

INDUSTRY OVERVIEW

Certain facts, statistics and data presented in this section and elsewhere in this document have been derived, in part, from various government official publications as well as the commissioned report from IPSOS, an independent third party. We believe that the sources of such information and statistics are appropriate and we have taken reasonable care in extracting and reproducing such information and statistics. We have no reason to believe that such information or statistics are false or misleading in any material respect or that any fact has been omitted that would render such information or statistics false or misleading in any material respect. Such information and statistics have not been independently verified by us, the Sole Sponsor, the [REDACTED], the [REDACTED] or any other party involved in the [REDACTED] or any of our or their respective directors, officers or representatives. No representation is given as to their correctness or accuracy. Accordingly, you should not place undue reliance on such information or statistics.

SOURCES OF INFORMATION

We commissioned IPSOS, an independent market research consulting firm, to conduct an analysis of, and to report on, the construction machinery rental service industry and construction machinery trading industry in Hong Kong for the period from 2009 to 2019. The information and analysis contained in the IPSOS Report was assessed independently by IPSOS which is not connected to our Group in any way. A total fee of HK\$368,000 will be paid to IPSOS for the preparation of the IPSOS Report. The payment of such amount was not conditional on our Group’s successful listing or on the results of the IPSOS Report.

IPSOS is an independent market research company with approximately 16,000 personnel worldwide across 85 countries. IPSOS conducts research on market profiles, market size and market share and performs segmentation analysis, distribution and value analysis, competitor tracking and corporate intelligence.

The information and statistics set forth in this section have been extracted from the IPSOS Report. We believe that such information facilitates an understanding of the relevant market for potential investors. The information contained in the IPSOS Report is derived by means of data and intelligence gathering methodology which consists of: (i) desk research; (ii) client interview and consultation; and (iii) primary research, including interviews with key stakeholders and industry experts in Hong Kong, including construction machinery rental service providers (with or without trading services), construction work companies, main contractors and subcontractors, industry experts and association in Hong Kong, etc.

Information gathered by IPSOS has been analysed, assessed and validated using in-house analysis models and techniques of IPSOS. According to IPSOS, this methodology guarantees a full circle and multilevel information sourcing process, where information gathered can be cross-referenced to ensure accuracy.

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Our Directors and the Sole Sponsor, having considered the data and intelligence gathering methodology of IPSOS which includes desk research and primary research comprising interviews with industry associations and other stakeholders, are satisfied that the above assumptions are not misleading.

ASSUMPTIONS AND PARAMETERS USED IN IPSOS REPORT

The following assumptions are used in the IPSOS Report: (i) the global economy remains a steady growth across the forecast period; and (ii) there is no external shock such as financial crisis or natural disasters to affect the demand and supply of construction machinery rental and trading service during the forecast period.

NO ADVERSE CHANGE IN MARKET INFORMATION

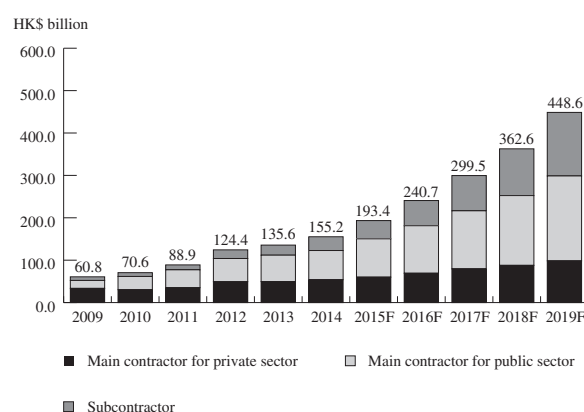
Our Directors confirm that, to the best of their knowledge, after taking reasonable care as at the date of this document, there is no material adverse change in the market information since the date of the IPSOS Report which may qualify, contradict or have an impact on the information in this section.

OVERVIEW OF THE CONSTRUCTION MACHINERY RENTAL SERVICE AND TRADING SERVICE INDUSTRY IN HONG KONG

Overall construction industry

The total gross output value of construction works performed by contractors at construction sites for both public and private construction projects in Hong Kong increased from approximately HK\$60.8 billion in 2009 to approximately HK\$155.2 billion in 2014, representing a CAGR of approximately 20.6%. This was primarily attributable to the increase in total value of construction projects commissioned by the contractors in both the public and private sectors between 2009 and 2014.

