the Listing of the Company’s shares on the Main Board of the Stock Exchange of Hong Kong Limited, the Group underwent a group reorganisation (the “**Reorganisation**”), pursuant to which the Listing Business were transferred to the Company. The Reorganisation involved the followings:

1. On 17 May 2024, Wing Lee Green Development Limited was incorporated in the British Virgin Islands as a limited liability company and is authorised to issue up to a maximum of 50,000 ordinary shares without par value. On the date of its incorporation, 68 shares, 17 shares and 15 shares were initially allotted and issued each as fully paid to Mr. Yiu Wang Lee, Mr. Yiu Wang Lung and Mr. Chan Lo Man at the subscription price of US\$1 each, respectively, as the initial subscribers, representing 100% of the issued share capital of Wing Lee Green Development Limited.



2. On 17 May 2024, the Company was incorporated in the Cayman Islands as an exempted company with limited liability. As at the date of its incorporation, it had an authorised share capital of HK\$380,000 divided into 38,000,000 ordinary shares of a nominal or par value of HK\$0.01 each. On the date of its incorporation, the Company allotted and issued one subscriber share at par and credited as fully paid to a nominee subscriber, being an independent third party. On the same date, the nominee subscriber as transferor executed an instrument of transfer in favour of Wing Lee Green Development Limited, pursuant to which the nominee subscriber transferred the one subscriber share, representing the entire issued share capital of the Company, to Wing Lee Green Development Limited. Upon completion of the above transfer, the issued share capital of the Company then became wholly-owned by Wing Lee Green Development Limited.
3. On 28 May 2024, Wing Lee Green Technology Limited was incorporated in the British Virgin Islands as a limited liability company and is authorised to issue up to a maximum of 50,000 ordinary shares without par value. On the date of its incorporation, Wing Lee Green Technology Limited allotted and issued 1 share as fully paid to the Company at the subscription price of US\$1, and all the issued shares of Wing Lee Green Technology Limited became wholly-owned by the Company.
4. On 26 June 2024, a share sale and purchase agreement was entered into among Mr. Yiu Wang Lee, Mr. Yiu Wang Lung and Mr. Chan Lo Man (collectively, as vendors), the Company (as purchaser) and Wing Lee Green Technology Limited pursuant to which Mr. Yiu Wang Lee, Mr. Yiu Wang Lung and Mr. Chan Lo Man agreed to sell, and Wing Lee Green Technology Limited agreed to purchase, 6,800, 1,700 and 1,500 shares, respectively, representing the entire issued share capital of Wing Lee Group (Holdings) Limited. In consideration of Mr. Yiu Wang Lee, Mr. Yiu Wang Lung and Mr. Chan Lo Man agreeing to sell their respective shares held in Wing Lee Group (Holdings) Limited as mentioned above, the Company allotted and issued 999 shares of HK\$0.01 each, credited as fully paid, to Wing Lee Green Development Limited at the direction of Mr. Yiu Wang Lee, Mr. Yiu Wang Lung and Mr. Chan Lo Man. Upon completion of the above acquisition, Wing Lee Group (Holdings) Limited became a wholly-owned subsidiary of the Company.

After the completion of the reorganisation steps as described above, the Company became the holding company of the companies now comprising the Group.



Upon completion of the Reorganisation and as at the date of this report, the Company have indirect interests in the following subsidiaries:

Name of companies	Place of incorporation and kind of legal entity	Principal activities and place of operation	Particulars of issued share capital	Ownership interest held by the Group				Notes
				2022	2023	2024	as at the date of this report	
Directly held:								
Wing Lee Green Technology Limited.	British Virgin Islands, limited company	Investment holding in British Virgin Islands	50,000 ordinary shares	N/A	N/A	N/A	100%	(a)
Indirectly held:								
Wing Lee Group (Holdings) Limited .	Hong Kong, limited company	Investment holding in Hong Kong	10,000 ordinary shares	100%	100%	100%	100%	(b), (c), (e)
Creative Sun Engineering Limited (Note 30(e))	Hong Kong, limited company	Decoration in Hong Kong	100 ordinary shares	—	—	—	—	(b)
Kaiser Construction Engineering Company Limited	Hong Kong, limited company	Construction in Hong Kong	11,400,000 ordinary shares	98.1%	100%	100%	100%	(b), (d), (e)
Wing Lee New Energy Limited (formerly known as Sum Hing Construction Limited)	Hong Kong, limited company	Construction in Hong Kong	100 ordinary shares	100%	100%	100%	100%	(b), (c), (e)
Sum Hing Trading Limited	Hong Kong, limited company	Trading of construction materials in Hong Kong	20,000 ordinary shares	100%	100%	100%	100%	(b), (c), (e)
Tai Shan Engineering & Construction Co., Limited	Hong Kong, limited company	Construction in Hong Kong	100 ordinary shares	100%	100%	100%	100%	(b), (c), (e)
Wing Lee Construction Limited . . .	Hong Kong, limited company	Construction in Hong Kong	12,000,000 ordinary shares	100%	100%	100%	100%	(b), (c), (e)
Wing Lee Development (International) Limited	Hong Kong, limited company	Construction in Hong Kong	100 Ordinary shares	100%	100%	100%	100%	(b), (c), (e)
Sanying Property HK Limited (formerly known as “Wing Lee Property Investments (Hong Kong) Ltd”) (Note 30(e))	Hong Kong, limited company	Dormant company in Hong Kong	1 ordinary share	100%	—	—	—	(b)

Notes:

- (a) No audited financial statements were issued for these companies now comprising the Group as it is not required to issue audited financial statements under the statutory requirements of their place of incorporation.
- (b) The statutory financial statements of these companies now comprising the Group for the year ended 31 March 2022 were audited by Yongtuo Fuson CPA Limited in Hong Kong.
- (c) The statutory financial statements of these companies now comprising the Group for the year ended 31 March 2023 were audited by Linksfield CPA Limited in Hong Kong.
- (d) The statutory financial statements of this company now comprising the Group for the year ended 31 March 2023 were audited by Li, Tang, Chen & Co. in Hong Kong.
- (e) The audited financial statements for these companies now comprising the Group for the year ended 31 March 2023 were yet to be issued as of the date of this report.



1.3 Basis of presentation

Immediately prior to the Reorganisation and during the Track Record Period, the Listing Business is held by Wing Lee Group (Holdings) Limited and conducted through its subsidiaries. Pursuant to the Reorganisation, Wing Lee Group (Holdings) Limited and the Listing Business are transferred to and held by the Company. The Company and those companies newly incorporated pursuant to the Reorganisation have not been involved in any other business prior to the Reorganisation and do not meet the definition of a business. The Reorganisation is merely a recapitalisation of the Listing Business with no change in management of such business and the ultimate owners of the Listing Business remain the same. Accordingly, the Group resulting from the Reorganisation is regarded as a continuation of the Listing Business under Wing Lee Group (Holdings) Limited and, for the purpose of this report, the Historical Financial Information has been prepared and presented as a continuation of the Listing Business, with the assets and liabilities of the Group recognised and measured at the carrying amounts of the Listing Business prior to the Reorganisation for all periods presented.

2 Basis of preparation

2.1 Compliance with HKFRS

The Historical Financial Information of the Company has been prepared in accordance with the principal accounting policies as set out below which are in accordance with Hong Kong Financial Reporting Standards ("HKFRS") issued by the HKICPA. The principal accounting policies have been consistently applied to all the years presented, unless otherwise stated.

The Historical Financial Information has been prepared on a historical cost basis.

The preparation of the combined financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the combined financial statements are disclosed in Note 4.

All effective standards, amendments to standards and interpretations which are mandatory for the financial year beginning from 1 April 2023 have been consistently applied to the Group for the Track Record Period.



2.2 Accounting policies

The material accounting policies applied in the preparation of the financial information have been consistently applied to all the years presented, unless otherwise stated. Other than those material accounting policies information as disclosed in the notes to the relevant financial line items or transactions in this Historical Financial Information, a summary of the other potentially material accounting policies information has been set out in Note 35 to this Historical Financial information.

2.3 New and amended standards and interpretations not yet adopted

The following amendments to standards have been issued but are not early adopted by the Group:

		Effective for annual periods beginning on or after
Amendments to HKAS 1	Classification of Liabilities as current or non-current	1 April 2024
Amendments to HKAS 1	Non-current liabilities with covenants	1 April 2024
Amendment to HKFRS 16	Lease liability in a Sale and Leaseback	1 April 2024
Amendments to HKAS 7 and HKFRS 7	Supplier finance arrangements	1 April 2024
Amendments to HK — Int 5 (2020)	Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 April 2024
Amendments to HKAS 21	Lack of Exchangeability	1 April 2025
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture	To be determined

The Group has already commenced an assessment of the impact of these new or amended standards, interpretations, and amended improvements, certain of which are relevant to the Group's operations. According to the preliminary assessment made by the directors, no significant impact on the financial performance and positions of the Group is expected when they become effective.

The directors of the Group will adopt the amendments to existing standards and interpretation when they become effective.



3 Financial risk management

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. Risk management is carried out by the directors of the Company and senior management of the Group.

Management regularly manages the financial risks of the Group. Because of the simplicity of the financial structure and the current operations of the Group, no hedging activity is undertaken by management.

(a) Market risk

(i) Foreign exchange risk

Foreign exchange risk arises when future commercial transactions or recognised assets and liabilities are denominated in a currency that is not the functional currency of the Group entities.

Most of the income, expenditures, assets and liabilities of the Group are denominated in HK\$, being the functional currency of the subsidiaries now comprising the Group, and hence, the Group does not have any material foreign exchange risk exposure.

(ii) Cash flow interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Financial assets and liabilities with variable interest rate expose the Group to cash flow interest rate risk.

The Group's interest rate risk arises from cash at banks and borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk which is partially offset by the bank deposits. The interest rate profile of borrowings are disclosed in Note 28. The bank deposits generate interest at the prevailing market interest rates.

As at 31 March 2022, 2023 and 2024, if interest rates on borrowings had been 50 basis points higher/lower with all other variables held constant, the Group's profit after tax and total comprehensive income would have been approximately HK\$115,000, HK\$29,000 and



HK\$157,000 lower/higher respectively. The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the date of statement of financial positions and had been applied to the exposure to cash flow interest rate risk for borrowings in existence at the date of statement of financial positions.

(b) Credit risk

(i) Risk management

The carrying amounts of cash and cash equivalents, trade receivables, contract assets, deposits and other receivables and amounts due from directors and related parties included in the combined statement of financial position represent the Group's maximum exposure to credit risk in relation to its financial assets.

Management considers the Group has limited credit risk with its cash and cash equivalents as they were mainly deposited in leading and reputable banks and the banks' external credit ratings are of investment grades. The Group has not incurred significant loss from non-performance by these parties in the past and management does not expect so in the future.

To manage the risk arising from trade receivables, contract assets, deposits and other receivables and amounts due from directors and related parties, the Group has policies in place to ensure that credit terms are made to counterparties with an appropriate credit history and the management performs ongoing credit evaluations of its counterparties. The Group trades only with recognised and creditworthy third parties. The Group takes into account information specific to the customer, such as its financial position, past experience and other factors to evaluate the creditability of customers. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to expected credit loss is not significant.

As at 31 March 2022, 2023 and 2024, the Group is exposed to concentration of credit risk on trade receivables and contract assets from the Group's five largest customers amounting to approximately HK\$139,160,000, HK\$92,511,000 and HK\$158,648,000 and accounted for approximately 75%, 54% and 67% of the total trade receivables and contract assets balance. The major customers of the Group are reputable organisations and with good repayment history. Management considers that the credit risk is limited in this regard.



(ii) Impairment of financial assets

The Group has six types of assets that are subject to the expected credit loss (“ECL”) model:

- cash and cash equivalents;
- trade receivables;
- contract assets;
- deposits and other receivables at amortised cost;
- amounts due from directors; and
- amounts due from related parties.

While cash and cash equivalents are also subject to the impairment requirements of HKFRS 9, the identified impairment loss was immaterial as the relevant banks’ external credit ratings are of investment grades.

Trade receivables and contract assets

The Group applies simplified approach prescribed by HKFRS 9 to measuring ECL which uses a lifetime expected loss allowance for all trade receivables and contract assets.

The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables. The Group has therefore grouped the trade receivables and contract assets together to access the expected credit loss.

Trade receivables and contract assets relating to customers with known financial difficulties or significant doubt on collection of receivables are assessed individually for provision for impairment allowance.



The following table represents the gross carrying amount and the provision for impairment in respect of the individually assessed receivables as at 31 March 2022, 2023 and 2024.

Measurement of ECL on individual basis

	Contract assets			Trade receivables		
	2022	2023	2024	2022	2023	2024
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Gross carrying amount	—	40,170	5,000	—	14,638	9,305
Provision for impairment.	—	(5,000)	(5,000)	—	(5,000)	(4,259)
Net carrying amount	<u>—</u>	<u>35,170</u>	<u>—</u>	<u>—</u>	<u>9,638</u>	<u>5,046</u>

For the remaining balances, the expected loss rates are based on external default data of customers of similar nature. The historical loss rates are also adjusted to reflect current and forward-looking information on macroeconomic factors (i.e. employment rate) affecting the ability of the customers to settle the receivables.

Measurement of ECL on collective basis

	Contract assets			Trade receivables		
	2022	2023	2024	2022	2023	2024
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Gross carrying amount	127,085	101,263	190,349	62,445	28,141	43,974
Provision for impairment.	(2,542)	(1,885)	(2,454)	(1,533)	(831)	(829)
Net carrying amount	<u>124,543</u>	<u>99,378</u>	<u>187,895</u>	<u>60,912</u>	<u>27,310</u>	<u>43,145</u>
Expected credit loss rate	1.01%– 2.70%	1.57%– 3.40%	0.25%– 7.33%	1.01%– 2.70%	1.53%– 7.29%	0.25%– 5.91%

When a trade receivable or contract asset is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the same line item.



The loss allowances for trade receivables and contract assets as at 31 March reconciling to the opening loss allowances as follows:

	Contract assets			Trade receivables		
	2022	2023	2024	2022	2023	2024
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Opening loss allowance at 1 April. . .	689	2,542	6,885	210	1,533	5,831
Increase/(decrease) in loss allowance recognised in profit or loss during the year	1,853	4,343	569	1,323	4,298	(743)
Closing loss allowance at 31 March .	2,542	6,885	7,454	1,533	5,831	5,088

Other financial assets at amortised cost

Other financial assets at amortised cost include deposits and other receivables, amounts due from directors and related parties.

For other financial assets at amortised cost, management considers that its credit risk has not increased significantly since initial recognition with reference to the counterparty historical default rate and current financial position. The impairment provision is determined based on the 12-month expected credit losses which is immaterial.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of available banking facilities to meet obligations when due. Due to the dynamic nature of the underlying businesses, Group treasury maintains flexibility in funding by maintaining availability of banking facilities.

Management monitors rolling forecasts of the Group's liquidity reserve and cash and cash equivalents (Note 23) on the basis of expected cash flows. This is generally carried out at local level in the operating companies of the Group. In addition, the Group's liquidity management policy involves projecting cash flows and considering the level of liquid assets necessary to meet these, monitoring statement of financial position liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

(i) Financing arrangements

The Group had no undrawn borrowing facilities as at 31 March 2022, 2023 and 2024.



(ii) *Maturities of financial liabilities*

The table below analyses the financial liabilities of the Group into relevant maturity groupings based on the remaining period at the end of the reporting period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows (including interests payments computed using contractual rates, or if floating, based on the current rates at the period-end date). Where the loan agreement contains a repayable on demand clause which gives the lender the unconditional right to call the loan at any time, the amounts repayable are classified in the earliest time bracket in which the lender could demand repayment. The maturity analysis for remaining financial liabilities is prepared based on the scheduled repayment dates.

Contractual maturities of financial liabilities	On demand	Within 1 year	Over 1 year but within 5 years	Total contractual cash flows	Carrying amount
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
As at 31 March 2022					
Trade and retention payables	—	75,210	—	75,210	75,210
Accruals and other payables	—	17,931	—	17,931	17,931
Borrowings and interest payments	31,542	8,252	10,701	50,495	46,831
Lease liabilities and interest payments	—	3,114	800	3,914	3,838
Amounts due to directors	6,220	—	—	6,220	6,220
Amounts due to related parties	196	—	—	196	196
	<u>37,958</u>	<u>104,507</u>	<u>11,501</u>	<u>153,966</u>	<u>150,226</u>

Contractual maturities of financial liabilities	On demand	Within 1 year	Over 1 year but within 5 years	Total contractual cash flows	Carrying amount
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
As at 31 March 2023					
Trade and retention payables	—	45,089	—	45,089	45,089
Accruals and other payables	—	3,588	—	3,588	3,588
Borrowings and interest payments	32,888	12,396	7,674	52,958	49,789
Lease liabilities and interest payments	—	2,483	1,037	3,520	3,417
Amounts due to related parties	197	—	—	197	197
	<u>33,085</u>	<u>63,556</u>	<u>8,711</u>	<u>105,352</u>	<u>102,080</u>



Contractual maturities of financial liabilities	On demand	Within	Over 1 year but within	Total	Carrying amount
		1 year	5 years	contractual cash flows	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
As at 31 March 2024					
Trade and retention payables	—	79,419	—	79,419	79,419
Accruals and other payables	—	34,403	6,789	41,192	41,130
Borrowings and interest payments	36,552	7,791	8,637	52,980	50,162
Lease liabilities and interest payments	—	2,033	830	2,863	2,767
Amounts due to related parties.	100	—	—	100	100
	<u>36,652</u>	<u>123,646</u>	<u>16,256</u>	<u>176,554</u>	<u>173,578</u>

The table below summarises the maturity analysis of borrowings of the Group with a repayment on demand clause based on agreed scheduled repayments set out in the loan agreements. The amounts include interest payments computed using contractual rates. Taking into account the Group's financial position, the directors do not consider that it is probable that the relevant banks will exercise their discretion to demand immediate repayment. The directors believe that such borrowings will be repaid in accordance with the scheduled repayment dates set out in the relevant agreements.

	Within 1 year	Over 1 year but within	Over 2 years but within	Over	Total
		2 years	5 years	5 years	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
As at 31 March 2022	6,798	6,864	15,584	2,296	31,542
As at 31 March 2023	8,741	8,751	13,961	1,435	32,888
As at 31 March 2024	21,156	8,091	6,731	574	36,552



3.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Group mainly uses equity to finance its operations. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt or repay borrowings when cash received from non-trade receivables. Also, the Group continues to monitor and maintain the sufficiency of banking facilities for its operations.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total equity. Net debt is calculated as total borrowings and lease liabilities less cash and cash equivalents.

The gearing ratios as at 31 March 2022, 2023 and 2024 were as follow:

	As at 31 March		
	2022	2023	2024
	HK\$'000	HK\$'000	HK\$'000
Borrowings	46,831	49,789	50,162
Lease liabilities	3,838	3,417	2,767
Total interest-bearing liabilities	50,669	53,206	52,929
Less: Cash and cash equivalents	(13,343)	(5,470)	(27,361)
Net debt	37,326	47,736	25,568
Total equity	78,451	118,995	155,392
Gearing ratio	47.6%	40.1%	16.5%

Under the terms of the bank borrowings, as at 31 March 2022, 2023 and 2024, the Group is not required to comply with financial covenants, and has complied with non-financial covenants through the years ended 31 March 2022, 2023 and 2024.

3.3 Fair value measurement

The carrying values of the Group's financial assets and financial liabilities are reasonable approximation of their fair values due to the relatively short-term nature of these financial instruments or interest-bearing nature.



4 Critical accounting estimates and judgments

The preparation of financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Revenue recognition

The Group reviews and revises the estimates of contract revenue, contract costs, variation orders and contract claims prepared for each construction contract as the contract progresses. Budgeted construction costs are prepared by the management on the basis of quotations from time to time provided by the major contractors, suppliers or vendors involved and the experience of the management. In order to keep the budget accurate and up-to-date, management conducts periodic reviews of the budgets of contracts by comparing the budgeted amounts to the actual amounts incurred. Such significant estimate may have impact on the revenue and profit recognised in each period. The Group recognises its contract revenue based on the satisfaction of the performance obligation by input method, by reference to the contract costs incurred up to the end of reporting period as a percentage of total estimated costs for each contract.

(b) Impairment of financial assets

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward-looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in the tables in Note 3.1 (b).



5 Segment information

The chief operating decision-maker (“**CODM**”) has been identified as the executive directors of the Company. The CODM regard the Group’s business as three reportable segments, namely (i) civil engineering, (ii) electrical cable engineering and, (iii) solar PV system and review the financial information accordingly.

- (i) Civil engineering — principally engaged in civil engineering works which we specialise in site formation works and road and drainage works. The site formation works generally include earthworks, excavation and installation of steel structures. The road and drainage works mainly included construction and modification of roads, carriageway and pavement, construction of covered walkway, renovation of subways and footbridges, provision of universal accessibility facilities at footbridges, elevated walkways and subways, construction of drainage system, manholes, cable trenches and installation of water mains and sewerage pipes;
- (ii) Electrical cable engineering — principally engaged in electrical cable engineering works which generally include cable trenching, laying and jointing, and involve excavation, reinstatement and miscellaneous construction (such as concrete draw) works, traffic impact assessment as well as emergency and cable fault repair;
- (iii) Solar PV system — principally engaged in design, installation and maintenance works of solar PV system works.

Other businesses include sales of materials and leasing of machinery.

Segment performance is evaluated based on reportable segment profit, which is a measure of adjusted profit before income tax. The adjusted profit before income tax is measured consistently with the Group’s profit before income tax except that other income, other gains, finance income, finance costs, listing expenses, impairment loss on financial assets as well as the head office and corporate general and administrative expenses are excluded from such measurement.

Inter-segment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

Information regarding the above segments is reported below.



(a) Segment profit

	Year ended 31 March 2022				
	Civil engineering	Electrical cable engineering	Solar PV system	Others	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue from external customers	278,276	127,638	32,907	81,530	520,351
Timing of revenue recognition					
— At a point in time	—	—	—	43,756	43,756
— Over time	278,276	127,638	32,907	37,774	476,595
Cost of services (excluding depreciation)	(235,469)	(97,074)	(31,583)	(51,931)	(416,057)
General and administrative expenses (excluding depreciation)	(3,675)	(3,551)	(408)	(1,073)	(8,707)
Depreciation of right-of-use assets	(1,461)	(1,387)	(55)	(136)	(3,039)
Depreciation of property and equipment	(5,146)	(3,820)	(16)	(39)	(9,021)
Segment profit	32,525	21,806	845	28,351	83,527
Unallocated amounts:					
General and administrative expenses					(10,274)
Impairment loss on financial assets					(3,176)
Other income					1,353
Other gains					414
Finance costs , net					(1,334)
Income tax expenses					(11,455)
Profit for the year					59,055



Year ended 31 March 2023

	Civil engineering	Electrical cable engineering	Solar PV system	Others	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue from external customers	175,411	125,409	38,043	22,344	361,207
Timing of revenue recognition					
— At a point in time	—	—	—	7,427	7,427
— Over time	175,411	125,409	38,043	14,917	353,780
Cost of services (excluding depreciation)	(144,083)	(92,578)	(30,309)	(6,147)	(273,117)
General and administrative expenses (excluding depreciation)	(3,094)	(2,862)	(477)	(325)	(6,758)
Depreciation of right-of-use assets	(1,816)	(1,545)	(112)	(66)	(3,539)
Depreciation of property and equipment.	(8,472)	(2,378)	(64)	(15)	(10,929)
Segment profit	17,946	26,046	7,081	15,791	66,864
Unallocated amounts:					
General and administrative expenses					(14,158)
Impairment loss on financial assets					(8,641)
Other income					5,423
Other gains					75
Finance costs , net					(1,916)
Income tax expenses					(7,082)
Profit for the year					40,565



Year ended 31 March 2024					
	Civil engineering	Electrical cable engineering	Solar PV system	Others	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue from external customers	365,454	113,244	44,308	3,093	526,099
Timing of revenue recognition					
— At a point in time	—	—	—	2,064	2,064
— Over time	365,454	113,244	44,308	1,029	524,035
Cost of services (excluding depreciation)	(282,901)	(77,431)	(30,287)	(1,960)	(392,579)
General and administrative expenses (excluding depreciation)	(3,604)	(2,063)	(306)	(58)	(6,031)
Depreciation of right-of-use assets	(2,109)	(247)	(97)	(7)	(2,460)
Depreciation of property and equipment.	(9,590)	(1,761)	(18)	(1)	(11,370)
Segment profit	67,250	31,742	13,600	1,067	113,659
Unallocated amounts:					
General and administrative expenses					(15,613)
Reversal of impairment loss on financial assets					174
Other income					1,933
Other gains					10
Listing expenses					(4,880)
Finance costs, net					(2,367)
Income tax expenses					(16,009)
Profit for the year					76,907

The Group is domiciled in Hong Kong. All revenue are derived from external customers in Hong Kong for the years ended 31 March 2022, 2023 and 2024, respectively.



