



Win Win Way Construction Holdings Ltd.

恆誠建築控股有限公司

(Incorporated in Cayman Islands with limited liability)

Stock Code: 994

# GLOBAL OFFERING

Sole Sponsor and Sole Global Coordinator



KGI Capital Asia Limited

Joint Bookrunners and Joint Lead Managers



KGI Capital Asia Limited



## IMPORTANT

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



### Win Win Way Construction Holdings Ltd.

恆誠建築控股有限公司

(Incorporated in Cayman Islands with limited liability)

#### GLOBAL OFFERING

Number of Offer Shares under the Global Offering	:	128,000,000 Shares (subject to the Over-allotment Option)
Number of Hong Kong Offer Shares	:	12,800,000 Shares (subject to adjustment)
Number of International Offer Shares	:	115,200,000 Shares (subject to adjustment and the Over-allotment Option)
Offer Price	:	Not more than HK\$1.00 per Offer Share and expected to be not less than HK\$0.80 per Offer Share (payable in full upon application, plus brokerage fee of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%)
Nominal Value	:	HK\$0.01 per Share
Stock Code	:	994

#### Sole Sponsor and Sole Global Coordinator



KGI Capital Asia Limited

#### Joint Bookrunners and Joint Lead Managers



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

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

The final Offer Price is expected to be fixed by agreement between the Sole Global Coordinator (on behalf of the Underwriters) and our Company on the Price Determination Date. The Price Determination Date is expected to be on or around Friday, 7 July 2017 or such later date as may be agreed between the Joint Lead Managers (for itself and on behalf of the Underwriters) and our Company. The Offer Price will be not more than HK\$1.00 and is currently expected to be not less than HK\$0.80 unless otherwise announced. Applicants for Hong Kong Offer Shares are required to pay, on application, the maximum Offer Price of HK\$1.00 for each Share together with a brokerage fee of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005% subject to refund if the Offer Price as finally determined should be lower than HK\$1.00.

The Sole Global Coordinator (on behalf of the Underwriters) may, with our consent, extend or reduce the indicative Offer Price range stated in this prospectus (which is HK\$0.80 to HK\$1.00 per Share) at any time on or before the morning of the last day for lodging applications under the Hong Kong Public Offer. In such a case, notices of the extension or reduction in the indicative Offer Price range will be published in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese), and on the Stock Exchange's website at [www.hkexnews.hk](http://www.hkexnews.hk) and our Company's website at [www.winwinway.com.hk](http://www.winwinway.com.hk) not later than the morning of the day which is the last day for lodging applications under the Hong Kong Public Offer. If, for any reason, the Offer Price is not agreed between the Sole Global Coordinator (on behalf of the Underwriters) and our Company, the Global Offering (including the Hong Kong Public Offer) will lapse and will not proceed. See the sections headed "Structure of the Global Offering" and "How to Apply for the Hong Kong Offer Shares" in this prospectus for further details.

Before making an investment decision, prospective investors should carefully consider all of the information set out in this prospectus, including the risk factors set out in the section headed "Risk Factors" in this prospectus.

The obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement to subscribe for, and to procure applicants for the subscription for, the Hong Kong Offer Shares, are subject to termination by the Sole Global Coordinator (on behalf of the Hong Kong Underwriters) if certain grounds arise before 8:00 a.m. on the day that trading in the Offer Shares commences on the Stock Exchange. Such grounds are set out in the paragraph headed "Underwriting — Hong Kong Public Offer — Grounds for termination" in this prospectus. It is important that you refer to that section for further details.

The Offer Shares have not been and will not be registered under the U.S. Securities Act or any state securities laws of the United States and may not be offered, sold, pledged or transferred within the United States, or for the account or benefit of U.S. persons, except that Offer Shares may be offered, sold or delivered outside the United States in offshore transactions in accordance with Rule 903 or Rule 904 of Regulation S under the U.S. Securities Act.

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## EXPECTED TIMETABLE

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**We will issue an announcement in Hong Kong to be published in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) if there is any change in the following expected timetable of the Hong Kong Public Offer.**