Figure 1. Gross Output Value of Construction Works Performed by Contractors at Construction Sites in Hong Kong from 2009 to 2019



Sources: IPSOS Report; Census and Statistics Department, HKSAR

The demand for construction works performed by contractors at construction sites in Hong Kong is expected to increase due to the growing demand for housing and infrastructure.

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The total gross output value of construction works performed by contractors at construction sites in Hong Kong is expected to grow from about HK\$193.4 billion in 2015 to HK\$448.6 billion in 2019, representing a CAGR of approximately 23.4%.

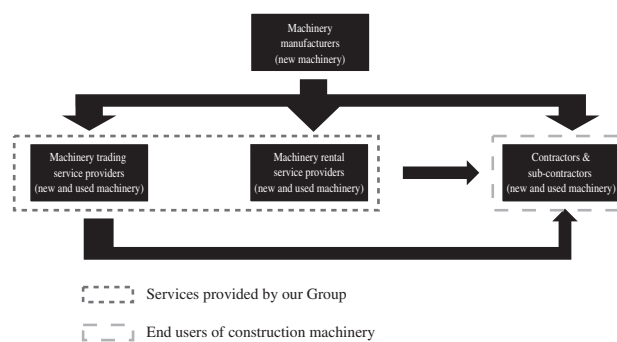
The construction machinery rental and trading services can serve any types of construction work companies which include companies for different construction functions including but not limited to civil engineering and buildings, which can be applied on infrastructure, public facilities, residential, commercial and industrial projects. The revenue of the construction machinery rental industry and trading industry accounted for approximately 2.6% and 1.7% of the revenue of the whole construction industry in 2014, respectively.

Sources of construction machinery for end users

The common ways in obtaining construction machinery for construction works mainly include (i) purchasing new machines directly from machinery manufacturers; (ii) renting new and used machines from machinery rental service providers; or (iii) purchasing new and used machines from machinery trading service providers. In general, the construction machinery manufacturers would sell their new construction machinery through various machinery rental or trading service providers. In certain occasions, they may also sell their new construction machinery directly or by way of finance lease to end users.

The construction machinery rental and trading service industry is distinctive to the direct sales market on the basis that the rental and trading service providers also provide various services to the end-users. Construction machinery rental and trading service providers offer a wide range of services including design consulting services, machinery recommendation, provision of operators throughout the construction projects and value-added after-sales services such as maintenance service. Moreover, construction machinery rental and trading service providers can offer a wide range of construction machineries at one time, whereas contractors can only acquire one brand/type of construction machinery when they purchase from the machinery manufacturers directly. With the provision of a variety of services and for the ease of convenience, contractors will continue to purchase construction machinery through construction machinery rental and trading service providers in the coming future. A construction machinery rental and trading service provider nowadays can engage in most of the stages of a construction projects and due to the expansion of services offered, the involvement of rental and trading service providers in construction projects is also bigger than before.

Figure 2. Simplified Supply Chain of Construction Work that involves Provision of Machinery



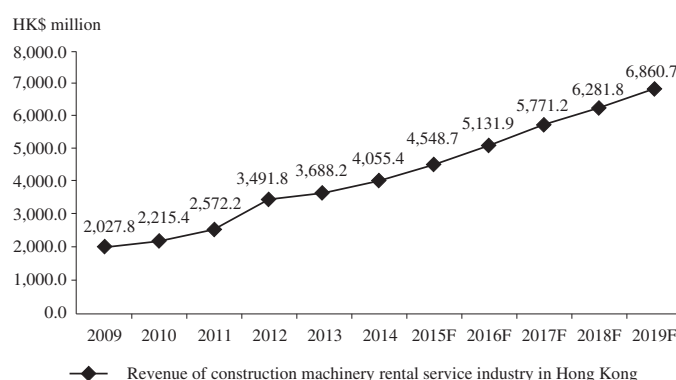
Source: IPSOS Report

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Construction Machinery Rental Service Industry in Hong Kong

The revenue of the construction machinery rental industry accounted for approximately 2.6% of the revenue of the whole construction industry in 2014. The revenue of construction machinery rental service industry in Hong Kong grew at a CAGR of approximately 14.9% from approximately HK\$2,027.8 million in 2009 to approximately HK\$4,055.4 million in 2014. The continuous increase in revenue from 2009 to 2014 was due to the strong demand from construction work, primarily due to the commencement of large public projects and inflations.