(b) Segment assets and liabilities

No analysis of segment assets or segment liabilities is presented as they are not regularly provided to the CODM.

(c) Disaggregation of revenue from contract with customers

	Year ended 31 March		
	2022	2023	2024
	HK\$'000	HK\$'000	HK\$'000
Civil engineering.	278,276	175,411	365,454
Electrical cable engineering.	127,638	125,409	113,244
Solar PV system	32,907	38,043	44,308
Others			
— Sales of materials.	43,756	7,427	2,064
— Leasing of machinery	37,774	14,917	1,029
	<u>520,351</u>	<u>361,207</u>	<u>526,099</u>

(d) Revenue from major customers

Revenue individually generated from the following customers contributed more than 10% of the total revenue of the Group:

	Year ended 31 March		
	2022	2023	2024
	HK\$'000	HK\$'000	HK\$'000
Customer A.	168,464	N/A*	—
Customer B.	84,026	86,656	88,892
Customer C.	124,511	N/A*	—
Customer D.	N/A*	44,940	N/A*
Customer G.	—	N/A*	171,584
	<u> </u>	<u> </u>	<u> </u>

* The corresponding revenue did not contribute over 10% of the total revenue of the Group in the respective years.



(e) Revenue recognised in relation to contract liabilities

The following table shows the revenue recognised related to carried-forward contract liabilities:

	Year ended 31 March		
	2022	2023	2024
	HK\$'000	HK\$'000	HK\$'000
Revenue recognised that was included in the contract liability balance at the beginning of the year			
— Civil engineering	168	5,315	263
— Solar PV system	132	4,097	303
	<u>300</u>	<u>9,412</u>	<u>566</u>

(f) Unsatisfied long-term construction contract

The following table shows unsatisfied performance obligations resulting from long-term construction contracts.

	Year ended 31 March		
	2022	2023	2024
	HK\$'000	HK\$'000	HK\$'000
Aggregate amount of the transaction price allocated to long-term construction contracts that are unsatisfied as at year end	<u>221,364</u>	<u>722,016</u>	<u>707,582</u>



Management expects that the transaction prices regarding the unsatisfied contracts at the end of year will be recognised as revenue by referencing to the schedule below:

	Year ended 31 March		
	2022	2023	2024
	HK\$'000	HK\$'000	HK\$'000
Within 1 year	128,400	282,929	562,118
More than 1 year but less than 2 years	50,429	359,083	126,589
More than 2 years	42,535	80,004	18,875
	<u>221,364</u>	<u>722,016</u>	<u>707,582</u>

Accounting policies of revenue recognition

Revenue is recognised when or as the control of the assets is transferred to the customers. Depending on the terms of the contract and the laws that apply to the contract, control of the asset may be transferred over time or at a point in time. Control of the assets is transferred over time if the Group's performance:

- provides all of the benefits received and consumed simultaneously by the customers;
- creates and enhances an asset that the customer controls as the Group perform; and
- do not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

In control of the asset transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the asset.



The progress towards complete satisfaction of the performance obligation is measured based on one of the following methods that best depict the Group's performance in satisfying the performance obligation:

- direct measurements of the value transferred by the Group to the customer; or
- the Group's effort or inputs to the satisfaction of the performance obligation.

(1) Construction contract

For construction contract, it is eligible for recognition of revenue over time as the Group created or enhanced an asset that customers controlled as the Group performs its performance obligation. The Group measures the progress of the projects in accordance with the input method. Under input method, revenue on construction contracts is recognised based on the Group's efforts or inputs to the satisfaction of the performance obligation, by reference to the contract costs incurred up to the end of reporting period as a percentage of total estimated costs for each contract.

Variations in contract work, claims and incentive payments are included in transaction price to the extent that it is highly probable that a significant reversal of cumulative revenue recognised will not occur.

(2) Sales of materials

Sales of materials are recognised when a group entity has delivered products to the customer, the customer has full discretion over channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs until the products have been shipped to the specified location, the risk of obsolescence and loss have been transferred to the customers, and either the customers have accepted the products in accordance with sales contracts, and there is no unfulfilled obligation that could affect the customers' acceptance of the products.

(3) Leasing of machinery

Leasing of machinery is recognised in the accounting period in which the assets are leased out.



6 Other income and other gains

	Year ended 31 March		
	2022	2023	2024
	HK\$'000	HK\$'000	HK\$'000
Other income			
Subsidies (<i>Note (i)</i>)			
— Government (<i>Note (ii)</i>)	—	4,179	305
— Construction Industry Council (<i>Note (iii)</i>)	143	640	1,337
Other.	1,210	604	291
	<u>1,353</u>	<u>5,423</u>	<u>1,933</u>
Other gains			
Gain on disposal of subsidiaries (<i>Note 30(e)</i>)	414	75	—
Gain on disposal of property and equipment	—	—	10
	<u>414</u>	<u>75</u>	<u>10</u>

Notes:

- (i) There are no unfulfilled conditions or other contingencies attaching to the subsidies.
- (ii) Government subsidies for the year ended 31 March 2023 represent wage subsidy granted under Employment Support Scheme of the Anti-Epidemic Fund of the Hong Kong Government. Subsidies are offered to employers who have employed regular employees and paid MPF for them. Wage subsidies were granted to the Group for the use of paying wages and MPF of regular employees. Government subsidy for the year ended 31 March 2024 represents subsidy from the Hong Kong Government Ex-gratia Payment Scheme for Phasing Out Euro IV Diesel Commercial Vehicles.
- (iii) Subsidies for the year ended 31 March 2022, 2023 and 2024 represent funding from the Construction Innovation and Technology Fund under the Construction Industry Council.



7 Expense by nature

	Year ended 31 March		
	2022	2023	2024
	HK\$'000	HK\$'000	HK\$'000
Material costs	57,201	43,909	66,333
Subcontracting fees	131,893	97,897	143,439
Fuel and oil.	20,534	8,087	16,006
Employee benefit expenses (including directors' remuneration) (<i>Note 8</i>)	95,700	96,966	122,619
Auditor's remuneration — audit services. . .	508	246	188
Depreciation of property and equipment (<i>Note 14</i>)	9,021	10,929	11,370
Depreciation of right-of-use assets (<i>Note 15(a)</i>)	3,039	3,539	2,460
Expense relating to short-term machinery leases (<i>Note 15(c)</i>)	96,327	9,501	24,760
Expense relating to other short-term leases (<i>Note 15(c)</i>)	1,517	1,465	2,701
Insurance.	7,379	5,494	3,663
Repair and maintenance	2,504	3,930	5,325
Marketing expenses	2,167	4,708	1,829
Project consultancy services	3,451	4,925	5,979
Legal and professional fees	1,814	790	1,678
Motor vehicles expenses	2,045	1,778	2,123
Listing expenses	—	—	4,880
Other expenses	11,998	14,337	17,580
Total cost of services, and general and administrative expenses	447,098	308,501	432,933



8 Employee benefit expense (including Directors' remuneration)

	Year ended 31 March		
	2022	2023	2024
	HK\$'000	HK\$'000	HK\$'000
Salaries, wages and bonuses	91,661	93,531	116,741
Pension costs — defined contribution plan	3,549	3,409	5,737
Staff welfare and allowances	48	—	126
Long service payment	442	26	15
	<u>95,700</u>	<u>96,966</u>	<u>122,619</u>

No forfeited contributions were utilised for the years ended 31 March 2022, 2023 and 2024. Furthermore, no forfeited contributions were available as at 31 March 2022, 2023 and 2024 to reduce future contributions.

Five highest paid individuals

For each of the years ended 31 March 2022, 2023, and 2024, the five individuals whose emoluments were the highest in the Group include the 3, 2, and 3 directors, whose emoluments were reflected in Note 9(a). The emoluments paid to the remaining 2, 3 and 2 individuals, respectively, are as follows:

	Year ended 31 March		
	2022	2023	2024
	HK\$'000	HK\$'000	HK\$'000
Salaries and wages	1,320	2,489	2,030
Discretionary bonuses	55	225	—
Pension costs — defined contribution plan	36	36	18
Other welfare and allowances	36	—	—
	<u>1,447</u>	<u>2,750</u>	<u>2,048</u>



The emoluments of above individuals are within the following bands:

	Year ended 31 March		
	2022	2023	2024
	Number of individuals	Number of individuals	Number of individuals
Emoluments band			
Within HK\$1,000,000	2	2	1
HK\$1,000,001 — HK\$1,500,000	—	1	1
	<u>2</u>	<u>3</u>	<u>2</u>

9 Benefits and interests of Directors

(a) Directors' emoluments

The remuneration of each director paid/payable for each of the years ended 31 March 2022, 2023 and 2024 were set out below:

For the year ended 31 March 2022

Name	Director's fees	Salaries	Discretionary bonuses	Allowances and benefits in kind	Employer's contribution to a retirement benefit scheme	Other emoluments paid or receivable in respect of director's other services in connection with the management of the affairs of the Listing Business	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Executive director							
and Chief executive							
Mr. Yiu Wang Lee . . .	—	720	—	—	18	—	738
Mr. Yiu Wang Lung . .	—	720	—	—	18	—	738
Mr. Chan Lo Man . . .	—	720	—	—	18	—	738
Total	<u>—</u>	<u>2,160</u>	<u>—</u>	<u>—</u>	<u>54</u>	<u>—</u>	<u>2,214</u>



APPENDIX I

ACCOUNTANT'S REPORT

For the year ended 31 March 2023

Name	Director's fees	Salaries	Discretionary bonuses	Allowances and benefits in kind	Employer's contribution to a retirement benefit scheme	Other emoluments paid or receivable in respect of director's other services in connection with the management of the affairs of the Listing Business	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Executive director and Chief executive							
Mr. Yiu Wang Lee . . .	—	800	—	—	18	—	818
Mr. Yiu Wang Lung . .	—	520	—	—	12	—	532
Mr. Chan Lo Man . . .	—	760	—	—	18	—	778
Ms. Tse Ka Wing. . . .	—	80	—	—	2	—	82
Total	—	2,160	—	—	50	—	2,210

For the year ended 31 March 2024

Name	Director's fees	Salaries	Discretionary bonuses	Allowances and benefits in kind	Employer's contribution to a retirement benefit scheme	Other emoluments paid or receivable in respect of director's other services in connection with the management of the affairs of the Listing Business	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Executive director and Chief executive							
Mr. Yiu Wang Lee . . .	—	930	—	—	18	—	948
Mr. Yiu Wang Lung . .	—	930	—	—	18	—	948
Mr. Chan Lo Man . . .	—	825	—	—	18	—	843
Ms. Tse Ka Wing. . . .	—	960	—	—	18	—	978
Total	—	3,645	—	—	72	—	3,717



- (i) The remunerations shown above represent remunerations received from the Group by these directors in their capacity as employees to the Group and no directors waived any emoluments during each of the years ended 31 March 2022, 2023 and 2024.
- (ii) During each of the years ended 31 March 2022, 2023 and 2024, no retirement benefits, payments or benefits in respect of termination of directors' services were paid or made, directly or indirectly, to the directors; nor are any payable. No consideration was provided to or receivable by third parties for making available directors' services.
- (iii) During each of the years ended 31 March 2022, 2023 and 2024, other than those disclosed in Note 30, no significant transactions, agreements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had material interest, whether directly or indirectly, subsisted at the end of each of the years ended 31 March 2022, 2023 and 2024.
- (iv) During each of the years ended 31 March 2022, 2023 and 2024, other than those disclosed in Note 30, there were no other loans, quasi-loans and other dealing arrangements in favour of the directors, or controlled body corporates and connected entities of such directors.
- (v) Mr. Yiu Wang Lee, Mr. Yiu Wang Lung, Mr. Chan Lo Man and Ms. Tse Ka Wing, were appointed as the Company's directors on 17 May 2024. The directors' emoluments are presented as if the directors had been appointed throughout the Track Record Period.
- (vi) Mr. Shang Hailong, Mr. Fu He and Mr. Leung Wai Hung were proposed to be appointed as the Company's independent non-executive directors upon Listing of the Company. During Track Record Period, the independent non-executive directors have not yet been appointed and received nil director's remuneration in the capacity of independent non-executive directors.



10 Finance costs, net

	Year ended 31 March		
	2022	2023	2024
	HK\$'000	HK\$'000	HK\$'000
Finance income:			
— Interest income from bank deposits	—*	—*	—*
Finance costs:			
— Interest expense on bank loans	(699)	(1,169)	(1,607)
— Interest expense on lease liabilities	(150)	(104)	(98)
— Interest expense on hire purchases	(485)	(643)	(662)
	(1,334)	(1,916)	(2,367)
Finance costs, net	(1,334)	(1,916)	(2,367)

* The amount is less than HK\$1,000.

11 Income tax expenses

	Year ended 31 March		
	2022	2023	2024
	HK\$'000	HK\$'000	HK\$'000
Current income tax	11,156	7,464	13,983
Deferred income tax (<i>Note 17</i>)	299	(382)	2,026
Income tax expenses	11,455	7,082	16,009

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the Company and the group companies incorporated in the Cayman Islands and the British Virgin Islands, respectively, are not subject to any income tax.

Other group companies are subject to Hong Kong profits tax. Hong Kong profits tax is calculated at 16.5% of the estimated assessable profits during the Track Record Period, except for one entity that is qualified under the two-tiered profits tax regime, under which the first HK\$2.0 million of its assessable profits are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%.



	Year ended 31 March		
	2022	2023	2024
	HK\$'000	HK\$'000	HK\$'000
Profit before income tax	70,510	47,647	92,916
Tax calculated at domestic tax rates			
applicable to profits in Hong Kong	11,634	7,862	15,331
Tax effects of:			
Income not subject to tax	(26)	(688)	(2)
Expenses not deductible for tax purpose . . .	52	97	857
Effect of two-tiered profits tax rates regime	(165)	(165)	(165)
Tax concession	(40)	(24)	(12)
	<u>11,455</u>	<u>7,082</u>	<u>16,009</u>

12 Earnings per share

No earnings per share information is presented as its inclusion, for the purpose of this report, is not considered meaningful as the Reorganisation of the Group was not completed as of 31 March 2024 and the presentation of the results for the Track Record Period was on a combined basis as disclosed in Note 1.3.

13 Dividend

No dividend has been paid or declared by the Company since its incorporation.

On 1 February 2024, Wing Lee Group (Holdings) Limited declared a final dividend with respect to the year ended 31 March 2023 amounted to HK\$18,100,000 to its then shareholders.

On 1 February 2024, Wing Lee Group (Holdings) Limited declared an interim dividend with respect to the year ended 31 March 2024 amounted to HK\$22,381,000 to its then shareholders.



14 Property and equipment

	Leasehold improvement	Office equipment and furniture	Machineries	Motor vehicles	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2021					
Cost	1,335	1,269	55,740	9,643	67,987
Accumulated depreciation	(446)	(657)	(17,845)	(6,955)	(25,903)
Net book amount	<u>889</u>	<u>612</u>	<u>37,895</u>	<u>2,688</u>	<u>42,084</u>
Year ended 31 March 2022					
Opening net book amount	889	612	37,895	2,688	42,084
Addition for the year	—	64	17,699	3,884	21,647
Write-off	—	—	(173)	—	(173)
Depreciation charge (Note 7)	(310)	(201)	(7,173)	(1,337)	(9,021)
Closing net book amount	<u>579</u>	<u>475</u>	<u>48,248</u>	<u>5,235</u>	<u>54,537</u>
At 31 March 2022					
Cost	1,335	1,333	73,266	13,526	89,460
Accumulated depreciation	(756)	(858)	(25,018)	(8,291)	(34,923)
Net book amount	<u>579</u>	<u>475</u>	<u>48,248</u>	<u>5,235</u>	<u>54,537</u>
Year ended 31 March 2023					
Opening net book amount	579	475	48,248	5,235	54,537
Addition for the year	120	488	2,839	1,352	4,799
Depreciation charge (Note 7)	(293)	(251)	(8,796)	(1,589)	(10,929)
Closing net book amount	<u>406</u>	<u>712</u>	<u>42,291</u>	<u>4,998</u>	<u>48,407</u>
At 31 March 2023					
Cost	1,120	1,821	76,105	13,160	92,206
Accumulated depreciation	(714)	(1,109)	(33,814)	(8,162)	(43,799)
Net book amount	<u>406</u>	<u>712</u>	<u>42,291</u>	<u>4,998</u>	<u>48,407</u>
Year ended 31 March 2024					
Opening net book amount	406	712	42,291	4,998	48,407
Addition for the year	—	—	46,977	1,600	48,577
Write-off	—	—	—	(4)	(4)
Depreciation charge (Note 7)	(251)	(220)	(9,376)	(1,523)	(11,370)
Closing net book amount	<u>155</u>	<u>492</u>	<u>79,892</u>	<u>5,071</u>	<u>85,610</u>



	Leasehold improvement	Office equipment and furniture	Machineries	Motor vehicles	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 31 March 2024					
Cost	1,120	1,821	121,465	14,063	138,469
Accumulated depreciation	(965)	(1,329)	(41,573)	(8,992)	(52,859)
Net book amount	<u>155</u>	<u>492</u>	<u>79,892</u>	<u>5,071</u>	<u>85,610</u>

Depreciation of the Group's property and equipment are recognised as follows:

	Year ended 31 March		
	2022	2023	2024
	HK\$'000	HK\$'000	HK\$'000
Cost of services.	8,510	10,385	10,899
Administrative expenses	<u>511</u>	<u>544</u>	<u>471</u>
Depreciation charge for the year	<u>9,021</u>	<u>10,929</u>	<u>11,370</u>

As at 31 March 2022, 2023 and 2024, machineries and motor vehicles with net book value of HK\$43,284,000, HK\$36,117,000 and HK\$71,359,000 respectively were pledged as security for the Group's borrowings (Note 28).

Accounting policies of property and equipment

Property and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the combined statement of comprehensive income during the financial year in which they are incurred.



Depreciation on assets is calculated using the straight-line method to allocate their costs net of their residual values over their estimated useful lives, as follows:

Leasehold improvement	Over the lease term or 5 years, whichever is shorter
Office equipment and furniture	5 years
Machineries	5–10 years
Motor vehicles	5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the combined statement of comprehensive profit or loss.

Impairment of non-financial assets

Assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

15 Leases

(a) Right-of-use assets

	Leased premises
	<i>HK\$'000</i>
As at 31 March 2021	
Cost	8,970
Accumulated depreciation	(2,251)
Net book amount.	<u>6,719</u>



	<u>Leased premises</u>
	<i>HK\$'000</i>
Year ended 31 March 2022	
Opening net book amount	6,719
Depreciation charge (<i>Note 7</i>).	(3,039)
Closing net book amount.	<u>3,680</u>
As at 31 March 2022	
Cost	8,970
Accumulated depreciation	(5,290)
Net book amount.	<u>3,680</u>
Year ended 31 March 2023	
Opening net book amount	3,680
Addition	3,181
Depreciation charge (<i>Note 7</i>).	(3,539)
Closing net book amount.	<u>3,322</u>
As at 31 March 2023	
Cost	12,151
Accumulated depreciation	(8,829)
Net book amount.	<u>3,322</u>
Year ended 31 March 2024	
Opening net book amount	3,322
Addition	1,902
Depreciation charge (<i>Note 7</i>).	(2,460)
Closing net book amount.	<u>2,764</u>
As at 31 March 2024	
Cost	14,053
Accumulated depreciation	(11,289)
Net book amount.	<u>2,764</u>

The right-of-use assets represent the Group's rights to use underlying leased premises under lease arrangements over the lease terms from 3 to 4 years. They are stated at cost less accumulated depreciation and accumulated impairment losses.



(b) Lease liabilities

	As at 31 March		
	2022	2023	2024
	HK\$'000	HK\$'000	HK\$'000
Current portion	3,048	2,399	1,954
Non-current portion	790	1,018	813
	<u>3,838</u>	<u>3,417</u>	<u>2,767</u>

The interest rate of each lease contracts is fixed at its contract date, and the interest rate of all the lease liabilities was 3.7%, 4.0% and 4.6% per annum as at 31 March 2022, 2023 and 2024 respectively.

The total cash outflows for leases including payments of short-term leases, lease liabilities and payments of interest expenses on leases for the years ended 31 March 2022, 2023 and 2024 were approximately HK\$101,030,000, HK\$14,672,000 and HK\$30,111,000 respectively.

(c) Amount recognised in the combined statement of profit or loss

	Year ended 31 March		
	2022	2023	2024
	HK\$'000	HK\$'000	HK\$'000
Depreciation of right-of-use assets as included in:			
— Cost of services	2,171	2,173	1,014
— Administrative expenses	868	1,366	1,446
	<u>3,039</u>	<u>3,539</u>	<u>2,460</u>
Interest expenses on lease liabilities for the year (Note 10)	<u>(150)</u>	<u>(104)</u>	<u>(98)</u>
Expenses relating to short-term machinery leases (Note 7)	96,327	9,501	24,760
Expenses relating to other short-term leases (Note 7)	<u>1,517</u>	<u>1,465</u>	<u>2,701</u>



Accounting policies of leases

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to control the use of an identified asset for a period of time in exchange for consideration. Such determination is made on an evaluation of the substance of the arrangement, regardless of whether the arrangements take the legal form of a lease.

The Group enters into lease agreements as a lessee with respect to certain premises.

Leases are initially recognised as a right-of-use asset and corresponding liability at the date of which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated on a straight-line basis over the shorter of the asset's estimated useful life and the lease term.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option;
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option; and
- lease payments to be made under reasonably certain extension options are also included in the measurement of lease liabilities.



The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the Group's incremental borrowing rate. Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liabilities;
- any lease payments made at or before the commencement date, less any lease incentive received;
- any initial direct costs; and
- restoration costs, if any.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise of printers and photocopiers.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices and accounts for separately.

Some of the property leases include extension options. These terms are used to maximise operational flexibility in terms of managing contracts. The extension options held are exercisable only by the Group and not by the respective lessor. The Group considers all facts and circumstances that create an economic incentive to exercise an extension option in determining the lease term. The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects the assessment.