2017 <sup>(1)</sup>

Hong Kong Public Offering commences .....	Friday, 30 June
Latest time to complete electronic applications under <b>eWhite Form</b> through the designated website <a href="http://www.ewhiteform.com.hk">www.ewhiteform.com.hk</a> <sup>(2)</sup> .....	11:30 a.m. on Wednesday, 5 July
Application lists of the Hong Kong Public Offer open <sup>(3)</sup> .....	11:45 a.m. on Wednesday, 5 July
Latest time to complete payment of <b>eWhite Form</b> applications by effecting PPS payment transfer(s) .....	12:00 noon on Wednesday, 5 July
Latest time to give <b>electronic application instructions</b> to HKSCC <sup>(4)</sup> .....	12:00 noon on Wednesday, 5 July
Latest time to lodge <b>WHITE</b> and <b>YELLOW</b> Application Forms.....	12:00 noon on Wednesday, 5 July
Application lists of the Hong Kong Public Offer close.....	12:00 noon on Wednesday, 5 July
Expected Price Determination Date <sup>(5)</sup> .....	Friday, 7 July
Announcement of the final Offer Price, indication of the levels of interest in the International Offer, the basis of allotment and the results of applications in the Hong Kong Public Offer to be published in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese), and on our website at <a href="http://www.winwinway.com.hk">www.winwinway.com.hk</a> and the website of the Stock Exchange at <a href="http://www.hkex.com.hk">www.hkex.com.hk</a> on or before .....	Friday, 14 July
Announcement of results of allocations in the Hong Kong Public Offer (with successful applicants' identification document numbers, where appropriate) to be available through a variety of channels including our website at <a href="http://www.winwinway.com.hk">www.winwinway.com.hk</a> and the website of the Stock Exchange at <a href="http://www.hkex.com.hk">www.hkex.com.hk</a> (for further details, please see the paragraph headed "How to apply for the Hong Kong Offer Shares — 11. Publication of Results" in this prospectus) .....	Friday, 14 July
Results of allocations in the Hong Kong Public Offer will be available at <a href="http://www.ewhiteform.com.hk/results">www.ewhiteform.com.hk/results</a> with a "search by ID" function on.....	Friday, 14 July

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## EXPECTED TIMETABLE

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2017 <sup>(1)</sup>

Despatch/Collection of e-Refund payment instructions/refund cheques in respect of wholly or partially successful applications if the final Offer Price is less than the price payable on application (if applicable) and wholly or partially unsuccessful applications pursuant to the Hong Kong Public Offer on or before <sup>(6 to 8)</sup> .....	Friday, 14 July
Despatch/Collection of Share certificates in respect of wholly or partially successful applications pursuant to the Hong Kong Public Offer on or before .....	Friday, 14 July
Dealings in the Shares on the Stock Exchange expected to commence on .....	9:00 a.m. on Monday, 17 July

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*Notes:*

1. All times and dates refer to Hong Kong local time, except as otherwise stated. Details of the structure of the Global Offering, including its conditions, are set out in the section headed "Structure of the Global Offering" in this prospectus.
2. You will not be permitted to submit your application through the designated website at [www.ewhiteform.com.hk](http://www.ewhiteform.com.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 before 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 a "black" rainstorm warning or a tropical cyclone warning signal number 8 or above in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Wednesday, 5 July 2017, the application lists will not open on that day. For further details, please see "How to Apply for the Hong Kong Offer Shares — 10. Effect of Bad Weather on the Opening of the Application Lists" in this prospectus.
4. Applicants who apply for Hong Kong Offer Shares by giving **electronic application instructions** to HKSCC should read the paragraph headed "How to apply for the Hong Kong Offer Shares — 6. Applying by Giving Electronic Application Instructions to HKSCC via CCASS" in this prospectus.
5. The Price Determination Date is expected to be on or around Friday, 7 July 2017. If, for any reason, the Offer Price is not agreed by Thursday, 13 July 2017 between our Company and the Sole Global Coordinator (for itself and on behalf of the Underwriters), the Global Offering will not proceed and will lapse accordingly.
6. Share certificates for the Hong Kong Offer Shares are expected to be issued on or before Friday, 14 July 2017 but will only become valid certificates of title at 8:00 a.m. on Monday, 17 July 2017 provided that (a) the Global Offering has become unconditional in all respects; and (b) none of the Underwriting Agreements has been terminated in accordance with its terms.
7. Applicants for 1,000,000 Hong Kong Offer Shares or more on **WHITE** Application Forms or through the **eWhite Form** may collect refund cheques (where relevant) and/or Share certificates (where relevant) from our Hong Kong Branch Share Registrar, Boardroom Share Registrars (HK) Limited from 9:00 a.m. to 1:00 p.m. on Friday, 14 July 2017 or any other day that we publish in the newspaper as the date of sending Share certificates/e-Refund payment instructions/refund cheques.  
Individuals who are eligible for personal collection must not authorise any other person(s) to make collection on their behalf. Corporate applicants which opt for personal collection must attend by their authorised representative(s) bearing a letter of authorisation from such corporation(s) stamped with the corporation's chop. Both individuals and authorised representatives (if applicable) must produce, at the time of collection, evidence of identity acceptable to our Hong Kong Branch Share Registrar. Applicants for 1,000,000 Hong Kong Offer Shares or more on **YELLOW** Application Forms may collect their refund cheques, if any, in person but may not elect to collect their Share certificates personally, which will be deposited into CCASS for the credit of their designated CCASS Participants' stock accounts or CCASS Investor Participants' stock accounts, as appropriate. The procedures for collection of refund cheques for **YELLOW** Application Form applicants are the same as those for **WHITE** Application Form applicants.

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## EXPECTED TIMETABLE

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Applicants who apply through the **eWhite Form** and paid their applications monies through single bank account may have refund monies (if any) dispatched to their application payment bank account, in the form of e-Refund payment instructions. Applicants who apply through the **eWhite Form** and paid their application monies through multiple bank accounts may have refund monies (if any) dispatched to the address as specified in their application instructions to the **eWhite Form** Service Provider, in the form of refund cheques, by ordinary post at their own risk.