Figure 3. Revenue of Construction Machinery Rental Service Industry in Hong Kong from 2009 to 2019



Source: IPSOS Report

It is expected that the revenue of construction machinery rental service industry in Hong Kong will increase from approximately HK\$4,548.7 million in 2015 to approximately HK\$6,860.7 million in 2019, representing a CAGR of about 10.8%. It is primarily due to the investment for public infrastructure is expected to stay hectic.

Rental methods

Regarding financing method of leasing new and used machines, machinery rental service providers usually offer two types of leases to customer — operating leases and financing leases. Operating leases are generally short-term arrangements that allow contractors to acquire machinery for a fraction of the asset’s useful life. On the other hand, financing leases are longer term arrangements that allow contractors to acquire machinery over a period of steady payments.

Rental duration

The length of rental period ranges from a day, week, month or year, subject to the requirements of the customers, scale and schedule of projects that customers involved in and types of machinery.

Insurance

In case any accident happens, the responsibility is usually born by the end users of the machinery such as contractors at construction site but not the construction machinery rental service providers as the contractors owe the duty to inspect and check the machinery upon receipt and before using it.

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Common types of machinery offered by machinery rental service providers

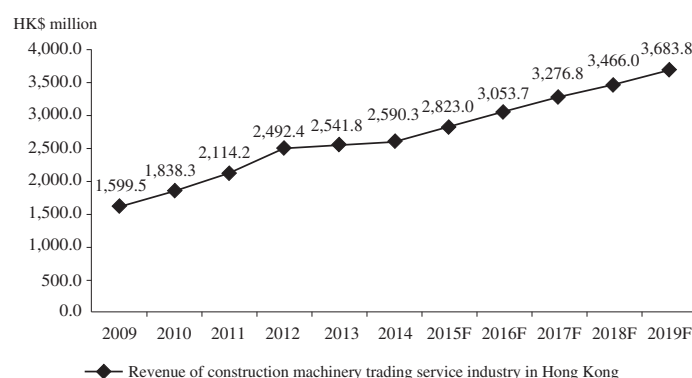
The table below sets out some common types of machinery offered by machinery rental service providers in Hong Kong:

| Categories | Types of machines |
|--|--|
| Crawler cranes (and other mobile cranes) | Crawler crane, hydraulic mobile crane, rough terrain crane, tower crane |
| Aerial platforms | Scissor lift (electric), telescopic boom (diesel), articulated boom (diesel) |
| Others | Tele-handler, bridge inspection vehicle, diesel generator, air compressor, vibrator, casing oscillator |

Construction Machinery Trading Service Industry in Hong Kong

The revenue of the construction machinery trading industry accounted for approximately 1.7% of the revenue of the whole construction industry in 2014. The revenue of construction machinery trading service industry in Hong Kong increased at a CAGR of approximately 10.1%, from approximately HK\$1,599.5 million in 2009 to approximately HK\$2,590.3 million in 2014.

Figure 4. Revenue of Construction Machinery Trading Service Industry in Hong Kong from 2009 to 2019



Source: IPSOS Report

It is expected that the revenue of construction machinery trading service industry in Hong Kong will increase from approximately HK\$2,823.0 million in 2015 to approximately HK\$3,683.8 million in 2019, representing a CAGR of about 6.9%. It is primarily due to the on-going Shatin to Central Link and South Island Line projects and “Ten Major Infrastructure Projects” that start in the coming years or enter the next stages, which will therefore continue to create a great demand for construction machinery trading service industry in Hong Kong.

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Common types of machinery offered by machinery trading service providers

Most of the construction machinery trading service providers generally focus on two to three types of machinery, such as crawler cranes and mobile cranes, which consist of around three to five brands. Some are capable to offer eight to ten brands of machinery to customers. Machinery trading service providers either import machinery of which they anticipated a market demand for such machinery or based on the orders placed by the customers.