16 Intangible assets

	As at 31 March		
	2022	2023	2024
	HK\$'000	HK\$'000	HK\$'000
Construction licence	1,620	1,620	1,620

Management carried out impairment assessments annually on a business unit in the civil engineering segment as the cash-generating unit ("CGU") utilising this construction licence by determining its recoverable amounts based on the higher of fair value less costs of disposal and



value-in-use ("VIU") calculation. The Group engaged a qualified professional valuer to estimate its VIU based on discounted cash flow forecasts prepared by management. The following key assumptions has been applied in the impairment assessments on the construction licence:

	2022	2023	2024
Revenue (% annual growth rate)	4	4	4
Long term growth rate (%)	2	2	2
Budgeted gross margin (%)	22	6	16
Pre-tax discount rate (%)	14.1	12.9	14.2

Management has determined the values assigned to each of the above key assumptions as follows:

Assumption	Approach used to determining values
Revenue	Average annual growth rate over the five-year forecast period; based on past performance and management's estimations on a prudent basis.
Long-term growth rate	This is the weighted average growth rate used to extrapolate cash flows beyond the budget period; the rates are generally consistent with the projected industry growth rate.
Budgeted gross margin	Based on past performance and management's expectations for the future.
Pre-tax discount rates	Reflect specific risks relating to the relevant business unit and the territory in which it operate.

Estimation on the recoverable amounts of the CGU and the headroom available are as follows:

	2022	2023	2024
	HK\$'000	HK\$'000	HK\$'000
Recoverable amounts of the CGU	32,637	18,944	45,434
Headroom	30,259	12,146	28,447

The Group does not recognise any impairment loss as of 31 March 2022, 2023 and 2024 based on the impairment assessment performed.



The following table sets forth the sensitivity to reasonably possible changes in each of the key assumptions, with all other variables held constant, of the impairment assessments on the construction license.

Possible changes of key assumptions	Increase/(decrease) in recoverable amounts of the CGU		
	2022	2023	2024
	HK\$'000	HK\$'000	HK\$'000
Revenue (% annual growth rate) increased			
by 1%	2,653	6,084	6,645
Revenue (% annual growth rate) decreased			
by 1%	(2,525)	(5,731)	(5,867)
Long term growth rate increased by 1% ...	2,335	1,622	2,553
Long term growth rate decreased by 1% ...	(1,910)	(1,297)	(2,089)
Budgeted gross margin increased by 1% ...	1,776	5,560	3,584
Budgeted gross margin decreased by 1% ...	(1,776)	(5,560)	(3,584)
Discount rate increased by 1%	(3,042)	(1,845)	(3,634)
Discount rate decreased by 1%	3,722	2,306	4,438

Given the extent of headroom available, the management considers that any reasonably changes in the above key assumptions on which management has based its determination of the unit's recoverable amount would not cause the unit's carrying amount to exceed its recoverable amount.

Accounting policies of intangible assets

Construction licence acquired is recognised at fair value at the acquisition date. Licence that has indefinite useful lives are not amortised as renewal of licence is expected upon expiry. They are subject to impairment testing annually or more frequently if events or changes in circumstances indicate a potential impairment.

17 Deferred income tax

Deferred income tax assets and liabilities are offset where there is a legally enforceable right to offset current income tax assets and liabilities and where the deferred income tax balances relate to the same taxation authority. Current income tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.



APPENDIX I
ACCOUNTANT'S REPORT
Deferred tax assets

	As at 31 March		
	2022	2023	2024
	HK\$'000	HK\$'000	HK\$'000
Tax losses	2,258	2,380	2,210
Provisions	672	448	542
Decelerated tax depreciation	21	57	87
Total deferred tax income assets	2,951	2,885	2,839
Set-off of deferred tax liabilities pursuant to set-off provisions	(736)	(541)	(596)
Net deferred tax income assets	2,215	2,344	2,243

Movements	Decelerated tax			
	Tax losses	Provisions	depreciation	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2021	1,367	148	—	1,515
Credited to the combined statement of profit or loss	891	524	21	1,436
At 31 March 2022	2,258	672	21	2,951
Credited/(charged) to the combined statement of profit or loss	122	(224)	36	(66)
At 31 March 2023	2,380	448	57	2,885
(Charged)/credited to the combined statement of profit or loss	(170)	94	30	(46)
At 31 March 2024	2,210	542	87	2,839

As at 31 March 2022, 2023 and 2024, there is no significant unrecognised deferred tax for the Group.



APPENDIX I**ACCOUNTANT'S REPORT****Deferred income tax liabilities**

	As at 31 March		
	2022	2023	2024
	HK\$'000	HK\$'000	HK\$'000
Accelerated tax depreciation and total deferred tax liabilities	6,692	6,244	8,224
Set-off of deferred tax assets pursuant to set-off provisions	(736)	(541)	(596)
Net deferred income tax liabilities	<u>5,956</u>	<u>5,703</u>	<u>7,628</u>

Movements	Accelerated tax depreciation
	HK\$'000
At 1 April 2021.	4,957
Charged to the combined statement of profit or loss	<u>1,735</u>
At 31 March 2022.	6,692
Credited to the combined statement of profit or loss	<u>(448)</u>
At 31 March 2023.	6,244
Charged to the combined statement of profit or loss	<u>1,980</u>
At 31 March 2024.	<u>8,224</u>

There is no significant unprovided deferred taxation as at 31 March 2022, 2023 and 2024.



18 Financial instruments by category

	As at 31 March		
	2022	2023	2024
	HK\$'000	HK\$'000	HK\$'000
Financial assets			
Financial assets at amortised cost			
— Trade receivables (<i>Note 19</i>)	60,912	36,948	48,191
— Other receivables and deposits (excluding prepayments) (<i>Note 20</i>)	3,113	8,282	5,671
— Amounts due from directors	—	13,046	—
— Amounts due from related parties	4,171	4,160	—
— Cash and cash equivalents (<i>Note 23</i>)	13,343	5,470	27,361
Total	<u>81,539</u>	<u>67,906</u>	<u>81,223</u>
Financial liabilities			
Financial liabilities at amortised cost			
— Trade and retention payables (<i>Note 26</i>)	75,210	45,089	79,419
— Accruals and other payables (excluding non-financial liabilities) (<i>Note 27</i>)	17,931	3,588	41,130
— Amounts due to directors	6,220	—	—
— Amounts due to related parties	196	197	100
— Borrowings (<i>Note 28</i>)	46,831	49,789	50,162
— Lease liabilities (<i>Note 15(b)</i>)	3,838	3,417	2,767
	<u>150,226</u>	<u>102,080</u>	<u>173,578</u>

The Group's exposure to various risks associated with the financial instruments is discussed in Note 3.



*Accounting policies of financial assets**Classification*

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss); and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For financial assets that are not held for trading, this will depend on whether the Group have made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

Recognition and derecognition

Regular purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVPL"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.



Debt instruments

Subsequent measurement of debt instruments depends on the Groups business model for managing the asset and the cash flow characteristics of the asset.

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in “other gains” together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the profit or loss.

The Group classifies all of its debt instruments as amortised cost as they were held for collection of contractual cash flows and where those cash flows represent solely payments of principal and interest.

Impairment

The Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables and contract assets, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

See Note 3.1 (b) for further details.

19 Trade receivables

	As at 31 March		
	2022	2023	2024
	HK\$'000	HK\$'000	HK\$'000
Current assets, gross			
Trade receivables	62,445	42,779	53,279
Less: provision for impairment	(1,533)	(5,831)	(5,088)
Trade receivables, net	<u>60,912</u>	<u>36,948</u>	<u>48,191</u>



The ageing analysis of the trade receivables based on invoice date is as follows:

	As at 31 March		
	2022	2023	2024
	HK\$'000	HK\$'000	HK\$'000
Within 30 days	33,776	14,393	39,598
31–60 days	25,234	3,264	2,593
61–90 days	3,431	247	—
91–180 days	4	93	1,274
Over 180 days	—	24,782	9,814
	<u>62,445</u>	<u>42,779</u>	<u>53,279</u>

The credit terms provided to customers range from 7 days to 60 days. The Group's trade receivables are denominated in HK\$.

20 Deposits, prepayments and other receivables

	As at 31 March		
	2022	2023	2024
	HK\$'000	HK\$'000	HK\$'000
Prepayments	697	238	2,442
Deferral of listing fee related to issuance of new shares	—	—	1,511
Other receivables	744	5,272	2,959
Deposits	<u>2,369</u>	<u>3,010</u>	<u>2,712</u>
	3,810	8,520	9,624
Less: Non-current	<u>—</u>	<u>(46)</u>	<u>(525)</u>
Current portion	<u>3,810</u>	<u>8,474</u>	<u>9,099</u>

The Group's other receivables and deposits are denominated in HK\$.

The carrying amounts of trade and other receivables approximate to their fair values.



21 Contract assets and contract liabilities

Included in contract assets/(liabilities) are the following:

	As at 31 March		
	2022	2023	2024
	HK\$'000	HK\$'000	HK\$'000
Contract assets			
Unbilled revenue	119,695	135,051	178,843
Billed retention receivables	7,390	6,382	16,506
	<u>127,085</u>	<u>141,433</u>	<u>195,349</u>
Total contract assets, gross	127,085	141,433	195,349
Less: provision for impairment			
— Unbilled revenue	(2,350)	(6,781)	(7,158)
— Billed retention receivables	(192)	(104)	(296)
Contract assets, net	<u>124,543</u>	<u>134,548</u>	<u>187,895</u>
Contract liabilities	<u>(9,412)</u>	<u>(566)</u>	<u>(4,073)</u>

Notes:

Contract assets relating to construction services consist of unbilled amount resulting from construction when the revenues recognised exceeds the amount billed the customer and the billed retention receivables. The contract assets are transferred to trade receivables when the rights become unconditional.

A contract liability represents the Group's obligation to transfer the aforesaid services to a customer for which the Group has received consideration from the customer.

The Group classifies these contract assets and liabilities as current because the Group expects to realise them in its normal operating cycle.

The settlement analysis of unbilled revenue and contract liabilities based on project cycle was as follows:

	As at 31 March		
	2022	2023	2024
	HK\$'000	HK\$'000	HK\$'000
Unbilled revenue:			
To be recovered within twelve months	<u>119,695</u>	<u>135,051</u>	<u>178,843</u>
Contract liabilities:			
To be recognised as revenue within twelve months	<u>(9,412)</u>	<u>(566)</u>	<u>(4,073)</u>



Retention receivables are settled in accordance with the terms of the respective contracts. The terms and conditions in relation to the release of retention vary from contract to contract, which is subject to practical completion, the expiry of the defect liability period or a pre-agreed time period. In the combined statement of financial position, retention receivables were classified as current assets based on its normal operating cycle. The settlement analysis of these retention receivables based on the terms of related contracts was as follows:

	As at 31 March		
	2022	2023	2024
	HK\$'000	HK\$'000	HK\$'000
To be recovered within twelve months	7,338	3,810	4,172
To be recovered more than twelve months after the end of the reporting period	52	2,572	12,334
	<u>7,390</u>	<u>6,382</u>	<u>16,506</u>

Accounting policies of contract assets and liabilities

When either party to a contract has performed, the Group presents the contract in the statements of financial position as a contract asset or a contract liability, depending on the relationship between the entity's performance and the customer's payment.

A contract asset is the Group's right to consideration in exchange for the services that the Group has transferred to a customer. If the value transferred to customers by the Group exceed the payment received or receivable, a contract asset is recognised. Contract assets are assessed for impairment under the same approach adopted for impairment assessment of trade receivables.

A contract liability is the Group's obligation to render the services to a customer for which the Group has received consideration from the customer. A contract liability is recognised by the Group when the customer pays consideration in advance before the Group renders the service to the customer.

On the combined statement of financial position, the Group reports the net contract position for each contract as either an asset or a liability.



22 Inventories

	As at 31 March		
	2022	2023	2024
	HK\$'000	HK\$'000	HK\$'000
Solar panels	—	—	469

The cost of inventories recognised as expense and included in cost of services amounted to HK\$57,201,000, HK\$43,909,000 and HK\$66,333,000 for the year ended 31 March 2022, 2023 and 2024 respectively.

23 Cash and cash equivalents

	As at 31 March		
	2022	2023	2024
	HK\$'000	HK\$'000	HK\$'000
Cash at banks	13,078	5,120	26,816
Cash on hand	265	350	545
Cash and cash equivalents	13,343	5,470	27,361

The carrying amounts of cash and cash equivalents are denominated in the following currencies:

	As at 31 March		
	2022	2023	2024
	HK\$'000	HK\$'000	HK\$'000
HK\$	13,333	5,461	27,343
RMB	10	9	18
	13,343	5,470	27,361

The carrying amount of the Group's cash and cash equivalents approximated to its fair value as at 31 March 2022, 2023 and 2024. The cash and cash equivalents earn interest at floating rates based on daily bank deposit rates.



24 Combined capital

The Reorganisation has not been completed as at 31 March 2024 and the Historical Financial Information has been presented on a combined basis. Combined capital as at the end of each reporting period represented the combined capital of the companies now comprising the Group after the elimination of inter-company investments.

25 Other reserves**(a) Reserves movement of the Group**

The reserves movement of the Group is as follows:

	Capital reserve (Note (i))	Other reserve	Total
	HK\$'000	HK\$'000	HK\$'000
Balance as at 1 April 2021	2,781	—	2,781
<i>Transactions with owners in their capacity as owners:</i>			
Transactions with non-controlling interests (Note 31)	1,575	—	1,575
	1,575	—	1,575
Balance as at 31 March 2022	4,356	—	4,356
Balance as at 1 April 2022	4,356	—	4,356
Other comprehensive income			
<i>Item that will not be reclassified subsequently to profit or loss:</i>			
Remeasurements of post-employment benefit obligations	—	199	199
	—	199	199
Transactions with owners in their capacity as owners:			
Transactions with non-controlling interests (Note 31)	363	—	363
	363	—	363
Balance as at 31 March 2023	4,719	199	4,918
Balance as at 1 April 2023	4,719	199	



	Capital reserve (Note (i))	Other reserve	Total
	HK\$'000	HK\$'000	HK\$'000
Other comprehensive loss			
<i>Item that will not be reclassified subsequently to profit or loss:</i>			
Remeasurements of post-employment benefit obligations	—	(29)	(29)
	—	(29)	(29)
Balance as at 31 March 2024	4,719	170	4,889

Note (i): The capital reserve of the Group represented combined capital reserve of the companies now comprising the Group, after elimination of intercompany transactions and balances.

26 Trade and retention payables

	As at 31 March		
	2022	2023	2024
	HK\$'000	HK\$'000	HK\$'000
Trade payables	73,749	42,146	72,576
Retention payables	1,461	2,943	6,843
	75,210	45,089	79,419

The trade and retention payables are denominated in HK\$ and the carrying amounts approximate their fair values.

As at 31 March 2022, 2023 and 2024, the ageing analysis of the trade and retention payables based on invoice date is as follows:

Trade payables

	As at 31 March		
	2022	2023	2024
	HK\$'000	HK\$'000	HK\$'000
Within 30 days	28,779	27,366	32,370
31 to 60 days	17,717	10,338	11,782
61 to 90 days	26,355	1,037	3,725
Over 90 days	898	3,405	24,699
	73,749	42,146	72,576



Retention payables

	As at 31 March		
	2022	2023	2024
	HK\$'000	HK\$'000	HK\$'000
Within 30 days	46	70	524
31 to 60 days	146	13	496
61 to 90 days	370	15	433
Over 90 days	899	2,845	5,390
	<u>1,461</u>	<u>2,943</u>	<u>6,843</u>

27 Accruals, provision and other payables

	As at 31 March		
	2022	2023	2024
	HK\$'000	HK\$'000	HK\$'000
Non-current liabilities:			
Payable for purchase of property and equipment	—	—	6,727
Provision for long service payment	442	269	313
	<u>442</u>	<u>269</u>	<u>7,040</u>
Current liabilities:			
Payable for purchase of property and equipment	15,576	—	23,267
Accrued auditors' remuneration	440	214	204
Accrued employee benefit expenses	7,745	10,224	12,145
Accrued listing expense	—	—	3,142
Other accruals	1,243	2,774	536
Other payable	672	600	7,254
	<u>25,676</u>	<u>13,812</u>	<u>46,548</u>

The accruals, provision and other payables are denominated in HK\$ and the carrying amounts approximate their fair values.

Provision for long service payment represents the long service payment obligations for its employees in Hong Kong.



Pension costs are assessed using the projected unit credit cost method. The pension costs are spread over the service lives of employees. A full valuation of the defined benefit obligation based on the projected unit credit cost method has been carried out by the valuer, an independent qualified actuary.

The amounts recognised in the combined statements of financial position are determined as follows:

	As at		
	2022	2023	2024
	HK\$'000	HK\$'000	HK\$'000
Present value of the long service payment provision	442	269	313

Movements in the present value of the long service payment provision are as follows:

	2022	2023	2024
	HK\$'000	HK\$'000	HK\$'000
At beginning of the year	—	442	269
Current service costs	—	59	39
Past service costs (<i>note</i>)	442	(34)	(26)
Interest expenses	—	1	2
Remeasurement:			
— (Gain)/loss from changes in financial assumptions	—	(199)	29
At end of the year	442	269	313

Note: The Legislative Council passed the Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Bill 2022 on 9 June 2022 to abolish the use of the accrued benefits of employers' mandatory contributions under the MPF to offset severance payment (SP) and long service payment (LSP) ("**MPF offsetting arrangement**"). The Government has announced that the abolition of MPF offsetting arrangement will take effect on 1 May 2025. The abolition of MPF offsetting arrangement resulted in past service costs payable arising from plan amendments, which has been recognised in the combined statement of profit or loss for the year ended 31 March 2023.



The principal actuarial parameters used are as follows:

	2022	2023	2024
Discount rate	0.0%–2.8%	2.2%–4.6%	2.9%–4.7%
Expected salary increases	0%–7.8%	1.1%–8.0%	0%

The sensitivity of the defined benefit obligation to changes in significant parameters is:

Change in assumption		Impact on defined benefit obligation		
		2022	2023	2024
Discount rate	Increase by 1%	Decrease 1.7%	Decrease 1.1%	Decrease 1.0%
	Decrease by 1%	Increase 1.9%	Increase 1.3%	Increase 1.1%
Expected inflation rate.	Increase by 1%	Increase 0.3%	Increase 0.0%	Increase 0.0%
	Decrease by 1%	Decrease 0.3%	Decrease 0.0%	Decrease 0.0%

The above sensitivity analyses are based on a change in an assumption while holding all other parameters constant. In practice, it is unlikely to occur, and changes in some of the parameters may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial parameters, the same method (present value of the defined benefit obligation calculated with the projected unit credit cost method at the year end date) has been applied as when calculating the pension liability recognised within the statements of financial position.

28 Borrowings

As at 31 March			
	2022	2023	2024
	HK\$'000	HK\$'000	HK\$'000
Guaranteed			
— Bank loans	28,524	30,254	34,905
Secured			
— Hire purchases	18,307	19,535	15,257
	46,831	49,789	50,162
Less: Non-current			
— Hire purchases	(10,447)	(7,519)	(7,959)
Current borrowings	36,384	42,270	42,203



The borrowings are denominated in HK\$ and bear interest mainly at floating rates that are market dependent.

The table below analyses the bank loans of the Group into relevant maturity groupings based on the remaining period at the year end to the contractual maturity date without taking into consideration the effect of repayment on demand clause.

	As at 31 March		
	2022	2023	2024
	HK\$'000	HK\$'000	HK\$'000
Borrowings repayable:			
Within one year.	5,803	7,636	20,164
Between one and two years.	6,001	7,966	7,729
Between two years to five years	14,539	13,261	6,446
Over five years	2,181	1,391	566
	<u>28,524</u>	<u>30,254</u>	<u>34,905</u>

The carrying amounts of the borrowings approximate their fair values. The weighted average interest rates are 3.7%, 4.0% and 5.0% per annum as at 31 March 2022, 2023 and 2024, respectively.

As at 31 March 2022, 2023 and 2024, all hire purchases are secured by certain property and equipment held by the Group (Note 14) and personal guarantees provided by the Company's directors. As at 31 March 2022, 2023 and 2024, borrowing facilities amounting to HK\$28,524,000, HK\$30,254,000 and HK\$22,825,000 respectively are guaranteed by The HKMC Insurance Limited under the SME Financing Guarantee Scheme launched by The Hong Kong Mortgage Corporation Limited.



29 Notes to the Combined Statement of Cash Flows

(a) Reconciliation of profit before income tax to cash generated from operations

	Year ended 31 March		
	2022	2023	2024
	HK\$'000	HK\$'000	HK\$'000
Profit before income tax expense	70,510	47,647	92,916
Adjustments for:			
Depreciation of property and equipment . . .	9,021	10,929	11,370
Depreciation of right-of-use assets	3,039	3,539	2,460
Finance costs, net	1,334	1,916	2,367
Gain on disposal of subsidiaries	(414)	(75)	—
Gain on disposal of property and equipment	—	—	(10)
Write-off of property and equipment	173	—	4
Provision for long service payment	442	26	15
Provision/(reversal of provision) for impairment on trade receivables	1,323	4,298	(743)
Provision for impairment on contract assets	1,853	4,343	569
Operating profit before changes in working capital	87,281	72,623	108,948
Changes in working capital:			
Increase in inventories	—	—	(469)
Increase in contract assets	(46,176)	(14,348)	(53,917)
(Increase)/decrease in trade receivables . . .	(42,638)	19,666	(10,499)
Decrease/(increase) deposits, prepayments and other receivables	481	(2,374)	(3,345)
Increase/(decrease) in trade and retention payables	17,826	(30,121)	34,330
(Decrease)/increase in accruals, provision and other payables	(16,532)	3,693	12,718
Increase/(decrease) in contract liabilities . .	9,112	(8,846)	3,508
Net cash generated from operations	<u>9,354</u>	<u>40,293</u>	<u>91,274</u>



(b) *In the combined statement of cash flows, proceeds from disposals of property and equipment comprise:*

	Year ended 31 March		
	2022	2023	2024
	HK\$'000	HK\$'000	HK\$'000
Net book amount.	—	—	—
Gain on disposal of property and equipment	—	—	10
Proceeds from disposal of property and equipment	—	—	10

(c) *Reconciliation of liabilities arising from financing activities*

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flow will be, classified in the Group's combined statement of cash flows as cash flows from financing activities.

	Borrowing	Lease Liabilities	Amounts due to directors	Amounts due to related parties	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
As at 1 April 2021	24,315	6,874	22,978	193	54,360
Cash flows					
Other non-cash movements	21,332	(3,186)	(16,149)	3	2,000
— Disposal of subsidiary	—	—	(609)	—	(609)
— Accrued interest.	1,184	150	—	—	1,334
As at 31 March 2022	<u>46,831</u>	<u>3,838</u>	<u>6,220</u>	<u>196</u>	<u>57,085</u>
As at 1 April 2022	46,831	3,838	6,220	196	57,085
Cash flows.	1,146	(3,706)	(6,220)	1	(8,779)
Other non-cash movements					
— Additions.	—	3,181	—	—	3,181
— Accrued interest.	1,812	104	—	—	1,916
As at 31 March 2023	<u>49,789</u>	<u>3,417</u>	<u>—</u>	<u>197</u>	<u>53,403</u>



	Borrowing	Lease Liabilities	Amounts due to directors	Amounts due to related parties	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
As at 1 April 2023	49,789	3,417	—	197	53,403
Cash flows.	(1,896)	(2,650)	—	(97)	(4,643)
Other non-cash movements					
— Additions.	—	1,902	—	—	1,902
— Accrued interest.	2,269	98	—	—	2,367
As at 31 March 2024	50,162	2,767	—	100	53,029

30 Related party balances and transactions

Parties are considered to be related to the Group if the party has the ability, directly or indirectly, to control the other party, to joint control over the party or to exercise significant influence over the Group in making financial and operating decisions, or vice versa. Related parties may be individuals (being members of key management personnel, significant shareholder and/or their close family members) or other entities and include entities which are under the significant influence of related parties of the Group where those parties are individuals. Parties are also considered to be related if they are subject to common control.

- (a) The directors of the Company are of the view that the following parties/companies were related parties that had transactions or balances with the Group during the Track Record Period:

Name of related parties	Relationship of related parties
Mr. Wong Sai Yiu	Key management
Mr. Yiu Fai	Close family member of a director of the Company
Creative Sun Engineering Limited	Former subsidiary of the Group, controlled by a director of the Company
Sanying Property HK Limited (formerly known as “Wing Lee Property Investments (Hong Kong) Limited”)	Former subsidiary of the Group, controlled by a director of the Company
On Shing Construction Limited	Controlled by a director of the Company
Rainbow Colour Limited	Jointly controlled by a director of the Company up to 31 July 2022 ^{(Note (i))}



Name of related parties	Relationship of related parties
Wing Lee Energy Technology Limited	Controlled by a director of the Company
Wing Lee Investments (International) Limited	Controlled by a director of the Company
Asone Asia Limited (formerly known as "Wing Lee Engineering (Asia) Limited")	Controlled by a director of the Company
Kai Fung Construction Co., Limited	Controlled by Mr. Yiu Fai

Note (i): Mr. Yiu Wang Lee was a shareholder of Rainbow Colour Limited. Mr. Yiu Wang Lee disposed his equity interest in Rainbow Colour Limited on 31 July 2022. Rainbow Colour Limited is regarded as a third party to the Group afterwards.

(b) Balances with directors and related parties

	As at 31 March		
	2022	2023	2024
	HK\$'000	HK\$'000	HK\$'000
Amounts due from directors			
Mr. Yiu Wang Lee	—	8,463	—
Mr. Yiu Wang Lung	—	2,207	—
Mr. Chan Lo Man	—	2,376	—
	—	13,046	—
Amounts due from related parties			
Mr. Wong Sai Yiu	250	250	—
Mr. Yiu Fai	3,360	3,276	—
Rainbow Colour Limited	170	N/A	N/A
Wing Lee Investments (International) Limited	391	520	—
Wing Lee Energy Technology Limited	—	35	—
Sanying Property HK Limited (formerly known as "Wing Lee Property Investments (Hong Kong) Limited")	—	79	—
	4,171	4,160	—



	As at 31 March		
	2022	2023	2024
	HK\$'000	HK\$'000	HK\$'000
Amounts due to directors			
Mr. Yiu Wang Lee	5,077	—	—
Mr. Yiu Wang Lung	155	—	—
Mr. Chan Lo Man	988	—	—
	<u>6,220</u>	<u>—</u>	<u>—</u>
Amounts due to related parties			
Mr. Yiu Fai	—	—	100
Creative Sun Engineering Limited	160	188	—
On Shing Construction Limited	36	9	—
	<u>196</u>	<u>197</u>	<u>100</u>

The amounts due from/(to) related parties and directors are unsecured, interest-free and repayable on demand. The amounts due from/(to) related parties and directors were mainly non-trade in nature except for those arising from trade transactions disclosed in Note 30(c). The carrying amounts of the amounts due from/(to) director and related parties approximate to their fair values and are denominated in HK\$.

All outstanding related party balances will be fully settled before the Listing.

(c) Transaction with related parties

	Year ended 31 March		
	2022	2023	2024
	HK\$'000	HK\$'000	HK\$'000
Purchase of goods and services			
On Shing Construction Limited	1,750	—	—
Kai Fung Construction Co., Limited	172	132	4
Rental payment on machinery leases			
On Shing Construction Limited	414	392	195
Solar PV system revenue			
Kai Fung Construction Co., Limited	155	—	23
Sales of material			
Kai Fung Construction Co., Limited	230	86	—
Rental income			
Kai Fung Construction Co., Limited	93	—	—



(d) Key management compensation

Key management include executive directors and the senior management of the Group. The compensation paid or payable to key management (excluded the executive directors) for employee services is shown below:

	Year ended 31 March		
	2022	2023	2024
	HK\$'000	HK\$'000	HK\$'000
Salaries, wages and bonuses	2,105	2,846	3,961
Pension costs — defined contribution plan .	56	72	87
	<u>2,161</u>	<u>2,918</u>	<u>4,048</u>

A director of the Group provided personal guarantee for the Group's banking facilities during the years ended 31 March 2022, 2023 and 2024.

The transactions were conducted in the normal course of business at prices and terms as agreed between the Group and the related parties.

(e) Disposal of subsidiaries

On 13 August 2021, the 75% shareholding held by the Group in Creative Sun Engineering Limited, a former subsidiary of the Group was disposed to Asone Asia Limited (formerly known as **“Wing Lee Engineering (Asia) Limited”**), a related party of the Group at a consideration of HK\$1. As such, gain of disposal of HK\$414,000 was recognised in the combined statement of profit or loss for the year ended 31 March 2022 and the non-controlling interest of HK\$139,000 is derecognised.

On 11 August 2022, the 100% shareholding held by the Group in Sanying Property HK Limited (formerly known as **“Wing Lee Property Investments (Hong Kong) Limited”**), a former subsidiary of the Group was disposed to Mr. Yiu Wang Lee, director of the Company at a consideration of HK\$1. As such, gain of disposal of HK\$75,000 was recognised in the combined statement of profit or loss for the year ended 31 March 2023.



31 Transactions with NCI

On 27 October 2021, the Group acquired an additional 8.1% of the issued shares of Kaiser Construction Engineering Company Limited (“**KCE**”) by injecting capital of HK\$9,200,000 into KCE. The Group recognised an increase in non-controlling interests of HK\$213,000 and a decrease in equity attributable to owners of the Company of HK\$213,000 in the year ended 31 March 2022. The remaining 1.9% of the issued shares of KCE was further acquired on 27 July 2022 at consideration of HK\$220,000. The Group recognised a decrease in non-controlling interests of HK\$583,000 and an increase in equity attributable to owners of the parent of HK\$363,000 in the year ended 31 March 2023.

On 19 January 2022, the Group acquired an additional 45% of the issued shares of Sum Hing Construction Limited (“**SHC**”) for HK\$1 after which, SHC became a wholly-owned subsidiary of the Group. The Group recognised a decrease in non-controlling interests of HK\$1,788,000 and an increase in equity attributable to owners of the Company of HK\$1,788,000 in the year ended 31 March 2022.

32 Capital commitments

Significant capital expenditure contracted for at the end of the reporting period but not recognised as liabilities is as follows:

	Year ended 31 March		
	2022	2023	2024
	HK\$'000	HK\$'000	HK\$'000
Property and equipment			
Not later than one year	—	—	3,112

33 Contingent liabilities

As at 31 March 2022, 2023 and 2024, the Group did not have any significant contingent liabilities.

34 Events after the reporting period

On 20 September 2024, Wing Lee Group (Holdings) Limited declared a final dividend with respect to the year ended 31 March 2024 amounted to HK\$30,000,000 to its then shareholders.



35 Summary of other potentially material accounting policies

35.1 Principles of combination

(a) Subsidiaries

A subsidiary is an entity (including a structured entity) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are combined from the date on which control is transferred to the Group. They are decombined from the date that control ceases.

Intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

35.2 Segment reporting

Operating segment is reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors of the Group that makes strategic decisions.

35.3 Foreign currency translation

(a) Functional and presentation currency

Items included in the combined financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "**functional currency**"). The combined financial statements are presented in Hong Kong dollars ("**HK\$**"), which is the Company's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the combined statement of profit or loss.



Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

35.4 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the combined statement of financial position where the Group has a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

35.5 Trade and other receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. See Note 3.1(b)(ii) for a description of the Group's impairment policies.

35.6 Cash and cash equivalents

In the combined statement of cash flows, cash and cash equivalents include cash in hand, deposits held at call with banks and bank deposits with original maturities of three months or less, and bank overdrafts.

35.7 Inventory

Inventories are stated at the lower of cost and net realisable value. Cost is calculated on the first-in, first-out basis. Net realisable value is determined on the basis of anticipated sales proceeds less estimated selling expenses.

35.8 Combined capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds



35.9 Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

35.10 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the profit or loss over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the period-end date.

35.11 Borrowings costs

General borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Other borrowing costs are charged to the profit or loss in the period in which they are incurred.

35.12 Current and deferred income tax

The income tax expense or credit for the year is the tax payable on the current year's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions



taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

(b) Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the combined financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

35.13 Employee benefits

(a) Retirement benefit obligations

The Group operates a defined contribution Mandatory Provident Fund Scheme (the “**MPF Scheme**”) which is registered under the Mandatory Provident Fund Schemes Ordinance in Hong Kong. Both the Group and the staff are required to contribute 5% of the employees’ relevant



income with a ceiling of HK\$1,500 per month to the MPF scheme. The assets of the MPF Scheme are held in a separately administered fund. The Group's contributions to the MPF scheme are expensed as incurred.

The Group has no further payment obligations once the contribution has been paid. The contributions are recognised as employee benefit expense when they are due.

(b) Bonus

The Group recognises a liability and an expense for where contractually obliged or where there is a past practice that has created a constructive obligation.

(c) Long service payments

The Group's net obligation in respect of long service payments to its employees in Hong Kong upon cessation of their employment in certain circumstances under the Hong Kong Employment Ordinance is the amount of future benefits that the employees have earned in return for their services in the current and prior periods.

The obligation is calculated using the projected unit credit cost method, discounted to its present value and reduced by entitlements accrued under the Group's retirement schemes that are attributed to contributions made by the Group, before the effective date of Abolition of MPF Offsetting Arrangement. The discount rate is the yield at each balance sheet date of Hong Kong Government's Exchange Fund Bills which have terms to maturity approximating the terms of the related liability. The expected costs of these benefits are accrued over the period of employment using the same accounting methodology as used for defined benefit plans.

The current service cost of the defined benefit plan, recognised in the combined statement of profit or loss in employee benefit expense reflects the increase in the defined benefit obligation results from employee service in the current year, benefit changes, curtailments and settlements.

Past-service costs are recognised immediately in combined statement of profit or loss.

The interest expenses are calculated by applying the discount rate to the balance of the defined benefit obligation. This cost is included in employee benefit expense in the combined statement of profit or loss.

Actuarial gains and losses arising from experience adjustment and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.



35.14 Provision

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

35.15 Dividend distribution

Dividend distribution to the shareholders of the Company is recognised as a liability in the combined and company financial statements in the period in which the dividends are approved by the shareholders or directors, where appropriate.

Dividend proposed or declared after the reporting period but before the financial statements are authorised for issue, are disclosed as a non-adjusting event and are not recognised as liability at the end of the reporting period.

35.16 Interest income

Interest income on financial assets at amortised cost calculated using the effective interest method is recognised in the combined statement of profit or loss as part of other income.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets, the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).



35.17 Government grant

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised within “Other income” in the combined statement of profit or loss over the period necessary to match them with the costs that they are intended to compensate. Government grants relating to property and equipment are offset against the costs of the related assets.

III HISTORICAL FINANCIAL INFORMATION OF THE COMPANY

As at 31 March 2024, the Company had not been incorporated and, accordingly, it had no assets, liabilities or distributable reserves as at that date.

IV SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company or any of the companies now comprising the Group in respect of any period subsequent to 31 March 2024 and up to the date of this report.

Save as disclosed in Notes 13 and 34, no dividend or distribution has been declared or made by the Company or any of the companies now comprising the Group in respect of any period subsequent to 31 March 2024.



APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION

The information set out in this Appendix II does not form part of the Accountant's Report from PricewaterhouseCoopers, Certified Public Accountants, the reporting accountant of the Company, as set out in Appendix I to this prospectus, and is included herein for illustrative purposes only. The unaudited pro forma financial information should be read in conjunction with the section headed "Financial Information" in this prospectus and the Accountant's Report set out in Appendix I to this prospectus.

A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED COMBINED NET TANGIBLE ASSETS

The following is the unaudited pro forma statement of adjusted combined net tangible assets of the Group attributable to the owners of the Company (the "**Unaudited Pro Forma Financial Information**") which has been prepared in accordance with Rule 4.29 of the Listing Rules and on the basis of the notes set out below for the purpose to illustrate the effect of the Share Offer on the combined net tangible assets of the Group attributable to the owners of the Company as at 31 March 2024 as if the Share Offer had taken place on 31 March 2024, assuming the Over-allotment Option is not exercised.

The Unaudited Pro Forma Financial Information is prepared based on the combined net assets of the Group attributable to the owners of the Company as at 31 March 2024 as set out in the Accountant's Report, the text of which is set out in Appendix I to this prospectus, after incorporating the unaudited pro forma adjustments described in the accompanying notes below.

The Unaudited Pro Forma Financial Information has been prepared by the Directors for illustrative purposes only, based on the judgements and assumptions of the Directors, and because of its hypothetical nature, it may not give a true picture of the combined net tangible assets of the Group attributable to the owners of the Company had the Share Offer been completed as at 31 March 2024 or at any future dates following the Share Offer.



APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION

	Audited combined net tangible assets of the Group attributable to the owners of the Company as at 31 March 2024	Estimated net proceeds from the Share Offer	Unaudited pro forma adjusted combined net tangible assets of the Group attributable to the owners of the Company as at 31 March 2024	Unaudited pro forma adjusted combined net tangible assets of the Group attributable to the owners of the Company per Share
	HK\$'000	HK\$'000	HK\$'000	HK\$
	Note 1	Note 2		Note 3
Base on an Offer Price of HK\$0.513 per Offer Share, after a Downward Offer Price Adjustment of 10%	153,772	102,430	256,202	0.26
Based on an Offer Price of HK\$0.57 per Offer Share	153,772	116,180	269,952	0.27
Based on an Offer Price of HK\$0.73 per Offer Share	153,772	154,580	308,352	0.31

Notes:

- The audited combined net tangible assets of the Group attributable to the owners of the Company as at 31 March 2024 is extracted from the Accountant's Report set out in Appendix I to this prospectus, which is based on the audited combined net assets of the Group attributable to the owners of the Company as at 31 March 2024 of approximately HK\$155,392,000 with adjustment for the intangible assets as at 31 March 2024 of approximately HK\$1,620,000.
- The estimated net proceeds from the Share Offer are based on 250,000,000 Offer Shares and the indicative Offer Prices of HK\$0.57 per Offer Share and HK\$0.73 per Offer Share, being the low end and high end of the indicative Offer Price range, respectively, and also based on an Offer Price of HK\$0.513 per Offer Share after making a Downward Offer Price Adjustment of 10%, after deduction of the underwriting fees and other related expenses (excluding approximately HK\$4,880,000 listing expenses which have been accounted for in the combined statement of profit or loss up to 31 March 2024), without taking into account of any Shares that may be allotted and issued upon the exercise of the Over-allotment Option, or any Shares that may be allotted and issued or repurchased by the Company pursuant to the general mandates.
- The unaudited pro forma adjusted combined net tangible assets of the Group attributable to the owners of the Company per Share is arrived at after the adjustments referred to in the preceding paragraphs and on the basis that 1,000,000,000 Shares were in issue assuming the Capitalisation Issue and the Share Offer had taken place on 31 March 2024, without taking into account of any Shares that may be allotted and issued upon the exercise of the Over-allotment Option, or any Shares that may be allotted and issued or repurchased by the Company pursuant to the general mandates.
- No adjustment has been made to reflect any trading results or other transactions of the Group entered into subsequent to 31 March 2024.
- The unaudited pro forma adjusted combined net tangible assets does not take into account the HK\$30,000,000 dividend declared on 20 September 2024 which will be paid before the Listing. Had such dividend been taken into account, the unaudited pro forma adjusted combined net tangible assets per Share would be HK\$0.24 per Share and HK\$0.28 per Share, based on the Offer Price of HK\$0.57 per Share and HK\$0.73 per Share, respectively. The unaudited pro forma adjusted combined net tangible assets per Share would be HK\$0.23 per Share based on the Offer Price of HK\$0.513 per Share.



The following is the text of a report received from PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus.



羅兵咸永道

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE
COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION**

To the Directors of Wing Lee Development Construction Holdings Limited

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Wing Lee Development Construction Holdings Limited (the “**Company**”) and its subsidiaries (collectively the “**Group**”) by the directors of the Company (the “**Directors**”) for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted combined net tangible assets of the Group as at 31 March 2024, and related notes (the “**Unaudited Pro Forma Financial Information**”) as set out on pages II-1 to II-2 of the Company’s prospectus dated 27 September 2024, in connection with the proposed initial public offering of the shares of the Company (the “**Prospectus**”). The applicable criteria on the basis of which the Directors have compiled the Unaudited Pro Forma Financial Information are described on pages II-1 to II-2 of the Prospectus.

The Unaudited Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the proposed initial public offering on the Group’s financial position as at 31 March 2024 as if the proposed initial public offering had taken place at 31 March 2024. As part of this process, information about the Group’s financial position has been extracted by the Directors from the Group’s financial information for the year ended 31 March 2024, on which an accountant’s report has been published.

Directors’ Responsibility for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and with reference to Accounting Guideline 7, *Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars* (“**AG 7**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”).



Our Independence and Quality Management

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies Hong Kong Standard on Quality Management (HKSQM) 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*, issued by the HKICPA, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountant's Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by the HKICPA. This standard requires that the reporting accountant plans and performs procedures to obtain reasonable assurance about whether the Directors have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.



APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION

The purpose of unaudited pro forma financial information included in a prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the proposed initial public offering at 31 March 2024 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountant's judgment, having regard to the reporting accountant's understanding of the nature of the company, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Opinion

In our opinion:

- (a) the Unaudited Pro Forma Financial Information has been properly compiled by the Directors on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 27 September 2024



Set out below is a summary of certain provisions of the Memorandum and Articles of Association of our Company and of certain aspects of the Cayman Companies Act.

Our Company was incorporated in the Cayman Islands as an exempted company with limited liability on 17 May 2024 under the Cayman Companies Act. Our Company's constitutional documents consist of its Memorandum of Association and its Articles of Association.

1. MEMORANDUM OF ASSOCIATION

- (a) The Memorandum states, inter alia, that the liability of members of our Company is limited to the amount, if any, for the time being unpaid on the shares respectively held by them and that the objects for which our Company is established are unrestricted (including acting as an investment company), and that our Company shall have and be capable of exercising all the functions of a natural person of full capacity irrespective of any question of corporate benefit, as provided in section 27(2) of the Cayman Companies Act and in view of the fact that our Company is an exempted company that our Company will not trade in the Cayman Islands with any person, firm or corporation except in furtherance of the business of our Company carried on outside the Islands.
- (b) Our Company may by special resolution alter its Memorandum with respect to any objects, powers or other matters specified therein.

2. ARTICLES OF ASSOCIATION

The Articles were conditionally adopted on 20 September 2024 with effect from the Listing Date. The following is a summary of certain provisions of the Articles:

(a) Shares

(i) *Classes of shares*

The share capital of our Company consists of ordinary shares.

(ii) *Variation of rights of existing shares or classes of shares*

Subject to the Cayman Companies Act, if at any time the share capital of our Company is divided into different classes of shares, all or any of the special rights attached to the shares or any class of shares may (unless otherwise provided for by the terms of issue of that class) be varied, modified or abrogated either with the consent in writing of the holders of



three-fourths of the voting rights of the holders of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. To every such separate general meeting the provisions of the Articles relating to general meetings will mutatis mutandis apply, but so that the necessary quorum (other than at an adjourned meeting) shall be two persons holding (or, in the case of a member being a corporation, by its duly authorised representative) or representing by proxy holding not less than one-third of the issued shares of that class and at any adjourned meeting two holders present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy (whatever the number of shares held by them) shall be a quorum. Every holder of shares of the class shall be entitled to one vote for every such share held by him.

Any special rights conferred upon the holders of any shares or class of shares shall not, unless otherwise expressly provided in the rights attaching to the terms of issue of such shares, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

(iii) Alteration of capital

Our Company may by ordinary resolution of its members:

- (aa) increase its share capital by the creation of new shares;
- (bb) consolidate or divide all or any of its capital into shares of larger or smaller amount than its existing shares;
- (cc) divide its shares into several classes and attach to such shares any preferential, deferred, qualified or special rights, privileges, conditions or restrictions as our Company in general meeting or as the directors may determine;
- (dd) subdivide its shares or any of them into shares of smaller amount than is fixed by the Memorandum;
- (ee) cancel any shares which, at the date of passing of the resolution, have not been taken or agreed to be taken by any person and diminish the amount of its capital by the amount of the shares so cancelled;
- (ff) make provision for the issue and allotment of shares which do not carry any voting rights;
- (gg) change the currency of denomination of its share capital; and



(hh) reduce its share premium account in any manner authorised, and subject to any conditions prescribed by law.

Our Company may reduce its share capital or any capital redemption reserve or other undistributable reserve in any way by special resolution.

(iv) Transfer of shares

All transfers of shares may be effected by an instrument of transfer in the usual or common form or in such other form as the Board may approve provided always that it shall be in such a form prescribed by the Hong Kong Stock Exchange and which may be under hand or, if the transferor or transferee is a clearing house or its nominee(s), by hand or by machine imprinted signature or by such other manner of execution as the Board may approve from time to time.

Notwithstanding the foregoing, for so long as any shares are listed on the Hong Kong Stock Exchange, titles to such listed shares may be evidenced and transferred in accordance with the laws applicable to and the rules and regulations of the Hong Kong Stock Exchange that are or shall be applicable to such listed shares. The register of members in respect of its listed shares (whether the principal register or a branch register) may be kept in Hong Kong by recording the particulars required by Section 40 of the Cayman Companies Act in a form otherwise than legible if such recording otherwise complies with the laws applicable to and the rules and regulations of the Hong Kong Stock Exchange that are or shall be applicable to such listed shares.

The instrument of transfer shall be executed by or on behalf of the transferor and the transferee provided that the Board may dispense with the execution of the instrument of transfer by the transferee. The transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register of members in respect of that share.

The Board may, in its absolute discretion, at any time transfer any share upon the principal register to any branch register or any share on any branch register to the principal register or any other branch register.

The Board may decline to recognise any instrument of transfer unless a fee (not exceeding the maximum sum as the Hong Kong Stock Exchange may determine to be payable) determined by the Directors is paid to our Company, the instrument of transfer is properly stamped (if applicable), it is in respect of only one class of share and is lodged at the relevant registration office or registered office or such other place at which the principal register is kept accompanied by the relevant share certificate(s) and such other evidence as the Board may reasonably require to



show the right of the transferor to make the transfer (and if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do), and the shares concerned are free of any lien in favour of the Company.

The registration of transfers may be suspended and the register closed on giving notice by advertisement in any newspaper or by any other means in accordance with the requirements of the Hong Kong Stock Exchange, at such times and for such periods as the Board may determine. The register of members must not be closed for periods exceeding in the whole thirty (30) days in any year as the Board may determine. The period of thirty (30) days may be extended for a further period or periods not exceeding thirty (30) days in respect of any year if approved by members by ordinary resolution.

Subject to the above, fully paid shares are free from any restriction on transfer and free of all liens in favour of our Company.

(v) Power of our Company to purchase its own shares

Our Company is empowered by the Cayman Companies Act and the Articles to purchase its own shares subject to certain restrictions and the Board may only exercise this power on behalf of our Company subject to any applicable requirements imposed from time to time by the Hong Kong Stock Exchange and/or any competent regulatory authority.

Where our Company purchases for redemption a redeemable share, purchases not made through the market or by tender must be limited to a maximum price determined by our Company in general meeting. If purchases are by tender, tenders must be made available to all members alike.

The Board may accept the surrender for no consideration of any fully paid share.

(vi) Power of any subsidiary of our Company to own shares in our Company

There are no provisions in the Articles relating to ownership of shares in our Company by a subsidiary.

(vii) Calls on shares and forfeiture of shares

The Board may from time to time make such calls upon the members in respect of any monies unpaid on the shares held by them respectively (whether on account of the nominal value of the shares or by way of premium) and not by the conditions of allotment thereof made payable



at a fixed time. A call may be made payable either in one lump sum or by instalments. If the sum payable in respect of any call or instalment is not paid on or before the day appointed for payment thereof, the person or persons from whom the sum is due shall pay interest on the same at such rate not exceeding twenty per cent (20%) per annum as the Board may agree to accept from the day appointed for the payment thereof to the time of actual payment, but the Board may waive payment of such interest wholly or in part. The Board may, if it thinks fit, receive from any member willing to advance the same, either in money or money's worth, all or any part of the monies uncalled and unpaid or instalments payable upon any shares held by him, and upon all or any of the monies so advanced our Company may pay interest at such rate (if any) as the Board may decide.