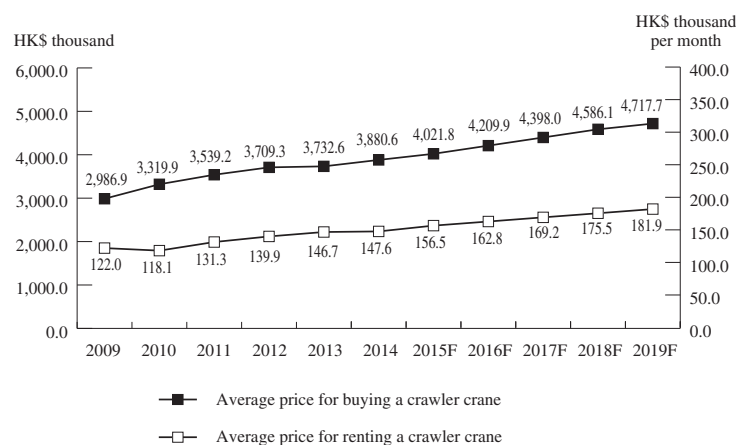
Arrangement in purchasing construction machinery

In general, a mark-up is added on top of the import price which is highly influenced by the market demand at the time when the machinery trading service providers sells machinery to the customers. Around 10% to 20% of down payment is usually required to be paid in advance upon signing of the purchasing agreement with the customer. Upon delivery to sites or yards, the remaining amount is to be settled by a letter of credit offered by the customers to the construction machinery trading service providers.

Average price for renting and purchasing machinery

According to the IPSOS Report, 50-tonne crawler cranes are widely used in the construction machinery rental and trading industry in Hong Kong.

Figure 5. Average Price for Renting and Buying a Crawler Crane in Hong Kong from 2009 to 2019



Source: IPSOS Report

According to the IPSOS Report, the average price for renting a 50-tonne crawler crane increased at a CAGR of approximately 3.9% from approximately HK\$122.0 thousand per month in 2009 to approximately HK\$147.6 thousand per month in 2014, while the average price for purchasing a 50-tonne crawler crane increased at a CAGR of approximately 5.4% from an estimated HK\$2,986.9 thousand in 2009 to an estimated HK\$3,880.6 thousand in 2014.

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Number of Licensed Construction Machinery Operators in Hong Kong

There were approximately 6,638 operators for truck-mounted crane in 2014, representing approximately 26.3% of the total number of construction machinery operators in the market who were registered under the Construction Workers Registration Board of the Construction Industry Council.

The total number of licensed construction machinery operators in Hong Kong increased slightly from approximately 22,022 in 2009 to approximately 25,213 in 2014 at a CAGR of approximately 2.7%. As of 31 December 2014, the number of construction machinery operators registered under the Construction Workers Registration Board of the Construction Industry Council was approximately 25,213 with continuous initiatives imposed by both the government and Construction Industry Council of Hong Kong.

COMPETITIVE LANDSCAPE OF CONSTRUCTION MACHINERY RENTAL SERVICE INDUSTRY

Market Competition

In April 2015, there were approximately 57 construction machinery rental service providers in Hong Kong, about 18 of them mainly focused on construction machinery rental service and the remaining 39 providers focused on both construction machinery rental and trading services.

The popular construction machineries for rental service in Hong Kong are mainly crawler cranes, hydraulic mobile cranes, tower cranes, diesel generators, and air compressors.

Factors influencing competition in the construction machinery rental service industry

The construction machinery rental service providers compete mainly on:

- (i) **Rental fee:** rental fee is an important concern for customers in the construction machinery rental service industry. Typically, those construction machinery rental service providers who can effectively offer competitive rental fees and maintain a good quality of service and machinery will enhance their competitive advantage, regardless the increasing costs in the construction industry, in particular the rising labour cost;
- (ii) **Quality of machinery for rental:** quality of the construction machinery rented from the construction machinery rental service providers may have significant impact on the customers’ project schedule. If the construction machinery frequently breaks down, the extra time required for repairs may lead to project delay which may cause claim;
- (iii) **Relationship with the customers:** the Hong Kong government, property developers, main contractors and subcontractors, being the major end users of construction machinery tend to cooperate with construction machinery rental service providers who can offer good quality construction machinery. The construction machinery rental service providers with good reputation and long operation history are believed to be more competitive in the construction machinery rental service industry; and

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- (iv) **Value-added and after-sales services:** apart from trading and rental services, the construction machinery rental service providers provide other related services, such as providing design consulting services to the customers. At the design consulting services stage, the construction machinery rental service providers may recommend the number, the types, and even the models of construction machinery to be used for a particular construction project. Also, after-sales services such as annual check for the machinery, trainings to operators regarding the instruction of operating the machinery, maintenance services as well as warranty, etc., become one of the criteria for the customers to select the construction machinery rental service providers.