If a member fails to pay any call on the day appointed for payment thereof, the Board may serve not less than fourteen (14) days' notice on him requiring payment of so much of the call as is unpaid, together with any interest which may have accrued and which may still accrue up to the date of actual payment and stating that, in the event of non-payment at or before the time appointed, the shares in respect of which the call was made will be liable to be forfeited.

If the requirements of any such notice are not complied with, any share in respect of which the notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the Board to that effect. Such forfeiture will include all dividends and bonuses declared in respect of the forfeited share and not actually paid before the forfeiture.

A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares but shall, notwithstanding, remain liable to pay to our Company all monies which, at the date of forfeiture, were payable by him to our Company in respect of the forfeited shares, together with (if the Board shall in its discretion so require) interest thereon from the date of forfeiture until the date of actual payment at such rate not exceeding twenty per cent (20%) per annum as the Board determines.

(b) Directors

(i) *Appointment, retirement and removal*

At each annual general meeting, one-third of the Directors for the time being (or if their number is not a multiple of three, then the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director (including those appointed for a specific term) shall be subject to retirement at an annual general meeting at least once every three years. The Directors to retire by rotation shall include any Director who wishes to retire and not offer



himself for re-election. Any further Directors so to retire shall be those who have been longest in office since their last re-election or appointment but as between persons who became or were last re-elected Directors on the same day those to retire will (unless they otherwise agree among themselves) be determined by lot.

Neither a Director nor an alternate Director is required to hold any shares in our Company by way of qualification. Further, there are no provisions in the Articles relating to retirement of Directors upon reaching any age limit.

The Directors have the power to appoint any person as a Director either to fill a casual vacancy on the Board or as an addition to the existing Board. Any Director appointed to fill a casual vacancy shall hold office only until the first annual general meeting of members after his appointment and be subject to re-election at such meeting and any Director appointed as an addition to the existing Board shall hold office only until the first annual general meeting of our Company after his appointment and shall then be eligible for re-election.

A Director may be removed by an ordinary resolution of our Company's members before the expiration of his term of office (including a managing director or other executive director, but without prejudice to any claim for damages under any contract) and members of our Company may by ordinary resolution appoint another person in his stead. Unless otherwise determined by our Company in general meeting, the number of Directors shall not be less than two. There is no maximum number of Directors.

The office of director shall be vacated if:

- (aa) he becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors generally; or
- (bb) he dies or is declared to be of unsound mind pursuant to an order made by any competent court or official and the Board resolves that his office be vacated; or
- (cc) without special leave, he is absent from meetings of the Board for six (6) consecutive months, and the Board resolves that his office is vacated; or
- (dd) he is prohibited by law from acting as a director or he ceases to be a director by operation of law; or
- (ee) he has been validly required by the stock exchange of the Relevant Territory (as defined in the Articles) to cease to be a Director; or



(ff) by notice in writing delivered to our Company at its registered office or at the Head Office (as defined in the Articles) or tendered at a meeting of the Board he resigns his office; or

(gg) he is removed from office by an ordinary resolution of the Company or otherwise pursuant to the Articles; or

(hh) he is removed from office by notice in writing served on him signed by not less than three-fourths in number (or if that is not a round number, the nearest lower round number) of the Directors (including himself) then in office.

The Board may appoint one or more of its body to be managing director, joint managing director, or deputy managing director or to hold any other employment or executive office in the management of the business of our Company for such period and upon such terms as the Board may determine and the Board may revoke or terminate any of such appointments. The Board may delegate any of its powers, authorities and discretions to committees consisting of such Director or Directors and other persons as the Board thinks fit, and it may from time to time revoke such delegation or revoke the appointment of and discharge any such committees either wholly or in part, and either as to persons or purposes, but every committee so formed must, in the exercise of the powers, authorities and discretions so delegated, conform to any regulations that may from time to time be imposed upon it by the Board.

(ii) Power to allot and issue shares and warrants

Subject to the provisions of the Cayman Companies Act, the rules of the Hong Kong Stock Exchange and the Memorandum and Articles and to any special rights conferred on the holders of any shares or attaching to any class of shares, any share may be issued (a) with or have attached thereto such rights, or such restrictions, whether with regard to dividend, voting, return of capital, or otherwise, as the Directors may determine, or (b) on terms that, at the option of our Company or the holder thereof, it is liable to be redeemed.

The Board may issue warrants to subscribe for any class of shares or other securities of similar nature conferring the right upon the holders thereof to subscribe for any class of shares or securities in the capital of our Company on such terms as it may determine.

Subject to the provisions of the Cayman Companies Act and the Articles and, where applicable, the rules of the Hong Kong Stock Exchange and without prejudice to any special rights or restrictions for the time being attached to any shares or any class of shares, all unissued shares and other securities in our Company are at the disposal of the Board, which may offer, allot, grant



options over or otherwise dispose of them to such persons, at such times, for such consideration and on such terms and conditions as it in its absolute discretion thinks fit, but so that no shares shall be issued at a discount to their nominal value.

Neither our Company nor the Board is obliged, when making or granting any allotment of, offer of, option over or disposal of shares or other securities, to make, or make available, any such allotment, offer, option or shares or other securities to members or others with registered addresses in any particular territory or territories being a territory or territories where, in the absence of a registration statement or other special formalities, this would or might, in the opinion of the Board, be unlawful or impracticable. Members affected as a result of the foregoing sentence shall not be, or be deemed to be, a separate class of members for any purpose whatsoever.

(iii) Power to dispose of the assets of our Company or any of its subsidiaries

There are no specific provisions in the Articles relating to the disposal of the assets of our Company or any of its subsidiaries. The Directors may, however, exercise all powers and do all acts and things which may be exercised or done or approved by our Company and which are not required by the Articles or the Cayman Companies Act to be exercised or done by our Company in general meeting.

(iv) Borrowing powers

The Board may exercise all the powers of our Company to raise or borrow money, to mortgage or charge all or any part of the undertaking, property and assets and uncalled capital of our Company and, subject to the Cayman Companies Act, to issue debentures, bonds and other securities of our Company, whether outright or as collateral security for any debt, liability or obligation of our Company or of any third party.

(v) Remuneration

The ordinary remuneration of the Directors is to be determined by our Company in a general meeting or by the Board, such sum (unless otherwise directed by the resolution by which it is voted) to be divided amongst the Directors in such proportions and in such manner as the Board may agree or, failing agreement, equally, except that any Director holding office for part only of the period in respect of which the remuneration is payable shall only rank in such division in proportion to the time during such period for which he held office. The Directors are also entitled to be prepaid or repaid all travelling, hotel and incidental expenses reasonably expected to be

incurred or incurred by them in attending any Board meetings, committee meetings or general meetings or separate meetings of any class of shares or of debentures of our Company or otherwise in connection with the discharge of their duties as Directors.

Any Director who, by request, goes or resides abroad for any purpose of our Company or who performs services which in the opinion of the Board go beyond the ordinary duties of a Director may be paid such extra remuneration as the Board may determine and such extra remuneration shall be in addition to or in substitution for any ordinary remuneration as a Director. An executive director or a director appointed to be a managing director, joint managing director, deputy managing director or other executive officer shall receive such remuneration and such other benefits and allowances as the Board may from time to time decide. Such remuneration may be either in addition to or in lieu of his remuneration as a Director.

The Board may establish and maintain or procure the establishment and maintenance of any contributory or non-contributory pension or superannuation funds or personal pension plans for the benefit of, or give or procure the giving of donations, gratuities, pensions, allowances or emoluments to, any persons who are or were at any time in the employment or service of our Company, or of any company which is a subsidiary of our Company, or is allied or associated with our Company or with any such subsidiary company, or who are or were at any time directors or officers of our Company or of any such other company as aforesaid, and holding or who have held any salaried employment or office in the Company or such other company, and the spouses, widows, widowers, families and dependants of any such persons.

The Board may also establish and subsidise or subscribe to any institutions, associations, clubs or funds calculated to be for the benefit of or to advance the interests and well-being of our Company or of any such other company as aforesaid or of any such persons as aforesaid, and may make payments for or towards the insurance of any such persons as aforesaid, and subscribe or guarantee money for charitable or benevolent objects or for any exhibition or for any public, general or useful object. The Board may do any of the matters aforesaid, either alone or in conjunction with any such other company as aforesaid. Any Director holding any such employment or office shall be entitled to participate in and retain for his own benefit any such donation, gratuity, pension, allowance or employment.

Our Company in general meeting may, upon the recommendation of the Board, resolve to capitalise any sum standing to the credit of any of the Company's reserve accounts which are available for distribution (including its share premium account and capital redemption reserve fund, subject to the Cayman Companies Act) and to appropriate such sums to the holders of shares on the principal register and any branch register of members of the Company to be maintained at such place within or outside the Cayman Islands as the Board shall determine from time to time at



the close of business on the date of the relevant resolution (or such other date as may be specified therein or determined as provided therein) in the proportions in which such sum would have been divisible amongst them had the same been a distribution of profits by way of dividends, distributions in specie or in kind, capital distributions and capitalisation issues and to apply such sum on their behalf in paying up in full unissued shares for allotment and distribution credited as fully paid-up to and amongst them in the proportion aforesaid.

(vi) Compensation or payments for loss of office

Pursuant to the Articles, payments to any Director or past Director of any sum by way of compensation for loss of office or as consideration for or in connection with his retirement from office (not being a payment to which the Director or past Director is contractually or statutorily entitled) must be approved by our Company in general meeting.

(vii) Loans and provision of security for loans to Directors

Our Company must not make any loan, directly or indirectly, to a Director or his close associate(s) if and to the extent it would be prohibited by the Companies Ordinance as if our Company were a company incorporated in Hong Kong.

(viii) Disclosure of interests in contracts with our Company or any of its subsidiaries

A Director may hold any other office or place of profit with our Company (except that of the auditor of our Company) in conjunction with his office of Director for such period and upon such terms as the Board may determine, and may be paid such extra remuneration therefor in addition to any remuneration provided for by or pursuant to the Articles. A Director may be or become a director or other officer of, or otherwise interested in, any company promoted by our Company or any other company in which our Company may be interested, and shall not be liable to account to our Company or the members for any remuneration, profits or other benefits received by him as a director, officer or member of, or from his interest in, such other company. The Board may also cause the voting power conferred by the shares in any other company held or owned by our Company to be exercised in such manner in all respects as it thinks fit, including the exercise thereof in favour of any resolution appointing the Directors or any of them to be directors or officers of such other company, or voting or providing for the payment of remuneration to the directors or officers of such other company.

No Director or proposed or intended Director shall be disqualified by his office from contracting with our Company, either with regard to his tenure of any office or place of profit or as vendor, purchaser or in any other manner whatsoever, nor shall any such contract be void or



contract or arrangement in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to our Company or the members for any remuneration, profit or other benefits realised by any such contract or arrangement by reason of such Director holding that office or the fiduciary relationship thereby established. A Director who to his knowledge is materially, whether directly or indirectly, interested in a contract or arrangement or proposed contract or arrangement with our Company must declare the nature of his interest at the earliest meeting of the Board at which it is practicable for him to do so.

A Director shall not vote (nor be counted in the quorum) on any resolution of the Board approving any contract or arrangement or other proposal in which he or any of his close associates is materially interested, but this prohibition does not apply to any of the following matters, namely:

- (aa) any contract or arrangement for giving to such Director or his close associate(s) any security or indemnity in respect of money lent by him or any of his close associates or obligations incurred or undertaken by him or any of his close associates at the request of or for the benefit of our Company or any of its subsidiaries;
- (bb) any contract or arrangement for the giving of any security or indemnity to a third party in respect of a debt or obligation of our Company or any of its subsidiaries for which the Director or his close associate(s) has himself/themselves assumed responsibility in whole or in part whether alone or jointly under a guarantee or indemnity or by the giving of security;
- (cc) any proposal or contract or arrangement concerning an offer of shares or debentures or other securities of or by our Company or any other company which our Company may promote or be interested in for subscription or purchase, where the Director or his close associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;
- (dd) any contract or arrangement in which the Director or his close associate(s) is/are interested in the same manner as other holders of shares or debentures or other securities of our Company by virtue only of his/their interest in shares or debentures or other securities of our Company; or
- (ee) any proposal or arrangement concerning the adoption, modification or operation of any employees' share scheme or any share incentive or share option scheme, a pension fund or retirement, death, or disability benefits scheme or other arrangement which relates to



the Directors, his close associates and employees of our Company or of any of its subsidiaries and does not provide in respect of any Director, or his close associate(s), as such any privilege or advantage not accorded generally to the class of persons to which such scheme or fund relates.

(c) Proceedings of the Board

The Board may meet for the despatch of business, adjourn and otherwise regulate its meetings and proceedings as it considers appropriate. Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes, the chairman of the meeting shall have an additional or casting vote.

(d) Alterations to constitutional documents and our Company's name

The Articles may be rescinded, altered or amended by our Company in general meeting by special resolution. The Articles state that a special resolution shall be required to alter the provisions of the Memorandum, to amend the Articles or to change the name of our Company.

(e) Meetings of members

(i) *Special and ordinary resolutions*

A special resolution of our Company must be passed by a majority of not less than three-fourths of the votes cast by such members as, being entitled so to do, vote in person or, in the case of such members as are corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice has been duly given in accordance with the Articles.

Under the Cayman Companies Act, a copy of any special resolution must be forwarded to the Registrar of Companies in the Cayman Islands within fifteen (15) days of being passed.

An ordinary resolution is defined in the Articles to mean a resolution passed by a simple majority of the votes of such members of our Company as, being entitled to do so, vote in person or, in the case of members which are corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice has been duly given in accordance with the Articles.



A resolution in writing signed by or on behalf of all members shall be treated as an ordinary resolution duly passed at a general meeting of the Company duly convened and held, and where relevant as a special resolution so passed.

(ii) Voting rights and right to demand a poll

Subject to any special rights, privileges or restrictions as to voting for the time being attached to any shares, at any general meeting on a poll every member present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy shall have one vote for every fully paid share of which he is the holder but so that no amount paid up or credited as paid up on a share in advance of calls or instalments is treated for the foregoing purposes as paid up on the share. A member entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.

At any general meeting a resolution put to the vote of the meeting is to be decided by way of a poll save that the chairman of the meeting may pursuant to the rules of the Hong Kong Stock Exchange, allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands in which case every member present in person (or, in the case of a member being a corporation, is present by a duly authorised representative), or by proxy(ies) shall have one vote provided that where more than one proxy is appointed by a member which is a clearing house (or its nominee(s)), each such proxy shall have one vote on a show of hands. Votes (whether on a show of hands or by way of poll) may be cast by such means, electronic or otherwise, as the Directors or the chairman of the meeting may determine.

Any corporation which is a member may by resolution of its directors or other governing body authorise such person as it thinks fit to act as its representative at any general meeting of the Company or at any meeting of any class of members.

The person so authorised shall be entitled to exercise the same powers on behalf of such corporation as the corporation could exercise if it were an individual shareholder and such corporation shall for the purposes of the Articles be deemed to be present in person at any such meeting if a person so authorised is present thereat.

If a recognised clearing house (or its nominee(s)) is a member of our Company it may authorise such person or persons as it thinks fit to act as its representative(s) or proxy(ies) at any meeting of our Company or at any meeting of any class of members of our Company (including but not limited to any general meeting or creditors meeting) provided that, if more than one person is so authorised, the authorisation shall specify the number and class of shares in respect of which each such person is so authorised. A person authorised pursuant to this provision shall be deemed



to have been duly authorised without further evidence of the facts and be entitled to exercise the same powers on behalf of the recognised clearing house (or its nominee(s)) as if such person was the registered holder of the shares of our Company held by that clearing house (or its nominee(s)) including, the right to speak and vote, and where a show of hands is allowed, the right to vote individually on a show of hands.

Members must have the right to: (a) speak at general meetings of our Company; and (b) vote at a general meeting except whether a member is required, by the rules of the Hong Kong Stock Exchange, to abstain from voting to approve the matter under consideration.

Where our Company has any knowledge that any member is, under the rules of the Hong Kong Stock Exchange, required to abstain from voting on any particular resolution of our Company or restricted to voting only for or only against any particular resolution of our Company, any votes cast by or on behalf of such member in contravention of such requirement or restriction shall not be counted.

(iii) Annual general meetings and extraordinary general meetings

Other than the year of our Company's adoption of the Articles, in each financial year during the Relevant Period (as defined in the Articles), our Company shall hold a general meeting as its annual general meeting within six months after the end of each financial year in addition to any other meeting in that financial year and shall specify the meeting as such in the notice calling it.

Extraordinary general meetings may be convened on the requisition of one or more member(s) holding, at the date of deposit of the requisition, not less than one-tenth of the paid up capital of our Company having the right of voting at general meetings, on a one vote per share basis in the share capital of our Company and the foregoing members shall be able to add resolutions to the meeting agenda. Such requisition shall be made in writing to the Board or the secretary for the purpose of requiring an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition. Such meeting shall be held within 2 months after the deposit of such requisition. If within 21 days of such deposit, the Board fails to proceed to convene such meeting, the requisitionist(s) himself/herself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by our Company.

Notwithstanding any provisions in the Articles, any general meeting or any class meeting may be held by means of such telephone, electronic or other communication facilities as to permit all persons participating in the meeting to communicate with each other simultaneously and instantaneously, and participation in such a meeting shall constitute presence at such meeting.

(iv) Notices of meetings and business to be conducted

An annual general meeting must be called by written notice of not less than twenty-one (21) days. All other general meetings must be called by written notice of at least fourteen (14) days. The notice is exclusive of the day on which it is served or deemed to be served and of the day for which it is given, and must specify the time and place of the meeting and particulars of resolutions to be considered at the meeting and, in the case of special business, the general nature of that business.

In addition, notice of every general meeting must be given to all members of our Company other than to such members as, under the provisions of the Articles or the terms of issue of the shares they hold, are not entitled to receive such notices from our Company, and also to, among others, the auditors for the time being of our Company.

Any notice to be given to or by any person pursuant to the Articles may be served on or delivered to any member of our Company personally, by post to such member's registered address or by advertisement in newspapers in accordance with the requirements of the Hong Kong Stock Exchange. Subject to compliance with Cayman Islands law and the rules of the Hong Kong Stock Exchange, notice may also be served or delivered by our Company to any member by electronic means to such contact details or websites as may from time to time be supplied by the shareholder concerned or by publishing it on the website of the Company and the Hong Kong Stock Exchange.

All business that is transacted at an extraordinary general meeting and at an annual general meeting is deemed special, save that in the case of an annual general meeting, each of the following business is deemed an ordinary business:

- (aa) the declaration and sanctioning of dividends;
- (bb) the consideration and adoption of the accounts and balance sheet and the reports of the directors and the auditors;
- (cc) the election of directors whether by rotation or otherwise in place of those retiring;
- (dd) the appointment of auditors and other officers;
- (ee) the fixing of, or determining the method of fixing of the remuneration of the directors and of the auditors;



- (ff) the granting of any mandate or authority to the Board to offer, allot, grant options over, or otherwise dispose of the unissued shares representing not more than 20% (or such other percentage as may from time to time be specified in the rules of the Hong Kong Stock Exchange) in nominal value of its then existing issued share capital and the number of any securities repurchased pursuant to paragraph (gg) below; and
- (gg) the granting of any mandate or authority to the Board to repurchase securities of the Company.

(v) *Quorum for meetings and separate class meetings*

No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business and continues to be present until the conclusion of the meeting, but the absence of a quorum shall not preclude the appointment of a chairman.

The quorum for a general meeting shall be two members present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy and entitled to vote. In respect of a separate class meeting (other than an adjourned meeting) convened to sanction the modification of class rights the necessary quorum shall be two persons holding (or, in the case of a member being a corporation, by its duly authorised representative) or representing by proxy not less than one-third of the issued shares of that class.

(vi) *Proxies*

Any member of our Company entitled to attend and vote at a meeting of our Company is entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at a general meeting of our Company or at a class meeting. A proxy need not be a member of our Company and is entitled to exercise the same powers on behalf of a member who is an individual and for whom he acts as proxy as such member could exercise. In addition, every member being a corporation shall be entitled to appoint a representative to attend and vote at any general meeting of our Company and, where a corporation is so represented, it shall be treated as being present at any meeting in person. A corporation may execute a form of proxy under the hand of a duly authorised officer and such proxy is entitled to exercise the same powers on behalf of a member which is a corporation and for which he acts as proxy as such member could exercise as if it were an individual member. On a poll or a show of hands, votes may be given either personally (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy.



(f) Accounts and audit

The Board shall cause true accounts to be kept of the sums of money received and expended by our Company, and the matters in respect of which such receipt and expenditure take place, and of the assets and liabilities of our Company and of all other matters required by the Cayman Companies Act or necessary to give a true and fair view of the state of our Company's affairs and to show and explain its transactions.

The accounting records must be kept at the Head Office or at such other place or places as the Board decides and shall always be open to inspection by any Director. No member (other than a Director) or other person shall have any right to inspect any accounting record or book or document of our Company except as conferred by law or ordered by a court of competent jurisdiction or authorised by the Board or our Company in general meeting. However, an exempted company must make available at its registered office in electronic form or any other medium, copies of its books of account or parts thereof as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Act (Revised) of the Cayman Islands.

A copy of every balance sheet (including every document required by law to be annexed thereto) and profit and loss account which is to be laid before our Company at its annual general meeting, together with a copy of the Directors' report and a copy of the auditors' report, shall not less than twenty-one (21) days before the date of the meeting and at the same time as the notice of annual general meeting be sent by post or by electronic means to every person entitled to receive notices of general meetings of our Company under the provisions of the Articles; however, subject to compliance with all applicable laws, including the rules of the Hong Kong Stock Exchange, our Company may send to such persons summarised financial statements derived from our Company's annual accounts and the directors' report provided that any such person may by notice in writing served on our Company, demand that our Company sends to him, in addition to summarised financial statements, a complete copy of our Company's annual financial statement and the directors' report thereon.

At the annual general meeting in each year, the members shall by ordinary resolution appoint an auditor to audit the accounts of our Company and such auditor shall hold office until the next annual general meeting. Moreover, the members may, at any general meeting, by ordinary resolution remove the auditors at any time before the expiration of his terms of office and shall by ordinary resolution at that meeting appoint another auditor for the remainder of his term. The appointment, removal and remuneration of the auditors must be approved by a simple majority of our Company's members in a general meeting or by other body that is independent of the Board.



except that in any particular year our Company in general meeting (or such body independent of the Board as aforementioned) may delegate the fixing of such remuneration to the Board and the remuneration of any auditors appointed to fill any casual vacancy may be fixed by the Board.

The financial statements of our Company shall be audited by the auditor in accordance with generally accepted auditing standards which may be those of a country or jurisdiction other than the Cayman Islands. The auditor shall make a written report thereon in accordance with generally accepted auditing standards and the report of the auditor must be submitted to the members in general meeting.

The auditors shall audit the financial statements of the Company in accordance with generally accepted accounting principles of Hong Kong, the International Accounting Standards or such other standards as may be permitted by the Hong Kong Stock Exchange.

(g) Dividends and other methods of distribution

Our Company in general meeting may declare dividends in any currency to be paid to the members but no dividend shall be declared in excess of the amount recommended by the Board.

The Articles provide dividends may be declared and paid out of the profits of our Company, realised or unrealised, or from any reserve set aside from profits which the directors determine is no longer needed. With the sanction of an ordinary resolution dividends may also be declared and paid out of share premium account or any other fund or account which can be authorised for this purpose in accordance with the Cayman Companies Act.

Except in so far as the rights attaching to, or the terms of issue of, any share may otherwise provide, (i) all dividends shall be declared and paid according to the amounts paid up on the shares in respect whereof the dividend is paid but no amount paid up on a share in advance of calls shall for this purpose be treated as paid up on the share and (ii) all dividends shall be apportioned and paid pro rata according to the amount paid up on the shares during any portion or portions of the period in respect of which the dividend is paid. The Directors may deduct from any dividend or other monies payable to any member or in respect of any shares all sums of money (if any) presently payable by him to our Company on account of calls or otherwise.

Whenever the Board or our Company in general meeting has resolved that a dividend be paid or declared on the share capital of our Company, the Board may further resolve either (a) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up, provided that the members entitled thereto will be entitled to elect to receive such dividend (or



part thereof) in cash in lieu of such allotment, or (b) that members entitled to such dividend will be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the Board may think fit.

Our Company may also upon the recommendation of the Board by an ordinary resolution resolve in respect of any one particular dividend of our Company that it may be satisfied wholly in the form of an allotment of shares credited as fully paid up without offering any right to members to elect to receive such dividend in cash in lieu of such allotment.

Any dividend, interest or other sum payable in cash to the holder of shares may be paid by cheque or warrant sent through the post addressed to the holder at his registered address, or in the case of joint holders, addressed to the holder whose name stands first in the register of our Company in respect of the shares at his address as appearing in the register or addressed to such person and at such addresses as the holder or joint holders may in writing direct. Every such cheque or warrant shall, unless the holder or joint holders otherwise direct, be made payable to the order of the holder to whom it is sent to, and shall be sent at his or their risk and payment of the cheque or warrant by the bank on which it is drawn shall constitute a good discharge to our Company in respect of the dividend and/or other moneys represented thereby. Any one of two or more joint holders may give effectual receipts for any dividends or other moneys payable or property distributable in respect of the shares held by such joint holders.

Whenever the Board or our Company in general meeting has resolved that a dividend be paid or declared the Board may further resolve that such dividend be satisfied wholly or in part by the distribution of specific assets of any kind.

All dividends or bonuses unclaimed for one year after having been declared may be invested or otherwise made use of by the Board for the benefit of our Company until claimed and our Company shall not be constituted a trustee in respect thereof. All dividends or bonuses unclaimed for six years after having been declared may be forfeited by the Board and shall revert to our Company.

No dividend or other monies payable by our Company on or in respect of any share shall bear interest against our Company.

(h) Inspection of corporate records

Pursuant to the Articles, the register and branch register of members maintained in Hong Kong shall be open to inspection during business hours by any member of our Company without charge, or by any other person upon a maximum payment of HK\$2.50 or such lesser sum as may be specified in the Articles.



by the Board, at the registered office or such other place at which the register is kept in accordance with the Cayman Companies Act or, upon a maximum payment of HK\$1.00 or such lesser sum specified by the Board, at the office where the branch register of members is kept, unless the register is closed in accordance with the Articles.

(i) Rights of minorities in relation to fraud or oppression

There are no provisions in the Articles relating to rights of minority members in relation to fraud or oppression. However, certain remedies are available to members of our Company under Cayman Islands law, as summarised in paragraph 3(f) of this Appendix III.

(j) Procedures on liquidation

Unless otherwise provided by the Cayman Companies Act, our Company may at any time and from time to time be wound up voluntarily by a special resolution. If our Company shall be wound up the liquidator shall apply the assets of our Company in such manner and order as he thinks fit in satisfaction of creditors' claims.

Subject to any special rights, privileges or restrictions as to the distribution of available surplus assets on liquidation for the time being attached to any class or classes of shares:

- (i) if our Company is wound up and the assets available for distribution amongst the members of our Company shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess after payment to all creditors shall be distributed *pari passu* amongst such members in proportion to the amount paid up on the shares held by them respectively; and
- (ii) if our Company is wound up and the assets available for distribution amongst the members as such shall be insufficient to repay the whole of the paid-up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members in proportion to the capital paid up, or which ought to have been paid up, at the commencement of the winding up on the shares held by them respectively.

If our Company is wound up (whether the liquidation is voluntary or by the court) the liquidator may, with the authority of a special resolution and any other sanction required by the Cayman Companies Act divide among the members in specie or kind the whole or any part of the assets of our Company whether the assets shall consist of property of one kind or shall consist of properties of different kinds and the liquidator may, for such purpose, set such value as he deems fair upon any one or more class or classes of property to be divided as aforesaid and may



determine how such division shall be carried out as between the members or different classes of members and members within each class. The liquidator may, with the like authority, vest any part of the assets in trustees upon such trusts for the benefit of members as the liquidator, with the like authority, shall think fit, but so that no member shall be compelled to accept any shares or other property in respect of which there is a liability.

(k) Subscription rights reserve

The Articles provide that to the extent that it is not prohibited by and is in compliance with the Cayman Companies Act, if warrants to subscribe for shares have been issued by our Company and our Company does any act or engages in any transaction which would result in the subscription price of such warrants being reduced below the par value of a share, a subscription rights reserve shall be established and applied in paying up the difference between the subscription price and the par value of a share on any exercise of the warrants.

3. CAYMAN ISLANDS COMPANIES ACT

Our Company is incorporated in the Cayman Islands subject to the Cayman Companies Act and, therefore, operates subject to Cayman Islands law. Set out below is a summary of certain provisions of the Cayman Companies Act, although this does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of the Cayman Companies Act and taxation, which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar (for the avoidance of doubt, special resolution used in the summary below shall have the meaning as set out in the Cayman Companies Act):

a. Company operations

As an exempted company, our Company's operations must be conducted mainly outside the Cayman Islands. An exempted company is required to file an annual return each year with the Registrar of Companies of the Cayman Islands and pay a fee which is based on the amount of its authorised share capital.

b. Share capital

The Cayman Companies Act provides that where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount of the value of the premiums on those shares shall be transferred to an account, to be called the "share premium account". At



the option of a company, these provisions may not apply to premiums on shares of that company allotted pursuant to any arrangement in consideration of the acquisition or cancellation of shares in any other company and issued at a premium.

The Cayman Companies Act provides that the share premium account may be applied by a company subject to the provisions, if any, of its memorandum and articles of association in (a) paying distributions or dividends to members; (b) paying up unissued shares of the company to be issued to members as fully paid bonus shares; (c) the redemption and repurchase of shares (subject to the provisions of section 37 of the Cayman Companies Act); (d) writing-off the preliminary expenses of the company; and (e) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company.

No distribution or dividend may be paid to members out of the share premium account unless immediately following the date on which the distribution or dividend is proposed to be paid, the company will be able to pay its debts as they fall due in the ordinary course of business.

The Cayman Companies Act provides that, subject to confirmation by the Grand Court of the Cayman Islands (the “**Court**”), a company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, by special resolution reduce its share capital in any way.

c. Financial assistance to purchase shares of a company or its holding company

There is no statutory restriction in the Cayman Islands on the provision of financial assistance by a company to another person for the purchase of, or subscription for, its own or its holding company’s or a subsidiary’s shares. Accordingly, a company may provide financial assistance if the directors of the company consider, in discharging their duties of care and acting in good faith, for a proper purpose and in the interests of the company, that such assistance can properly be given. Such assistance should be on an arm’s-length basis.

d. Purchase of shares and warrants by a company and its subsidiaries

A company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, issue shares which are to be redeemed or are liable to be redeemed at the option of the company or a shareholder and the Cayman Companies Act expressly provides that it shall be lawful for the rights attaching to any shares to be varied, subject to the provisions of the company’s articles of association, so as to provide that such shares are to be or are liable to be so redeemed. In addition, such a company may, if authorised to do so by its articles of association, purchase its own shares, including any redeemable shares. However,



if the articles of association do not authorise the manner and terms of purchase, a company cannot purchase any of its own shares unless the manner and terms of purchase have first been authorised by an ordinary resolution of the company. At no time may a company redeem or purchase its shares unless they are fully paid. A company may not redeem or purchase any of its shares if, as a result of the redemption or purchase, there would no longer be any issued shares of the company other than shares held as treasury shares. A payment out of capital by a company for the redemption or purchase of its own shares is not lawful unless immediately following the date on which the payment is proposed to be made, the company shall be able to pay its debts as they fall due in the ordinary course of business.

Shares purchased by a company is to be treated as cancelled unless, subject to the memorandum and articles of association of the company, the directors of the company resolve to hold such shares in the name of the company as treasury shares prior to the purchase. Where shares of a company are held as treasury shares, the company shall be entered in the register of members as holding those shares, however, notwithstanding the foregoing, the company is not be treated as a member for any purpose and must not exercise any right in respect of the treasury shares, and any purported exercise of such a right shall be void, and a treasury share must not be voted, directly or indirectly, at any meeting of the company and must not be counted in determining the total number of issued shares at any given time, whether for the purposes of the company's articles of association or the Cayman Companies Act.

A company is not prohibited from purchasing and may purchase its own warrants subject to and in accordance with the terms and conditions of the relevant warrant instrument or certificate. There is no requirement under Cayman Islands law that a company's memorandum or articles of association contain a specific provision enabling such purchases and the directors of a company may rely upon the general power contained in its memorandum of association to buy and sell and deal in personal property of all kinds.

Under Cayman Islands law, a subsidiary may hold shares in its holding company and, in certain circumstances, may acquire such shares.

e. Dividends and distributions

The Cayman Companies Act permits, subject to a solvency test and the provisions, if any, of a company's memorandum and articles of association, the payment of dividends and distributions out of the share premium account. With the exception of the foregoing, there are no statutory provisions relating to the payment of dividends. Based upon English case law, which is regarded as persuasive in the Cayman Islands, dividends may be paid only out of profits.



No dividend may be declared or paid, and no other distribution (whether in cash or otherwise) of a company's assets (including any distribution of assets to members on a winding up) may be made to a company, in respect of a treasury share.

f. Protection of minorities and shareholders' suits

The Court ordinarily would be expected to follow English case law precedents which permit a minority shareholder to commence a representative action against or derivative actions in the name of a company to challenge (a) an act which is ultra vires or illegal, (b) an act which constitutes a fraud against the minority shareholder and the wrongdoers are themselves in control of the company, and (c) an irregularity in the passing of a resolution which requires a qualified (or special) majority.

In the case of a company (not being a bank) having a share capital divided into shares, the Court may, on the application of members holding not less than one fifth of the shares of the company in issue, appoint an inspector to examine into the affairs of the company and to report thereon in such manner as the Court shall direct.

Any shareholder of a company may petition the Court which may make a winding up order if the Court is of the opinion that it is just and equitable that the company should be wound up or, as an alternative to a winding up order, (a) an order regulating the conduct of the company's affairs in the future, (b) an order requiring the company to refrain from doing or continuing an act complained of by the shareholder petitioner or to do an act which the shareholder petitioner has complained it has omitted to do, (c) an order authorising civil proceedings to be brought in the name and on behalf of the company by the shareholder petitioner on such terms as the Court may direct, or (d) an order providing for the purchase of the shares of any shareholders of the company by other shareholders or by the company itself and, in the case of a purchase by the company itself, a reduction of the company's capital accordingly.

Generally claims against a company by its shareholders must be based on the general laws of contract or tort applicable in the Cayman Islands or their individual rights as shareholders as established by a company's memorandum and articles of association.

g. Disposal of assets

The Cayman Companies Act contains no specific restrictions on the power of directors to dispose of assets of a company. However, as a matter of general law, every officer of a company, which includes a director, managing director and secretary, in exercising his powers and



discharging his duties must do so honestly and in good faith with a view to the best interests of the company and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

h. Accounting and auditing requirements

A company must cause proper books of account to be kept with respect to (i) all sums of money received and expended by the company and the matters in respect of which the receipt and expenditure takes place; (ii) all sales and purchases of goods by the company; and (iii) the assets and liabilities of the company.

Proper books of account shall not be deemed to be kept if there are not kept such books as are necessary to give a true and fair view of the state of the company's affairs and to explain its transactions.

An exempted company must make available at its registered office in electronic form or any other medium, copies of its books of account or parts thereof as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Act (Revised) of the Cayman Islands.

i. Exchange control

There are no exchange control regulations or currency restrictions in the Cayman Islands.

j. Taxation

Pursuant to the Tax Concessions Act (Revised) of the Cayman Islands, our Company has applied for an undertaking from the Governor-in-Cabinet that:

- (1) no law which is enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciation shall apply to our Company or its operations; and
- (2) the aforesaid tax or any tax in the nature of estate duty or inheritance tax shall not be payable on or in respect of the shares, debentures or other obligations of our Company; or by way of the withholding in whole or in part of any relevant payment as defined in the Tax Concessions Act (Revised) of the Cayman Islands.

The undertaking for our Company will be for a period of twenty years from the date of issuance of the undertaking.



The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to our Company levied by the Government of the Cayman Islands save for certain stamp duties which may be applicable, from time to time, on certain instruments executed in or brought within the jurisdiction of the Cayman Islands. The Cayman Islands are a party to a double tax treaty entered into with the United Kingdom in 2010 but otherwise is not party to any double tax treaties.

k. Stamp duty on transfers

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies except those which hold interests in land in the Cayman Islands.

l. Loans to directors

There is no express provision in the Cayman Companies Act prohibiting the making of loans by a company to any of its directors.

m. Inspection of corporate records

Members of a company have no general right under the Cayman Companies Act to inspect or obtain copies of the register of members or corporate records of the company. They will, however, have such rights as may be set out in the company's articles of association.

n. Register of members

An exempted company may maintain its principal register of members and any branch registers at such locations, whether within or without the Cayman Islands, as the directors may, from time to time, think fit. A branch register must be kept in the same manner in which a principal register is by the Cayman Companies Act required or permitted to be kept. A company shall cause to be kept at the place where the company's principal register is kept a duplicate of any branch register duly entered up from time to time.

There is no requirement under the Cayman Companies Act for an exempted company to make any returns of members to the Registrar of Companies of the Cayman Islands. The names and addresses of the members are, accordingly, not a matter of public record and are not available for public inspection. However, an exempted company shall make available at its registered office, in



electronic form or any other medium, such register of members, including any branch register of members, as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Act (Revised) of the Cayman Islands.

o. Register of Directors and Officers

A company is required to maintain at its registered office a register of directors and officers which is not available on display. A copy of such register must be filed with the Registrar of Companies in the Cayman Islands and any change must be notified to the Registrar within thirty (30) days of any change in such directors or officers.

p. Beneficial Ownership Register

An exempted company is required to maintain a beneficial ownership register at its registered office that records details of the persons who ultimately own or control, directly or indirectly, more than 25% of the equity interests or voting rights of the company or have rights to appoint or remove a majority of the directors of the company. The beneficial ownership register is not a public document and is only accessible by a designated competent authority of the Cayman Islands.

Such requirement does not, however, apply to an exempted company with its shares listed on an approved stock exchange, which includes the Hong Kong Stock Exchange. Accordingly, for so long as the shares of a company are listed on the Hong Kong Stock Exchange, the company is not required to maintain a beneficial ownership register.

q. Winding up

A company may be wound up (a) compulsorily by order of the Court, (b) voluntarily by its members, or (c) under the supervision of the Court.

The Court has authority to order winding up in a number of specified circumstances including where the members of the company have passed a special resolution requiring the company to be wound up by the Court, or where the company is unable to pay its debts, or where it is, in the opinion of the Court, just and equitable to do so. Where a petition is presented by members of the company as contributories on the ground that it is just and equitable that the company should be wound up, the Court has the jurisdiction to make certain other orders as an alternative to a winding-up order, such as making an order regulating the conduct of the company's affairs in the future, making an order authorising civil proceedings to be brought in the name and on behalf of



the company by the petitioner on such terms as the Court may direct, or making an order providing for the purchase of the shares of any of the members of the company by other members or by the company itself.

A company (save with respect to a limited duration company) may be wound up voluntarily when the company so resolves by special resolution or when the company in general meeting resolves by ordinary resolution that it shall be wound up voluntarily because it is unable to pay its debts as they fall due. In the case of a voluntary winding up, such company is obliged to cease to carry on its business (except so far as it may be beneficial for its winding up) from the time of passing the resolution for voluntary winding up or upon the expiry of the period or the occurrence of the event referred to above.

For the purpose of conducting the proceedings in winding up a company and assisting the Court therein, there may be appointed an official liquidator or official liquidators; and the Court may appoint to such office such person, either provisionally or otherwise, as it thinks fit, and if more persons than one are appointed to such office, the Court must declare whether any act required or authorised to be done by the official liquidator is to be done by all or any one or more of such persons. The Court may also determine whether any and what security is to be given by an official liquidator on his appointment; if no official liquidator is appointed, or during any vacancy in such office, all the property of the company shall be in the custody of the Court.

As soon as the affairs of the company are fully wound up, the liquidator must make a report and an account of the winding up, showing how the winding up has been conducted and how the property of the company has been disposed of, and thereupon call a general meeting of the company for the purposes of laying before it the account and giving an explanation thereof. This final general meeting must be called by at least 21 days' notice to each contributory in any manner authorised by the company's articles of association and published in the Gazette.

r. Reconstructions

There are statutory provisions which facilitate reconstructions and amalgamations approved by (i) a majority in number representing seventy-five per cent (75%) in value of creditors, or (ii) seventy-five per cent (75%) in value of shareholders or class of shareholders, as the case may be, as are present and voting either in person or by proxy at a meeting called for such purpose and thereafter sanctioned by the Court. Whilst a dissenting shareholder would have the right to express to the Court his view that the transaction for which approval is sought would not provide the shareholders with a fair value for their shares, the Court is unlikely to disapprove the transaction on that ground alone in the absence of evidence of fraud or bad faith on behalf of management.



The Cayman Companies Act also contains statutory provisions which provide that a company may present a petition to the Court for the appointment of a restructuring officer on the grounds that the company (a) is or is likely to become unable to pay its debts within the meaning of section 93 of the Cayman Companies Act; and (b) intends to present a compromise or arrangement to its creditors (or classes thereof) either, pursuant to the Cayman Companies Act, the law of a foreign country or by way of a consensual restructuring. The petition may be presented by a company acting by its directors, without a resolution of its shareholders or an express power in its articles of association. On hearing such a petition, the Court may, among other things, make an order appointing a restructuring officer or make any other order as the Court thinks fit.

s. Take-overs

Where an offer is made by a company for the shares of another company and, within four (4) months of the offer, the holders of not less than ninety per cent (90%) of the shares which are the subject of the offer accept, the offeror may at any time within two (2) months after the expiration of the said four (4) months, by notice in the prescribed manner require the dissenting shareholders to transfer their shares on the terms of the offer. A dissenting shareholder may apply to the Court within one (1) month of the notice objecting to the transfer. The burden is on the dissenting shareholder to show that the Court should exercise its discretion, which it will be unlikely to do unless there is evidence of fraud or bad faith or collusion as between the offeror and the holders of the shares who have accepted the offer as a means of unfairly forcing out minority shareholders.

t. Indemnification

Cayman Islands law does not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the Court to be contrary to public policy (e.g. for purporting to provide indemnification against the consequences of committing a crime).

u. Economic Substance Requirements

Pursuant to the International Tax Cooperation (Economic Substance) Act (Revised) of the Cayman Islands ("ES Act") that came into force on 1 January 2019, a "relevant entity" is required to satisfy the economic substance test set out in the ES Act. A "relevant entity" includes an exempted company incorporated in the Cayman Islands as is our Company; however, it does not include an entity that is tax resident outside the Cayman Islands. Accordingly, for so long as our Company is a tax resident outside the Cayman Islands, including in Hong Kong, it is not required to satisfy the economic substance test set out in the ES Act.



4. GENERAL

Ogier, our Company's legal counsel as to Cayman Islands law, have sent to our Company a letter of advice summarising certain aspects of the Companies Act. This letter, together with a copy of the Companies Act, is available on display as referred to in the section headed "Documents delivered to the Registrar of Companies and available on display — Documents available on display" in Appendix V to this prospectus. Any person wishing to have a detailed summary of the Companies Act or advice on the differences between it and the laws of any jurisdiction with which he is more familiar is recommended to seek independent legal advice.



A. FURTHER INFORMATION ABOUT OUR GROUP**1. Incorporation of our Company**

Our Company was incorporated in the Cayman Islands under the Companies Act as an exempted company with limited liability on 17 May 2024.

Our Company was registered as a non-Hong Kong company under Part 16 of the Companies Ordinance on 27 June 2024 and the principal place of business in Hong Kong is Room A6, 16th Floor, TML Tower, No. 3 Hoi Shing Road, Tsuen Wan, Hong Kong. Mr. Yiu has been appointed as the authorised representative of our Company for acceptance of service of process and notices on behalf of our Company in Hong Kong.

As our Company was incorporated in the Cayman Islands, we are subject to the Companies Act and our constitution, which comprises the Memorandum and the Articles. A summary of the relevant aspects of the Companies Act and certain provisions of the Articles is set out in Appendix III to this prospectus.

2. Changes in the share capital of our Company

- (a) As at the date of incorporation, the authorised share capital of our Company was HK\$380,000 divided into 38,000,000 ordinary shares at a par value of HK\$0.01 each. Upon incorporation, one subscriber share in our Company with a par value of HK\$0.01 was allotted and issued as fully paid to a nominee subscriber. On the same date, the said one subscriber share with a nominal or par value of HK\$0.01 was transferred to Wing Lee Green Development for a consideration of HK\$0.01. Upon completion of the above transfer and share issue, Wing Lee Green Development became our sole Shareholder.
- (b) On 20 September 2024, the authorised share capital of our Company was increased from HK\$380,000 divided into 38,000,000 ordinary shares at a par value of HK\$0.01 each to HK\$15,000,000 divided into 1,500,000,000 ordinary shares at a par value of HK\$0.01 each by the creation of 1,462,000,000 new Shares. Such Shares shall rank equally in all respects with the existing issued Shares.



Immediately after the completion of the Capitalisation Issue and the Share Offer (without taking into account any Shares that may be allotted and issued upon the exercise of the Over-allotment Option, any options that may be granted under the Share Option Scheme or any Shares that may be granted under the Share Award Scheme), the authorised share capital of our Company will be HK\$15,000,000 divided into 1,500,000,000 Shares with a par value of HK\$0.01 each, of which 1,000,000,000 Shares with a par value of HK\$0.01 each will be allotted and issued fully paid or credited as fully paid and 500,000,000 Shares with a par value of HK\$0.01 each will remain unissued.

Other than pursuant to the general mandate to allot and issue Shares as referred to in the paragraphs headed “A. Further information about our Group — 5. Written resolutions of our sole Shareholder passed on 20 September 2024” and “A. Further information about our Group — 6. Repurchase of our Shares” under this appendix, the exercise of the Over-allotment Option, the options that may be granted under the Share Option Scheme or the Shares that may be granted under the Share Award Scheme, our Directors do not have any present intention to allot and issue any of the authorised but unissued share capital of our Company and, without prior approval of our Shareholders in a general meeting, no issue of Shares will be made which would effectively alter the control of our Company.

Save as disclosed in this appendix and the section headed “History, Development and Reorganisation — The Reorganisation” in this prospectus, there has been no alteration in our Company’s share capital since incorporation.

3. Reorganisation

Our Group underwent the Reorganisation in preparation for the Listing. Further details of which are set out in the section headed “History, Development and Reorganisation — The Reorganisation” in this prospectus.

4. Changes in the share capital of the subsidiaries of our Company

The subsidiaries of our Company are listed in the Accountant’s Report as set out in Appendix I to this prospectus.

Save as disclosed in the section headed “History, Development and Reorganisation — The Reorganisation” in this prospectus, there has been no alteration in the share capital or registered capital of any of the subsidiaries of our Company within the two years immediately preceding the date of this prospectus.