Top five largest construction machinery rental service providers in Hong Kong

The top five construction machinery rental service providers in Hong Kong accounted for approximately 19.6% of the total market share, while the remaining construction machinery rental service providers accounted for approximately 80.4% of the total market share of total foundation business by revenue in Hong Kong in 2014.

| Rank | Name of company | Headquarter location | Revenue in 2014 | Share of total |
|--------------|-----------------|----------------------|---|-------------------------|
| | | | (January to December) (HK\$ million) | industry revenue (%) |
| 1 | Competitor A | Hong Kong | 296.6 | 7.3 |
| 2 | Competitor B | Singapore | 197.9 | 4.9 |
| 3 | Our Group | Hong Kong | 174.7 ^(Note) | 4.3 |
| 4 | Competitor C | Hong Kong | 78.0 | 1.9 |
| 5 | Competitor D | Hong Kong | 46.8 | 1.2 |
| Others | | | <u>3,261.4</u> | <u>80.4</u> |
| Total | | | <u>4,055.4</u> | <u>100.0</u> |

Source: IPSOS Report

Note: It represents revenue generated from the financial year ended 31 March 2015.

COMPETITIVE LANDSCAPE OF CONSTRUCTION MACHINERY TRADING SERVICE INDUSTRY

Market Competition

In April 2015, there were approximately 55 construction machinery trading service providers in Hong Kong, approximately 39 of them focused on both construction machinery rental and trading services while the remaining 16 focused only on construction machinery trading service.

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Top five largest construction machinery trading service providers in Hong Kong

| Rank | Name of Company | Headquarter Location | Revenue in 2014 | Share of total |
|--------------|-----------------|-------------------------|--|-------------------------|
| | | | (January to December) (HK\$ million) | industry revenue (%) |
| 1 | Our Group | Hong Kong | 191.4 ^(Note) | 7.4 |
| 2 | Competitor B | Singapore | 126.5 | 4.9 |
| 3 | Competitor E | Hong Kong | 82.5 | 3.2 |
| 4 | Competitor D | Hong Kong | 33.4 | 1.3 |
| 5 | Competitor F | Hong Kong | 24.2 | 0.9 |
| Others | | | <u>2,132.3</u> | <u>82.3</u> |
| Total | | | <u>2,590.3</u> | <u>100</u> |

Source: IPSOS Report

Note: It represents revenue generated from financial year ended 31 March 2015.

Top five largest construction machinery rental and trading service providers in Hong Kong

| Rank | Name of Company | Headquarter Location | Revenue in 2014 | Share of total |
|--------------|-----------------|-------------------------|--|-------------------------|
| | | | (January to December) (HK\$ million) | industry revenue (%) |
| 1 | Our Group | Hong Kong | 366.2 ^(Note) | 5.5 |
| 2 | Competitor B | Singapore | 324.4 | 4.9 |
| 3 | Competitor A | Hong Kong | 305.1 | 4.6 |
| 4 | Competitor E | Hong Kong | 104.8 | 1.6 |
| 5 | Competitor C | Hong Kong | 78 | 1.2 |
| Others | | | <u>5,467.2</u> | <u>82.2</u> |
| Total | | | <u>6,645.7</u> | <u>100</u> |

Source: IPSOS Report

Note: It represents revenue generated from financial year ended 31 March 2015.

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MARKET GROWTH DRIVERS AND OPPORTUNITIES FOR THE CONSTRUCTION AS WELL AS THE CONSTRUCTION MACHINERY RENTAL AND TRADING INDUSTRIES IN HONG KONG

Increase in public expenditure on infrastructure in Hong Kong

The public expenditure on infrastructure in Hong Kong is expected to increase from approximately HK\$76.3 billion in 2015 to approximately HK\$102.9 billion in 2019, at a CAGR of approximately 7.8%. According to the 2014–15 Budget Speech of Hong Kong, the public expenditure on infrastructure is estimated to be approximately HK\$78.2 billion for 2014–15, a forecast year-on-year increase of approximately 4.8% from 2013–14. It accounts for approximately 17.8% of the total public expenditure, being the largest share of the estimated public expenditure for 2014–15. Due to the delays in the approval for funding applications for some development plans, the expenditure on government projects to be granted during the financial year of 2014 was affected. Moreover, the estimated public expenditure of spending around HK\$78.2 billion in 2014 stated in 2014–15 Budget Speech was revised to around HK\$73.9 billion for the same period in 2015–16 Budget Speech, partly attributed to the negative impact of the delay in funding approval by the Legislative Council of Hong Kong. It thus created pressure on the construction industry as well as the construction machinery rental and trading industry. The public expenditure on infrastructure in Hong Kong was mainly attributable by the ongoing “Ten Major Infrastructure Projects” which will continue to contribute to the growth in the public expenditure on infrastructure in Hong Kong.