5. Written resolutions of our sole Shareholder passed on 20 September 2024

Written resolutions of our sole Shareholder were passed on 20 September 2024 approving, among others, the following:

- (a) the Memorandum and the Articles were adopted as the memorandum of association and the articles of association of our Company;
- (b) the authorised share capital of our Company was increased from HK\$380,000 divided into 38,000,000 Shares to HK\$15,000,000 divided into 1,500,000,000 Shares by the creation of additional 1,462,000,000 new Shares, all of which shall, when issued and paid, rank *pari passu* in all respects with the existing issued Shares ; and
- (c) conditional upon the same conditions to be satisfied and/or waived as stated in the section headed “Structure and conditions of the Share Offer” in this prospectus:
 - (i) the Share Offer and the grant of the Over-allotment Option by our Company were approved and our Directors were authorised to (aa) allot and issue the Offer Shares and such number of Shares as may be required to be allotted and issued upon the exercise of the Over-allotment Option on and subject to the terms and conditions stated in this prospectus; (bb) implement the Share Offer and the listing of Shares on the Stock Exchange; and (cc) do all things and execute all documents in connection with or incidental to the Share Offer and the Listing with such amendments or modifications (if any) as our Directors may consider necessary or appropriate;
 - (ii) conditional upon the share premium account of our Company being credited as a result of the Share Offer, our Directors were authorised to capitalise the amount of HK\$7,499,990 from the amount standing to the credit of the share premium account of our Company by applying such sum to pay up in full at par a total of 749,999,000 Shares for allotment and issue to the holders of Shares whose names appear on the register of members of our Company at the close of business on even date, or as each of them may direct in writing, in proportion (subject to rounding to avoid fractions and odd lots) to their then existing respective shareholdings in our Company and the Shares to be allotted and issued pursuant to this resolution shall rank equally in all respects with the then existing Shares in issue;



- (iii) the terms of the Share Option Scheme and the Share Award Scheme were approved and adopted, and our Board or any committee thereof established by our Board was authorised, at its sole discretion, to make changes as they consider necessary or desirable to the Share Option Scheme and the Share Award Scheme, to grant options to subscribe for Shares under the Share Options Scheme and to award Shares under the Share Award Scheme, to allot, issue and deal with Shares pursuant to the Share Option Scheme and the Share Award Scheme; and to take all such actions as they consider necessary or desirable to implement or give effect to the Share Option Scheme and the Share Award Scheme;
- (iv) a general unconditional mandate was given to our Directors to exercise all the powers of our Company to allot, issue and deal with (including the power to make an offer or agreement, or grant securities which would or might require Shares to be allotted and issued), otherwise than by way of rights issue, scrip dividend schemes or similar arrangements providing for allotment and issue of Shares in lieu of the whole or in part of any cash dividend in accordance with the Articles, or pursuant to, or in consequence of, the Capitalisation Issue, the Share Offer, the exercise of the Over-allotment Option or any option which may be granted under the Share Option Scheme or any Shares that may be granted under the Share Award Scheme, Shares in aggregate not exceeding (1) 20% of the total number of Shares in issue (excluding treasury shares, if any) immediately after completion of the Capitalisation Issue and the Share Offer (assuming the Over-allotment Option is not exercised and without taking into account any Shares that may be issued pursuant to the exercise of any option which may be granted under the Share Option Scheme or any Shares that may be granted under the Share Award Scheme); and (2) the total number of Shares in issue which may be purchased by our Company pursuant to the authority granted to our Directors as referred to in sub-paragraph (v) below, until the conclusion of the next annual general meeting of our Company, or the date by which the next annual general meeting is required by the Articles or any applicable law(s) to be held, or the passing of an ordinary resolution by our Shareholders in a general meeting revoking, renewing or varying the mandate given to our Directors, whichever occurs first;



- (v) a general unconditional mandate was given to our Directors to exercise all the powers of our Company to repurchase, on the Stock Exchange and/or on any other stock exchange on which the securities of our Company may be listed and which is recognised by the SFC and the Stock Exchange for this purpose in accordance with all applicable laws and requirements of the Stock Exchange (or of such other stock exchange), Shares in aggregate not exceeding 10% of the total number of Shares in issue (excluding treasury shares, if any) immediately after completion of the Capitalisation Issue and the Share Offer (assuming the Over-allotment Option is not exercised and without taking into account any Shares that may be issued pursuant to the exercise of any option which may be granted under the Share Option Scheme or any Shares that may be granted under the Share Award Scheme), until the conclusion of our Company's next annual general meeting, or the date by which the next annual general meeting is required by the Articles or any applicable law(s) to be held, or the passing of an ordinary resolution by Shareholders in a general meeting revoking, renewing or varying the mandate given to our Directors, whichever occurs first; and
- (vi) a general unconditional mandate mentioned in sub-paragraph (iv) above was extended by the addition to the total number of Shares in issue which may be allotted and issued or agreed (conditionally or unconditionally) to be allotted or issued by our Directors pursuant to such general mandate of an amount representing the total number of Shares repurchased by our Company pursuant to the mandate to repurchase Shares referred to in sub-paragraph (v) above, provided that such extended amount shall not exceed 10% of the total number of Shares in issue (excluding treasury shares, if any) immediately after the completion of the Capitalisation Issue and the Share Offer (assuming the Over-allotment Option is not exercised and without taking into account any Shares that may be issued pursuant to the exercise of any option which may be granted under the Share Option Scheme or any Shares that may be granted under the Share Award Scheme).

6. Repurchase of our Shares

This paragraph sets out information required by the Stock Exchange to be included in this prospectus concerning the repurchase by our Company of its own securities.



(a) Provisions of the Listing Rules

The Listing Rules permit companies with a primary listing on the Stock Exchange to purchase their own securities on the Stock Exchange subject to certain restrictions, the most important of which are summarised below:

(i) Shareholders' approval

All proposed repurchases of securities (which must be fully paid in the case of shares) by a company with a primary listing on the Stock Exchange must be approved in advance by an ordinary resolution of the shareholders, either by way of general mandate or by specific approval of a particular transaction.

Note: Pursuant to the written resolutions of our Shareholders passed on 20 September 2024, conditional upon the same conditions to be satisfied and/or waived as stated in the section headed “Structure and conditions of the Share Offer” in this prospectus, a general unconditional mandate (the “**Repurchase Mandate**”) was given to our Directors to exercise all the powers of our Company to repurchase, on the Stock Exchange and/or on any other stock exchange on which the securities of our Company may be listed and which is recognised by the SFC and the Stock Exchange for this purpose in accordance with all applicable laws and requirements of the Stock Exchange (or of such other stock exchange), Shares in aggregate not exceeding 10% of the total number of Shares in issue (excluding treasury shares, if any) immediately after completion of the Capitalisation Issue and the Share Offer (assuming the Over-allotment Option is not exercised and without taking into account any Shares that may be issued pursuant to the exercise of any option which may be granted under the Share Option Scheme or any Shares that may be granted under the Share Award Scheme). The Repurchase Mandate will remain effective until (i) the conclusion of the next annual general meeting of our Company, or (ii) the date by which the next annual general meeting of our Company is required by the Articles or any applicable law(s) to be held, or the passing of an ordinary resolution by our Shareholders in a general meeting revoking, renewing or varying the mandate given to our Directors, whichever occurs first.

(ii) Source of funds

Repurchases must be funded out of funds legally available for the purpose in accordance with the Articles, the Listing Rules and the applicable laws of Hong Kong and the Companies Act. A listed company must not repurchase its own securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time. Subject to the foregoing, any repurchase by our Company may be made out of profits of our Company, out of share premium, or out of the proceeds of a fresh issue of shares made for the purpose of the repurchase or, subject to the Companies Act, out of capital. Any amount of premium payable on the repurchase over the par value of the shares to be repurchased must be out of profits of our Company, out of our Company's share premium account before or at the time the Shares are repurchased, or, subject to the Companies Act, out of capital.



(iii) Trading restrictions

The total number of shares which a listed company may repurchase on the Stock Exchange is the number of shares representing up to a maximum of 10% of the aggregate number of shares in issue (excluding treasury shares, if any) immediately after the completion of the Listing. A company may not issue or announce a proposed issue of new securities for a period of 30 days immediately following a repurchase (other than an issue of securities pursuant to an exercise of warrants, share options or similar instruments requiring the company to issue securities which were outstanding prior to such repurchase) without the prior approval of the Stock Exchange.

Further, a listed company is prohibited from repurchasing its shares on the Stock Exchange if the purchase price is 5% or more than the average closing market price for the five preceding days on which its shares were traded on the Stock Exchange.

The Listing Rules also prohibit a listed company from repurchasing its securities which are in the hands of the public falling below the relevant minimum percentage prescribed by the Stock Exchange. A company is required to procure that the broker appointed by it to effect a repurchase of securities discloses to the Stock Exchange such information with respect to the repurchase as the Stock Exchange may require.

(iv) Status of repurchased shares

All repurchased securities (whether effected on the Stock Exchange or otherwise) will be automatically delisted and the certificates for those securities must be cancelled and destroyed unless such repurchased Shares are to be held by our Company as treasury shares as approved by the Directors.

Under the Cayman Companies Act, unless the Directors resolve to hold the shares purchased by our Company as treasury shares prior to the purchase, shares purchased by our Company shall be treated as cancelled and the amount of our Company's issued share capital shall be diminished by the nominal or par value of those shares. However, the purchase of shares shall not be taken as reducing the amount of the authorised share capital of our Company under Cayman Islands law. Our Company will in the future publish announcements (including but without limitation, any next day disclosure return) which shall identify, among others, the number of repurchased Shares that are to be held in treasury or cancelled upon settlement of such repurchases. The listing of all Shares which are held as treasury shares will be retained. Our Company will ensure that treasury shares are appropriately identified and segregated. For any treasury shares deposited with CCASS pending resale on the Stock Exchange, our Company will ensure that it would not exercise any shareholders' rights or receive any entitlements which would otherwise be suspended under the relevant laws if those shares were registered in our Company's own name as treasury shares by, including but not limited to, obtaining an approval by our Board that (i) our Company should



procure its broker not to give any instructions to HKSCC to vote at general meetings for the treasury shares deposited with CCASS; and (ii) in the case of dividends or distributions, the Company should withdraw the treasury shares from CCASS, and either re-register them in its own name as treasury shares or cancel them, in each case before the record date for the dividends or distributions.

The listing of all Shares which are repurchased by our Company (whether on the Stock Exchange or otherwise) but not held as treasury shares shall be cancelled upon repurchase. Our Company shall ensure that the documents of title of these repurchased Shares are cancelled and destroyed as soon as reasonably practicable following settlement of any such repurchase.

(v) Suspension of repurchase

A listed company may not make any repurchase of securities after inside information has come to its knowledge until the inside information has been made publicly available. In particular, during the period of one month immediately preceding the earlier of: (aa) the date of the board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of a listed company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules); and (bb) the deadline for the publication of an announcement of a listed company's results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules) and ending on the date of the results announcement, the listed company may not repurchase its shares on the Stock Exchange other than in exceptional circumstances. In addition, the Stock Exchange may prohibit a repurchase of securities on the Stock Exchange if a listed company has breached the Listing Rules.

(vi) Reporting requirements

Certain information relating to the repurchases of securities on the Stock Exchange or otherwise must be submitted for publication to the Stock Exchange not later than 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the following business day.

In addition, a listed company's annual report is required to disclose details regarding the repurchases of securities made during the year, including a monthly analysis of the number of securities repurchased, the purchase price per share or the highest and lowest price paid for all such purchases, where relevant, and the aggregate prices paid.



(vii) Connected parties

A company is prohibited from knowingly repurchasing securities on the Stock Exchange from a core connected person (as defined in the Listing Rules) and a core connected person shall not knowingly sell its securities to the company on the Stock Exchange.

(b) Reasons for repurchase

Our Directors believe that it is in the best interests of our Company and our Shareholders for our Directors to have a general authority from our Shareholders to enable our Company to repurchase Shares in the market. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or earnings per Share and will only be made when our Directors believe that such repurchases will benefit our Company and our Shareholders.

(c) Funding of repurchase

In repurchasing Shares, our Company may only apply funds legally available for such purpose in accordance with the Articles, the Listing Rules and the applicable laws of Hong Kong and the Cayman Islands.

On the basis of our Company's current financial position as disclosed in this prospectus and taking into account the current working capital position, our Directors consider that, if the Repurchase Mandate were to be exercised in full, it might have a material adverse effect on the working capital and/or the gearing position as compared with the position disclosed in this prospectus. However, our Directors do not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements or the gearing levels of our Company which, in the opinion of our Directors, are from time to time appropriate for our Company.

(d) General

None of our Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their close associates currently intends to sell any Share to our Company or our subsidiaries. The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the Listing Rules and the applicable laws and regulations of Hong Kong and the Cayman Islands. Saved as disclosed in this prospectus, our Company has not repurchased any Shares since our incorporation.



If, as a result of a repurchase of Shares, a Shareholder's proportionate interest in our Company's voting rights increases, such increase will be treated as an acquisition for the purposes of the Takeovers Code. Accordingly, a Shareholder or a group of Shareholders acting in concert (within the meaning of the Takeovers Code), depending on the level of increase of our Shareholders' interest, could obtain or consolidate control of our Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code. Save as aforesaid, our Directors are not aware of any consequence which would arise under the Takeovers Code as a result of any repurchase pursuant to the Repurchase Mandate.

Any repurchase of Shares which results in the number of Shares held by the public being reduced to less than 25% of our Shares then in issue could only be implemented with the approval of the Stock Exchange to waive the Listing Rules requirements regarding the public shareholding referred to above. It is believed that a waiver of this provision would not normally be given other than in exceptional circumstances.

Our Company has not made any repurchases of our own securities since our incorporation.

No core connected person has notified our Company that he or she has a present intention to sell our Shares to our Company, or has undertaken not to do so, if the Repurchase Mandate is exercised.

B. FURTHER INFORMATION ABOUT THE BUSINESS OF OUR GROUP

1. Summary of material contracts

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by members of our Group within the two years immediately preceding the date of this prospectus and are or may be material:

- (a) the share sale and purchase agreement dated 26 June 2024 and entered into among Mr. Yiu, Mr. Yiu Wang Lung and Mr. Chan (collectively, the "**Vendors**"), our Company (as purchaser) and Wing Lee Green Technology pursuant to which the Vendors agreed to sell, and our Company agreed to purchase, the entire issued share capital of Wing Lee Group (Holdings) at a total consideration which was settled by our Company by allotting and issuing 999 shares of HK\$0.01 each, credited as fully paid, to Wing Lee Green Development at the direction of the Vendors;



- (b) the cornerstone investment agreement dated 25 September 2024 and entered into among our Company, Sany Hongkong Group Limited and Alliance Capital pursuant to which Sany Hongkong Group Limited agreed to, among others, acquire the number of Shares equal to HK\$15,000,000 divided by the Offer Price, rounded down to the nearest whole board lot of 5,000 Shares;
- (c) the cornerstone investment agreement dated 25 September 2024 and entered into among our Company, Accel Group Holdings Limited and Alliance Capital pursuant to which Accel Group Holdings Limited agreed to, among others, acquire the number of Shares equal to HK\$10,000,000 divided by the Offer Price, rounded down to the nearest whole board lot of 5,000 Shares;
- (d) the cornerstone investment agreement dated 25 September 2024 and entered into among our Company, The Triplex Holdings Limited and Alliance Capital pursuant to which The Triplex Holdings Limited agreed to, among others, acquire the number of Shares equal to HK\$10,000,000 divided by the Offer Price, rounded down to the nearest whole board lot of 5,000 Shares;
- (e) the Deed of Non-competition;
- (f) the Deed of Indemnity; and
- (g) the Public Offer Underwriting Agreement.

2. Intellectual property rights

(a) Trademarks

As at the Latest Practicable Date, our Group had made the following trademark applications below in respect of which the registration vetting process is pending:

No.	Trademark	Applicant	Place of application	Class(es)	Application number	Application filing date
1.		Wing Lee Group (Holdings)	Hong Kong	Class(es) 6, 7, 11, 17, 19, 35, 36, 37, 40 and 42	306569542	1 June 2024



APPENDIX IV

STATUTORY AND GENERAL INFORMATION

No.	Trademark	Applicant	Place of application	Class(es)	Application number	Application filing date
2.		Wing Lee Group (Holdings)	Hong Kong	Class(es) 6, 7, 11, 17, 19, 35, 36, 37, 40 and 42	306569551	1 June 2024
3.		Wing Lee Group (Holdings)	Hong Kong	Class(es) 6, 7, 11, 17, 19, 35, 36, 37, 40 and 42	306594607	26 June 2024
4.		Wing Lee Group (Holdings)	Hong Kong	Class(es) 6, 7, 11, 17, 19, 35, 36, 37, 40 and 42	306594616	26 June 2024
5.		Wing Lee Group (Holdings)	Hong Kong	Class 9	306594625	26 June 2024
6.		Wing Lee Group (Holdings)	Hong Kong	Class 9	306594634	26 June 2024
7.		Wing Lee Group (Holdings)	Hong Kong	Class(es) 2, 6, 7, 17, 19, 37, 39, 40, 42	306596353	27 June 2024
8.		Wing Lee Group (Holdings)	Hong Kong	Class(es) 2, 6, 7, 17, 19, 37, 39, 40, 42	306596344	27 June 2024
9.		Wing Lee Group (Holdings)	Hong Kong	Class(es) 2, 6, 7, 17, 19, 37, 39, 40, 42	306596335	27 June 2024



No.	Trademark	Applicant	Place of application	Class(es)	Application number	Application filing date
10.		Wing Lee Group (Holdings)	Hong Kong	Class(es) 2, 6, 7, 17, 19, 37, 39, 40, 42	306596326	27 June 2024

We designate dedicated personnel to perform routine checks on the public trademark registration platform to protect and ensure no confusion about our trade name. As at the Latest Practicable Date, and to the best knowledge of our Directors, we were not aware of any material infringements (i) by us of any intellectual property rights owned by third parties, or (ii) by any third parties of any intellectual property rights owned by us. In preparation for the Listing, and to further enhance the protection of our intellectual property rights, we have engaged intellectual property agent to assist in our trademark applications and to monitor the application status from time to time. The timeline for the approval of our trademark applications above is generally expected to be approximately six to nine months from the date of each application.

(b) Domain name

As at the Latest Practicable Date, our Group had registered the following domain name which is, in the opinion of our Directors, material to our Group's business:

Domain Name	Registered owner	Registration Date	Expiry Date
winglee.com.hk	Wing Lee Development	17 January 2017	19 January 2027

C. FURTHER INFORMATION ABOUT OUR DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

1. Disclosure of Interests

(a) Interests and short positions of our Directors in the Shares of our Company following the completion of the Capitalisation Issue and the Share Offer

Immediately after the completion of the Share Offer (without taking into account any Shares that may be issued pursuant to the exercise of the Over-allotment Option or any options that may be granted under the Share Option Scheme or any Shares that may be granted under the Share Award Scheme), the interests or short positions of our Directors and chief executive of our Company in our Shares, underlying Shares or debentures of our Company or any of our associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the



interests and short positions in which they are taken or deemed to have under such provisions of the SFO), or which will be required, pursuant to section 352 of the SFO, to be entered in the register as referred to therein, or which will be required to be notified to our Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, will be as follows:

<u>Name of Director/chief executive</u>	<u>Capacity/ Nature of interest</u>	<u>Number of Shares</u>	<u>Approximate percentage of shareholding</u>
		(Note 1)	
Mr. Yiu	Interest in a controlled corporation (Note 2)	750,000,000	75%
Mr. Yiu Wang Lung.	Interest in a controlled corporation (Note 2)	750,000,000	75%
Mr. Chan.	Interest in a controlled corporation (Note 2)	750,000,000	75%

Notes:

1. All interests stated are long positions in our Shares.
2. The Company is wholly-owned by Wing Lee Green Development, which is in turn owned as to 68% by Mr. Yiu, 17% by Mr. Yiu Wang Lung and 15% by Mr. Chan. On the basis that Mr. Yiu, Mr. Yiu Wang Lung and Mr. Chan hold their respective interests in our Company through Wing Lee Green Development, a common investment holding company, Mr. Yiu, Mr. Yiu Wang Lung and Mr. Chan are regarded as a group of Controlling Shareholders under the Listing Rules. Accordingly, Mr. Yiu, Mr. Yiu Wang Lung and Mr. Chan are deemed to be interested in 750,000,000 Shares held by Wing Lee Green Development immediately after the completion of the Capitalisation Issue and the Share Offer.

(b) Interests and short positions of our substantial shareholders in the Shares of our Company following the completion of the Capitalisation Issue and the Share Offer

For information on the persons who will, immediately following the completion of the Capitalisation Issue and the Share Offer (without taking into account any Shares that may be issued pursuant to the exercise of the Over-allotment Option or any options that may be granted under the Share Option Scheme or any Shares that may be granted under the Share Award Scheme), have interests or short positions in our Shares or underlying Shares which would be required to be disclosed to us and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, please refer to the section headed “Substantial Shareholders” in this prospectus.



As of the Latest Practicable Date, our Directors were not aware of any persons (not being Directors or chief executive of our Company) who would, immediately following the completion of the Capitalisation Issue and the Share Offer (without taking into account any Shares that may be issued pursuant to the exercise of the Over-allotment Option or any options that may be granted under the Share Option Scheme or any Shares that may be granted under the Share Award Scheme) be directly or indirectly interested in 10% or more of the issued voting shares of any member of our Group (except for our Company disclosed in sub-paragraph (a) above.).

2. Particulars of Directors' service agreements and appointment letters

(a) Executive Directors

Each of our executive Directors has entered into a service agreement with our Company for an initial fixed term of three years commencing from the Listing Date. The term of service shall be renewed and extended automatically by three years on the expiry of such initial term and on the expiry of every successive period of three years thereafter, unless terminated by either party thereto giving at least three months' written notice of non-renewal before the expiry of the then existing term.

(b) Independent non-executive Directors

Each of our independent non-executive Directors has entered into an appointment letter with our Company for an initial fixed term of three years commencing from the Listing Date. The term of service shall be renewed and extended automatically by one year on the expiry of such initial term and on the expiry of every successive period of one year thereafter, unless terminated by either party thereto giving at least one month's written notice of non-renewal before the expiry of the then existing term.

None of our Directors has or is proposed to have entered into any service agreement or letter of appointment with any member of our Group (excluding agreements expiring or determinable by any member of our Group within one year without the payment of compensation other than statutory compensation).

3. Remuneration of our Directors

For FY2021/22, FY2022/23 and FY2023/24, the aggregate amount of the remuneration paid and benefits in kind granted to our Directors was approximately HK\$2.2 million, HK\$2.2 million and HK\$3.7 million, respectively.



Based on the current arrangements in force as of the Latest Practicable Date, it is estimated that the total remuneration for our Directors (including independent non-executive Directors) for FY2024/25 will be approximately HK\$5.0 million.

Save as disclosed above, no other payments have been made or are payable in respect of the years ended 31 March 2022, 2023 and 2024 by any member of our Group to any of our Directors.

4. Related Party Transactions

Details of the related party transactions are set out under Note 30 to the Accountant's Report.