Increase of public and private residential housing supply

According to the 2014 Policy Address of Hong Kong, the Hong Kong government has identified sufficient land for approximately 179,000 public rental housing units and approximately 17,000 home ownership scheme units as pledged. In particular, it aimed to provide an average of approximately 20,000 public rental housing units and approximately 8,000 home ownership scheme units per year in the next decade, which suggests that the supply of public housing in the coming ten years will increase by approximately 36% compared to what was pledged by the Hong Kong government last year. It also approved the new housing supply target of providing a total of approximately 470,000 units, which consists of approximately 60% of public housing, in the coming ten years. Aligning with the government’s effort to meet the housing demand from the society, according to the Hong Kong Housing Authority, the number of public rental housing production is anticipated to have a substantial growth of a CAGR of approximately 13.6%, increasing from approximately 9,900 units to approximately 16,500 units from 2014 to 2018.

Furthermore, it has identified about 80 additional green belt sites and Government, Institution or Community (“GIC”) sites in various districts with a total area of over 150 hectares with the potential to be rezoned for residential use. These sites can be made available in the period of 2014 and 2018 to provide approximately 89,000 units to help meet the demand for housing land over the next decade. Including sites identified earlier on, there are approximately 150 sites that have to be rezoned for residential use and will be made available over the next five years to provide approximately 210,000 additional public and private units. To rezone these sites for housing purposes, some sites may require land resumption, clearance or relocation of existing or planned facilities. These initiatives of Hong Kong government in securing and rezoning land for residential housing supply will be one of the driving forces for growth of construction industry in Hong Kong.

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COMPETITIVE ADVANTAGES OF OUR GROUP

Reputation

With over 17 years of experiences in the construction machinery rental service industry in Hong Kong, our Group has established high reputation in the construction machinery rental service industry as well as the construction industry in Hong Kong. Moreover, during the Track Record Period, our Group has maintained a comprehensive fleet of over 200 construction machines and equipment for rental including crawler cranes and other mobile cranes, aerial platforms and foundation equipment. Such well-established reputation and long operation history allows our Group to be more visible in the market and thus increases the chance of being approached.

Impressive track record

Track record is important in the both construction machinery rental industry and the construction industry in Hong Kong, as track record can gain trust from potential customers. Any project delays in the construction industry in Hong Kong may cause claim. Whilst, the project schedule may be seriously affected by the quality of the construction machinery rented from the construction machinery rental service providers. Therefore, contractors tend to cooperate with construction machinery rental service providers who can offer quality construction machinery, and quality of the construction machinery offered by construction machinery rental service providers. The impressive track record of our Group will help in gaining trust from potential customers, having advantage of winning a rental contract or trading order, and eventually staying competitive in the construction machinery rental service industry in Hong Kong.

Flexibility

Our Group is not the sole agent of any construction machinery brands, instead, it is the agent of various construction machinery brands. This ensures our Group to have a higher flexibility in deciding the number and types of construction machinery it trades. Such flexibility in deciding the number and types of construction machinery it trades may help our Group in purchasing construction machinery which suits Hong Kong market, and hence may facilitate the growth and development of our Group.

MARKET BARRIERS TO ENTRY

Significant initial capital investment

Construction machinery rental service providers need a significant amount of capital to be able to commence business in the machinery rental service industry which is capital intensive in nature. Substantial start-up costs are mainly for pre-requisite of construction machineries and renting a piece of land for machinery storage. The costs of purchasing a fleet of machinery are ranging from hundreds to thousands million of Hong Kong dollars, depending on the types, functionalities and conditions of machinery. In addition, due to the large size and volume of construction machinery, the land required for storing a fleet of machines for rental services is expected to be large and so does the cost.

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Insufficient industry expertise

Industry expertise and knowledge in construction industry can also be an entry barrier. It takes time for new entrants to become knowledgeable and reputable in introducing or sourcing suitable machinery to their customers in terms of machinery functionalities, specifications and applications to different construction stages which meet customers’ need. Lack of relevant experience in the construction machinery and insufficient industry expertise will hinder new entrants from entering the construction machinery rental service industry.