5. Disclaimers

- (a) save as disclosed in the paragraph headed "C. Further information about our Directors and substantial shareholders — 1. Disclosure of Interests" in this appendix, none of our Directors or chief executive has any interest or short position in any of the Shares, underlying Shares or debentures of our Company or any of the associated corporation(s) (within the meaning of Part XV of the SFO), immediately after the completion of the Capitalisation Issue and the Share Offer, without taking into account any Shares that may be issued pursuant to the exercise of the Over-allotment Option or any options that may be granted under the Share Option Scheme or any Shares that may be granted under the Share Award Scheme, which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which any of them is deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered into the register as referred to therein or which will be required to be notified to our Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, in each case once the Shares are listed on the Stock Exchange;
- (b) save as disclosed in the paragraph headed "C. Further information about our Directors and substantial shareholders — 1. Disclosure of Interests" in this appendix, our Directors are not aware of any person (other than our Directors or the chief executive of our Company) who will, immediately after the completion of the Capitalisation Issue and the Share Offer (without taking into account any Shares that may be issued pursuant to the exercise of the Over-allotment Option or any options that may be granted under the Share Option Scheme or any Shares that may be granted under the Share Award Scheme) have an interest or short position in our Shares or underlying Shares which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which any of them is deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered into the register as referred to therein or which will be required to be notified to our Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, in each case once the Shares are listed on the Stock Exchange;



3 of Part XV of the SFO, or who will, directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at a general meeting of any other member of our Group;

- (c) none of our Directors or the experts under the paragraph headed “E. Other information — 7. Qualifications of experts” in this appendix has been directly or indirectly interested in the promotion of, or in any asset(s) which has or have been, within the two years immediately preceding the date of this prospectus, acquired or disposed of by or leased to any member of our Group, or are proposed to be acquired or disposed of by or leased to any member of our Group;
- (d) none of our Directors nor the experts named under the paragraph headed “E. Other information — 7. Qualifications of experts” in this appendix is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to our Company’s business;
- (e) none of the experts named under the paragraph headed “E. Other information — 7. Qualifications of experts” in this appendix has any shareholding in any member of our Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group; and
- (f) so far as is known to our Directors, none of our Directors, their respective close associates (as defined under the Listing Rules) or Shareholders who are interested in more than 5% of the share capital has any interests in the five largest customers or the five largest suppliers of our Group.

D. SHARE INCENTIVE SCHEMES

The following is a summary of the principal terms of the Share Incentive Schemes conditionally adopted and approved by our Shareholders with effect from 20 September 2024 (the “**Share Incentive Schemes**”). The terms of the Share Incentive Schemes will be governed by Chapter 17 of the Listing Rules. Terms defined and used under this sub-section headed “Share Incentive Schemes” shall apply to this sub-section only. The principal terms of the Share Option Scheme and the Share Award Scheme save as otherwise set out in this section.

The Share Incentive Schemes are effective from the date of approval by the Shareholders (the “**Effective Date**”).



(a) Purposes

The purpose of the Share Incentive Schemes is to: (a) provide our Company with a flexible means of attracting, remunerating, incentivising, retaining, rewarding, compensating and/or providing benefits to Eligible Participants (as defined below); (b) align the interests of Eligible Participants with those of our Company and Shareholders by providing such Eligible Participants with the opportunity to acquire proprietary interests in our Company and become Shareholders; and (c) encourage Eligible Participants to contribute to the long-term growth, performance and profits of our Company and to enhance the value of our Company and our Shares for the benefit of our Company and Shareholders as a whole.

(b) Types of awards

The Share Incentive Schemes comprise:

- (i) the Share Option Scheme which awards options to subscribe for such number of Shares at a specified price during specified time periods (the “**Share Option**”); and
- (ii) the Share Award Scheme which awards a right to receive Shares (the “**Share Award**”) (collectively, the “**Awards**”).

(c) Eligibility

The following participants are eligible to participate in the Share Incentive Schemes (the “**Eligible Participants**”):

Employee Participants	Any employee or chief executive officer, executive or non-executive director (including independent non-executive Directors) of our Company or any subsidiary of it and any person who has contracted to be employed (on a full-time or part-time basis) by our Company or any of its subsidiaries but whose employment has not commenced and any person to whom our Board wishes to offer Awards as an inducement to become an executive or director of our Company or any of our subsidiaries;
Related Entity Participant	Any director, chief executive or person employed (on a full-time or part-time basis) by any of the holding companies, fellow subsidiaries or associated companies of our Company;



Service Provider Participant

Any person who provides services to the Group (the “**Service Provider**”) on a continuing or recurring basis in its ordinary and usual course of business which are in the interests of the long-term growth of the Group, including but not limited to any consultant, independent contractor or adviser where the continuity and frequency of their services are akin to those of employees of the Group, excluding (for the avoidance of doubt):

- (i) placing agents or financial advisers providing advisory services for fund-raising, mergers or acquisitions; and
- (ii) professional service providers (including but not limited to auditors or valuers) who provide assurance, or are required to perform their services with impartiality and objectivity.

(d) Limits on numbers of Shares available under the Share Incentive Schemes

The Share Incentive Schemes shall have the following limits:

Total scheme limit

The maximum number of Shares issuable upon exercise of the Share Options under the Share Option Scheme or vesting of any Share Awards granted under the Share Award Schemes and any grants made under any other share schemes of our Company shall not exceed 10% of the total number of Shares in issue (excluding treasury shares) as at the Effective Date (excluding, for this purpose, Shares issuable upon exercise of Share Options or vesting of Share Awards which have been granted but which have lapsed in accordance with the terms of the Share Incentive Schemes or any other share schemes of our Company).

Service Provider Participants
sub-limit

The total number of Shares which may be issued pursuant to all Awards to be granted to Service Provider Participants under the Share Incentive Schemes must not, in aggregate exceed 1% of the total number of Shares in issue as at the Effective Date.



The above limits may be refreshed by Shareholders at general meeting in accordance with Rule 17.03C of the Listing Rules.

(e) Maximum entitlement of each Participant

Where any grant of Share Options or Share Awards to an Eligible Participants would result in the total number of Shares issued and to be issued in respect of all Share Options or Share Awards granted (excluding any Share Options lapsed in accordance with the terms of the Share Option Scheme and Share Awards lapsed in accordance with the terms of the Share Award Scheme or any other share schemes of our Company) under the Share Incentive Schemes and any other share schemes of our Company in the 12-month period up to and including the date of such grant representing in aggregate over 1% of the total number of Shares in issue, such grant must be separately approved by the Shareholders in general meeting in accordance with the requirements of the Listing Rules with such Eligible Participant and his/her close associate (or associates), if the Eligible Participants is a connected person (as defined under the Listing Rules), or such persons as may be required under the Listing Rules from time to time, abstaining from voting. The number and terms of Share Options and Share Awards to be granted to such Eligible Participants must be fixed before the approval of the Shareholders. In such event, our Company must send a circular to the Shareholders containing all information required under the Listing Rules.

(f) Administration

The Share Incentive Schemes shall be administered by our Board, which may establish a committee or appoint person(s) to administer and implement the Share Incentive Schemes (collectively, the “**Scheme Administrator**”), and in relation to the Share Award Scheme, a trustee to be appointed by our Company for the purpose of the Share Award Scheme which will be an independent third party and not connected with our Company or our connected persons (the “**Trustee**”). The Scheme Administrator’s powers are subject to applicable laws, rules and regulations, and include the power to: (a) interpret and construe the provisions of the Share Incentive Schemes; (b) determine the persons who will be granted Awards under the Share Incentive Schemes, the terms and conditions on which the Awards are granted and under what conditions will the Awards granted pursuant to the Share Incentive Schemes vest; (c) make such appropriate and equitable adjustments to the terms of the Awards granted under the Share Incentive Schemes as it deems necessary; and (d) make such other decisions or determinations as it shall deem appropriate in the administration of the Share Incentive Schemes.

Notwithstanding these powers, the Scheme Administrator and as the case may be, the Trustee, shall comply with all applicable shareholder approval, announcement, circular, and reporting requirements imposed by the Listing Rules (as amended from time to time) and shall be subject to applicable laws, rules and regulations.



(g) Grants

Grants of Awards shall be determined by the Scheme Administrator and shall be made to Eligible Participants only.

Grants shall not be made and in relation to the Share Awards, no directions or recommendation shall be given to the Trustee with respect to a grant of an Award under the Share Award Scheme, in contravention of the Model Code set out in Appendix 10 to the Listing Rules and where our Company is in possession of unpublished inside information and until (and including) one full trading day after the date that such information is announced, including within the one month prior to the earlier of our Board approving any annual, half-year or quarterly results, or the deadline for our Company announcing such results under the Listing Rules.

(h) Award Letter

A grant shall be accompanied by an award letter (the “**Award Letter**”), which shall set out the particulars, terms and conditions of the grant, including particulars of the grant or Award, vesting conditions, method of settlement, and other rights or restrictions attached to or in respect of the Award (or underlying award shares).

(i) Satisfaction of Share Awards

For the Share Awards, our Company shall, as soon as reasonably practicable and no later than 30 business days from the Award Letter, issue and allot Shares to the Trustee, or transfer to the Trustee the necessary funds and instruct the Trustee to acquire Shares through on-market transactions at the prevailing market price (the “**Trustee Shares**”). The Trustee Shares will be held in trust for the Eligible Participants until their vesting. When the Eligible Participant has satisfied all vesting conditions (if any) specified by our Board at the time of making the Share Awards and becoming entitled to the Trustee Shares, the Trustee shall transfer the relevant Trustee Shares to that Eligible Participant.

(j) Acceptance

The Scheme Administrator shall determine the period within which a grant may be valid for acceptance by the grantee (the “**Grantee**”), being any Eligible Participant approved for participation in the Share Incentive Schemes and who has been granted any Award pursuant to the Share Incentive Schemes, and the method of and purchase price (if any) payable with acceptance, which shall be set out in the Award Letter. However, if not otherwise specified in the Award Letter,



a Grantee shall have 10 Business Days from the grant date to accept the Award. Any Awards not accepted by the Grantee within the acceptance period (in the manner specified in the Award Letter) shall be deemed as declined and automatically lapse.

(k) Vesting period

The Scheme Administrator shall determine the vesting period and specify this in the Award Letter. However, the vesting period may not be for a period less than 12 months from the grant date, except in limited circumstances set out in the Share Incentive Schemes. These circumstances may only apply to Employee Participants and are consistent with the scenarios contemplated in FAQ 092-2022 issued by the Stock Exchange, including where:

- (i) grants of “make-whole” share awards to an Employee Participant who is a new joiner to replace the share awards he/she has forfeited when leaving the previous employer;
- (ii) grants to an Employee Participant whose employment is terminated due to death or disability or occurrence of any out-of-control event, in which circumstances the vesting of shares awards may accelerate;
- (iii) grant of Awards that are subject to performance-based vesting conditions, in lieu of time-based vesting criteria;
- (iv) Awards are granted in batches during a year for administrative and compliance reasons, in which case, the vesting period may be shorter to reflect the time from which the awards would have been granted;
- (v) Awards are granted with a mixed or accelerated vesting schedule (such as where the awards may vest evenly over a period of 12 months); and/or
- (vi) Awards with a total vesting and holding period of more than 12 months.

(l) Vesting conditions

The Scheme Administrator may set vesting conditions on Awards, which shall be specified in the Award Letter. These include performance targets, criteria or conditions to be satisfied in order for the relevant Award to vest and be settled by our Company, and may be based on, among other criteria, performance appraisals within a specified period, business/financial/transactional/performance milestones, current and anticipated future contribution to our Group and business, minimum service period, upon reaching other specified targets.



(m) Voting and dividend rights

Awards do not carry any right to vote at general meetings of our Company, nor any right to dividends, transfer or other rights. No Grantee shall enjoy any of the rights of a Shareholder by virtue of being granted an Award unless and until the Shares underlying an Award are delivered to the Grantee pursuant to the vesting and exercise of such Award.

In addition, the Trustee shall not exercise the voting rights in respect of any Trustee Shares held under the Trust. In particular, the Trustee holding unvested Trustee Shares under the Share Award Scheme, whether directly or indirectly, shall abstain from voting on matters that require Shareholders' approval under the Listing Rules, unless otherwise required by law to vote in accordance with the beneficial owner's direction and such a direction is given.

(n) Transferability

Any Awards granted shall be personal to the Eligible Participant, and no right or interest of an Eligible Participant in any Award may be pledged, encumbered, or hypothecated to or in favour of any party other than our Company or a subsidiary, or shall be subject to any lien, obligation, or liability of such Eligible Participant to any other party other than our Company or a subsidiary. Except as otherwise provided by our Board, no Award shall be assigned, transferred, or otherwise disposed of by an Eligible Participant.

(o) Term of the Share Incentive Schemes and termination

Subject to any early termination as determined by our Board, the Share Incentive Schemes shall have a plan life of ten years from the date it is granted and listing of the Shares on a recognised stock exchange, unless an earlier time is set in the Award Letter.

No grants may be made after termination of the Share Incentive Schemes. Notwithstanding termination of the Share Incentive Schemes, the Share Incentive Schemes and the rules thereunder shall continue to be valid and effective to the extent necessary to give effect to the vesting and exercise of Awards granted prior to termination, and the termination shall not affect any subsisting rights already granted to a Grantee. For the avoidance of doubt, Awards granted during the plan life but that remain unexercised or unexpired prior to the termination shall continue to be valid and exercisable in accordance with the Share Incentive Schemes and the relevant Award Letter.

(p) Exercise price of a Share Option

The exercise price of a Share Option shall be determined by our Board and set forth in the Award Letter.



The exercise price of a Share Option may be a fixed or variable price related to the fair market value of the Share provided that such exercise price shall be at least the higher of (1) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant, which must be a business day; and (2) a price being the average of the closing prices of the Shares as stated in the Stock Exchange's daily quotations sheets for the five (5) trading days immediately preceding the date of grant.

Notwithstanding the above, the exercise price per Share may be adjusted or amended in the absolute discretion of our Board to the extent permitted by the applicable laws (including the Listing Rules), the determination of which shall be final, binding and conclusive.

(q) Grant to connected persons

Any grant of Awards to a connected person (as defined in the Listing Rules) of our Company or any of his or her associates (as defined in the Listing Rules) shall comply with all applicable laws, rules and regulations, including but not limited to the Listing Rules from time to time.

(r) Expiration of Share Options and/or Share Awards

(i) A Share Option may not be exercised and (ii) a Share Award may not be vested and will automatically lapse upon the occurrence of any one of the following events:

- (1) an earlier time is set in the Award Letter;
- (2) following the Grantee's death or permanent incapacity, bankruptcy, or where the Grantee ceases to be an Eligible Participant or terminates their employment or contractual engagement with our Group for reasons other than as already provided for in the Share Incentive Schemes, or where the Grantee's employment or contractual engagement has been suspended, or the Grantee's position in or with respect to our Group has been vacated, for more than six months;
- (3) upon the Grantee being convicted of any criminal offence involving his or her integrity or honesty, or charged, convicted or held liable for any offence under the relevant securities laws, regulations or rules in force from time to time in Hong Kong or elsewhere;
- (4) the Award has not been accepted by the Grantee (in the manner specified in the Award Letter) within the acceptance period;
- (5) forfeiture of the Award by the Grantee;



- (6) the Grantee transfers the award in breach of the transferability provisions specified in the plan; or
- (7) the date of the commencement of the winding-up of the Company.

(s) Amendment, modification and termination

Subject to the applicable laws, the Share Incentive Schemes may be altered in any respect (including but not limited to amendment and alterations for the purpose of complying with the Listing Rules) by a resolution of the Board provided that no such alteration shall operate to affect adversely any subsisting rights of any Eligible Participants.

No alteration shall be made to any of the rules of the Incentive Schemes which is of a material nature or is related to the matters set out in Rule 17.03 of the Listing Rules to the advantage of Eligible Participants unless such alteration is approved by the Shareholders in general meeting.

Any change to the terms of an Award granted to an Eligible Participant must be approved by the Board, the independent non-executive Directors and/or the Shareholders (as the case may be) if the initial grant of the Awards was approved by the Board, the remuneration committee, the independent non-executive Directors and/or the Shareholders (as the case may be). This requirement does not apply where the alterations take effect automatically under the existing terms of this Scheme.

Any change to the authority of the Directors or Scheme Administrator to alter the terms of the Share Incentive Schemes must be approved by the Shareholders of the Company in general meeting.

Written notice of any amendment to the Share Incentive Schemes shall be given to all Eligible Participants with subsisting Awards.

E. OTHER INFORMATION

1. Tax and other indemnities

Each of our Controlling Shareholders has entered into the Deed of Indemnity with and in favour of our Company (for itself and as trustee for each of its subsidiaries) to provide indemnities in respect of, among other matters, taxation resulting from income, profits or gains earned, accrued or received as well as any property claim to which any member of our Group may be subject and payable on or before the date when the Share Offer becomes unconditional.



Our Directors have been advised that no material liability for estate duty under the laws of the Cayman Islands and BVI is likely to fall on our Group, and the estate duty under the laws of Hong Kong has been abolished.

2. Legal proceedings/Litigation

To the best knowledge of our Directors, save as disclosed in the section headed “Business — Litigation and Claims” in this prospectus, as at the Latest Practicable Date, neither our Company nor any of our Company’s subsidiaries was engaged in any litigation, arbitration or claim of material importance, and no litigation, arbitration or claim of material importance is known to our Directors to be pending or threatened by or against our Company or any member of our Group, that would have a material adverse effect on the results of operations or financial condition.

3. Application for listing of Shares

Our Company has applied to the Stock Exchange for the listing of, and the permission to deal in, the Shares in issue and to be issued pursuant to the Capitalisation Issue and the Share Offer as mentioned herein (including the additional Shares which may be issued upon full exercise of the Over-allotment Option and the Shares to be issued upon the exercise of any option which may be granted under the Share Option Scheme or any Shares which may be granted under the Share Award Scheme). All necessary arrangements have been made to enable the securities to be admitted into CCASS.

4. Preliminary expenses

The estimated preliminary expenses incurred or proposed to be incurred by our Company are approximately US\$3,760 and were paid by our Company.

5. Promoter

- (a) We do not have any promoter.
- (b) Within the two years immediately preceding the date of this prospectus, no amount or benefit has been paid or given to any promoter of our Company in connection with the Share Offer or the related transactions described in this prospectus.



6. Qualifications of experts

The following are the qualifications of the experts who have given opinion or advice which are contained in this prospectus and have given and have not withdrawn their written consent to the issue of this prospectus with the inclusion of their letter, report, and/or valuation certificate opinion and/or references to their names (as the case may be), all of which are dated the date of this prospectus, in the form and context in which they respectively appear in this prospectus:

Name	Qualifications
Ogier	Legal advisers to our Company as to Cayman Islands law
Frost & Sullivan Limited	Industry consultant
Alliance Capital Partners Limited	A licensed corporation under the SFO to engage in type 1
	(dealing in securities) and type 6 (advising on corporate
	finance) regulated activities
Mr. Poon Chi Kin Billy	Hong Kong barrister-at-law
PricewaterhouseCoopers	Certified Public Accountants under the Professional
	Accountant Ordinance (Chapter 50 of the Laws of Hong
	Kong) and Registered Public Interest Entity Auditor under
	the Accounting and Financial Reporting Council Ordinance
	(Chapter 588 of the Laws of Hong Kong)
Forvis Mazars RAS	Internal control adviser

7. Consents of experts

Each of the above experts has given and has not withdrawn their respective consent to the issue of this prospectus with the inclusion of its reports, letters, opinions or summaries of opinions (as the case may be) and reference to its name included in the form and context in which it respectively appears.

As at the Latest Practicable Date, none of the experts referred to above had any shareholding interest in our Company or any of our subsidiaries or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in our Company or any of our subsidiaries.



8. The Sole Sponsor and fees of the Sole Sponsor

The Sole Sponsor is independent from our Company pursuant to Rule 3A.07 of the Listing Rules. The fee payable by our Company to the Sole Sponsor to act as a Sole sponsor to our Company in connection with the Share Offer is HK\$4,160,000.

9. Binding effect

This prospectus shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

10. Miscellaneous

- (a) Within the two years immediately preceding the date of this prospectus:
 - (i) no share or loan capital or debenture of our Company or any of our subsidiaries has been issued or agreed to be issued or is proposed to be fully or partly paid either for cash or a consideration other than cash;
 - (ii) no share or loan capital of our Company or any of our subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;
 - (iii) no founders or management or deferred shares of our Company or any of our subsidiaries have been issued or agreed to be issued;
 - (iv) no commissions, discounts, brokerages or other special terms have been granted or agreed to be granted in connection with the issue or sale of any share or loan capital of our Company or any of our subsidiaries; and
 - (v) no commission has been paid or is payable for subscription, agreeing to subscribe, procuring subscription or agreeing to procure subscription of any share in our Company or any of our subsidiaries.
- (b) Our Group had not issued any debentures nor did it have any outstanding debentures nor any convertible debt securities.
- (c) Our Directors confirm that:



- (i) up to the date of this prospectus, there had been no material adverse change in our financial, operational or prospects since 31 March 2024, being the latest balance sheet date of our combined financial statements in the Accountant's Report in Appendix I to this prospectus;
 - (ii) there is no arrangement under which future dividends are waived or agreed to be waived; and
 - (iii) there has not been any interruption in the business of our Group which may have or has had a significant effect on the financial position of our Group in the 12 months preceding the date of this prospectus.
- (d) The principal register of members of our Company will be maintained in the Cayman Islands by our Principal Share Registrar. Unless our Directors otherwise agree, all transfer and other documents of title of Shares must be lodged for registration with and registered by our Hong Kong Share Registrar and may not be lodged in the Cayman Islands. All necessary arrangements have been made to enable our Shares to be admitted into CCASS for clearing and settlement.

11. Bilingual Prospectus

Pursuant to section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong), the English language and Chinese language versions of this prospectus are being published separately but are available to the public at the same time at each place where this prospectus is distributed by or on behalf of our Company.



DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

The documents attached to the copy of this prospectus delivered to the Registrar of Companies in Hong Kong for registration were:

1. copies of the material contracts as referred to in the paragraph headed “B. Further information about the business of our Group — 1. Summary of material contracts” in Appendix IV to this prospectus; and
2. the written consents as referred to in the paragraph headed “E. Other information — 8. Consents of experts” in Appendix IV to this prospectus.

DOCUMENTS AVAILABLE ON DISPLAY

Copies of the following documents will be available on display on the website of the Stock Exchange at www.hkexnews.hk and our website at www.winglee.com.hk up to and including the date which is 14 days from the date of this prospectus:

1. the Articles of Association;
2. the accountant’s report prepared by PricewaterhouseCoopers, the text of which is set out in Appendix I to this prospectus;
3. the audited combined financial statements of our Company for the three financial years ended 31 March 2022, 2023 and 2024;
4. the report from PricewaterhouseCoopers on the unaudited pro forma financial information of our Group, the text of which is set out in Appendix II to this prospectus;
5. the industry report prepared by Frost & Sullivan referred to in the section headed “Industry Overview” in this prospectus;
6. the letter of advice prepared by Ogier summarising certain aspects of Cayman Islands company law referred to in Appendix III to this prospectus;
7. the Companies Act;
8. the terms of the Share Option Scheme and the Share Award Scheme;



9. the legal opinion as to certain aspects of Hong Kong law issued by Mr. Poon Chi Kin Billy, Hong Kong Barrister-at-law;
10. the internal control report prepared by Forvis Mazars RAS;
11. the report for independent review on agreed-upon procedures prepared basis with expert opinion over adequacy and effectiveness of the enhanced internal control mechanism over work safety management prepared by Forvis Mazars RAS;
12. the report for independent review on agreed-upon procedures prepared basis with expert opinion over adequacy and effectiveness of the enhanced internal control mechanism over construction project tendering/bidding management prepared by Forvis Mazars RAS;
13. the material contracts as referred to in the paragraph headed “B. Further information about the business of our Group — 1. Summary of material contracts” in Appendix IV to this prospectus;
14. the service agreements and letters of appointment as referred to in the paragraph headed “C. Further information about our Directors and substantial shareholders — 2. Particulars of Directors’ service agreements and appointment letters” in Appendix IV to this prospectus; and
15. the written consents as referred to in the paragraph headed “E. Other information — 8. Consents of experts” in Appendix IV to this prospectus.



Wing Lee Development Construction Holdings Limited
榮利營造控股有限公司