Well-established relationships with customers

Relationship with customers is recognised in this industry. Customers in the construction machinery rental service industry usually have their own lists of suppliers who have previous course of cooperation and relationship with them. Given a homogenous product nature of construction machinery, customers usually prefer machinery rental service providers with good reputation whom they have successfully leased machines for previous projects. New entrants may need extra effort in securing business from the reputable existing construction machinery rental service providers.

CHALLENGES TO CONSTRUCTION MACHINERY RENTAL AND TRADING SERVICE INDUSTRY

Our major suppliers include some of the major manufacturers of construction machinery from places such as Japan, Korea, Germany and other European countries. According to the IPSOS Report, a large proportion of machinery for the Hong Kong construction industry has been imported from Japan. For example, for crawler cranes and hydraulic mobile cranes, approximately 62.5% were imported from Japan and approximately 18.8% were imported from Germany. However, given the Summer Olympics will be held in Tokyo, Japan in 2020, it is expected that more construction works and thus construction machinery for infrastructure, hotels and public facilities are required for this event. Some construction machinery which could be originally exported to Hong Kong and other countries may be remained in Japan for local use, which may lead to a decline in supply of construction machinery from Japan.

Construction machinery brands and manufacturers originated from China have started to enter Hong Kong market in recent decade. The rise of Chinese brands has introduced the Hong Kong market with more choices of construction machinery. These Chinese brand construction machineries are usually priced comparatively lower than those imported from foreign countries (around 30% cheaper than that of foreign brands). Customers may opt to purchase the desired construction machinery for a long-term use instead of renting from construction machinery rental service providers. Therefore, the competition from Chinese construction brands and manufacturers may become a threat to the construction machinery rental service providers. However, the trade-off for a competitive price is the possible reduction in quality and the reputation of the Chinese brands is less established than the counterparts.

The delay in the approval for funding applications for some development plans and public works, such as the North East New Territories New Development Areas Project, affected the expenditure on government projects to be granted during FY2014 and FY2015, as well as the commencement of the relevant projects operated by the construction work companies, such as our Company’s potential and existing customers. Moreover, the estimated public expenditure of spending around HK\$78.2 billion in 2014 stated in 2014–15 Budget Speech was revised to around HK\$73.9 billion for the same period in 2015–16 Budget Speech, partly attributed to the negative impact of the delay in funding approval by the

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Legislative Council of Hong Kong. Any delay in government funding approval process may adversely affect the expenditure on government projects which may affect the construction work companies. It thus created pressure on the construction industry as well as the construction machinery rental and trading industry. Nonetheless, according to the opening statement of the Chief Executive Leung Chun-ying on 9 July 2015 attending the Chief Executive’s Question and Answer Session in the Legislative Council of Hong Kong, the projects applied for funding in the previous legislative session delayed for more than six months on average and it is envisaged that these projects will be commenced in the fourth quarter of 2015 or first quarter of 2016.

Apart from delay in funding approval, the government projects have encountered other challenges.

In relation to the Shatin to Central Link (the “**SCL**”), due to the archaeological survey and relics preservation at To Kwa Wan Station, there is at least 11 months delay in the Taiwai to Hung Hom Section. Further, the works of the Hong Kong Island section of the SCL are required to have coordination with other infrastructure projects such as Wan Chai Development Phase II and Central-Wan Chai Bypass, which will further complicate the construction of SCL and impose challenges on the works programme. The handover date for the associated critical site areas has a delay of 6 months as compared with the original program, due to which the SCL is deferred.

In relation to the Liantang/Heung Yuen Wai Boundary Control Point (the “**LT/HYW BCP**”), its funding application for the construction of BCP buildings and associated facilities has not yet received support from the Public Works Subcommittee due to the concerns over extraordinary costs incurred and the impact on the transportation system in the North District, and the lengthy process of seeking funding in the Legislative Council.

In relation to the Hong Kong-Zhuhai-Macao Bridge (the “**HKZMB**”), it encountered technical difficulties in construction and occurrence of industrial accidents which lead to delay. The HKZMB was suspended for a total of 140 days in the past three years (i.e. the 2012–2013, 2013–2014 and 2014–2015) on account of suspension notices issued by the Labour Department in connection with the occurrence of industrial accidents and the total number of industrial accidents during the past three years was 89. Besides, the judicial review brought by a citizen, named Chu Yee Wah, has further delayed its obtaining of environmental permits for the construction and operation of its projects.