Uncollected Share certificates and refund cheques (if any) will be sent by ordinary post at the applicant's own risk to the address specified in the relevant Application Form. Applicants should read the paragraph headed "How to Apply for the Hong Kong Offer Shares — 14. Despatch/Collection of Share Certificates and Refund Monies" in this prospectus for further information.

8. Refund cheques/e-Refund payment instructions will be sent in respect of wholly or partially unsuccessful applications and in respect of successful applications if the final Offer Price is less than the maximum Offer Price of HK\$1.00 per Offer Share.

For details of the structure of the Global Offering, including conditions of the Global Offering, applicants should read the section headed "Structure of the Global Offering" in this prospectus.



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### IMPORTANT NOTICE TO INVESTORS

*This prospectus is issued by our Company solely in connection with the Global Offering and does not constitute an offer to sell or a solicitation of an offer to buy any security other than the Offer Shares offered by this prospectus pursuant to the Global Offering. This prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in any other jurisdiction or in any other circumstances. No action has been taken to permit a public offering of the Offer Shares or the distribution of this prospectus in any jurisdiction other than Hong Kong.*

*You should rely only on the information contained in this prospectus and the Application Forms to make your investment decision. We, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Sole Sponsor and the Underwriters have not authorised anyone to provide you with information that is different from what is contained in this prospectus. Any information or representation not made in this prospectus must not be relied on by you as having been authorised by us, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Sole Sponsor, any of the Underwriters, any of their respective directors, officers, representatives or advisors or any other person involved in the Global Offering.*

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## SUMMARY

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*This summary aims to give you an overview of the information contained in this prospectus. Since this is a summary, it does not contain all the information that may be important to you. You should read the whole prospectus before you decide to invest in the Offer Shares. There are risks associated with any investment. Some of the particular risks in investing in the Offer Shares are set out in the section headed "Risk Factors" in this prospectus. You should read that section carefully before you decide to invest in the Offer Shares.*

### BUSINESS OVERVIEW

Established in 1999, we are a construction company principally providing foundation works and ancillary services, as well as general building works in Hong Kong. Our revenue derived from foundation works and ancillary services and general building works amounted to approximately HK\$448.7 million, HK\$628.7 million, and HK\$715.0 million, respectively during the Track Record Period, representing a CAGR of approximately 26.2% from the year ended 31 December 2014 to 31 December 2016. According to the CIC Report, as at 31 December 2016, we were one of the two foundation companies which were capable of performing frictional pre-bored H-piling works in Hong Kong. This piling technology is more environmental-friendly compared to others as it generates less vibration and noise during operation.

We are registered as a specialist contractor in the categories of foundation, site formation and demolition and registered as a general building contractor with the Buildings Department in Hong Kong. We are also on the list of approved suppliers of materials and specialist contractors for public works (Group II of the "Land Piling" category for minipile, steel H-pile and rock-socketed steel H-pile in pre-bored hole) with the Development Bureau. In addition, we are on the list of registered subcontractor with the Construction Industry Council (建造業議會) with trade specialty in foundation, demolition and other general civil works. These registrations are the prerequisite for us to carry out the relevant types of construction works. For further information, please see the section headed "Laws and Regulations" in this prospectus.

We mainly serve customers in Hong Kong from the private sector but we also serve customers from the public sector. During the Track Record Period, we completed 61 projects involving foundation works and ancillary services, and three projects involving general building works. During the Track Record Period, our total revenue from these two types of construction works amounted to approximately HK\$1,182.1 million and HK\$610.3 million, respectively. During the Track Record Period, we primarily acted as the main contractor in our projects, and to a lesser extent, served our customers as subcontractors. As at the Latest Practicable Date, the aggregate contract sum for our contracts on hand (including contracts in progress and contracts of which our work has yet to commence) amounted to approximately HK\$2,035.3 million.

We source our projects mainly by tenders where we act as a main contractor, and by direct approach by the main contractor where we act as a subcontractor. We generally adopt a cost-plus pricing model and determine the tender price taking into consideration of various factors.

Historically and up until October 2014, our Group undertook construction projects in Hong Kong only. In October 2014, our Group entered into a construction contract in Saipan as main contractor, providing foundation works and ancillary services and general building works for the Saipan Project, which consists of a designed capacity of 300-room hotel, with the total contract sum of approximately US\$96.4 million. The Saipan Project is the largest project (in terms of contract sum) we had ever undertaken. The foundation works lasted from May 2015 to October 2015. The general building works commenced in May 2016 and is expected to complete in or around February 2018. During the Track Record Period, we have recognised revenue of nil, approximately HK\$115.7 million and HK\$58.3 million for the Saipan Project, respectively,



## SUMMARY

representing 0%, approximately 18.4% and 8.1% of our total revenue, respectively. We expect to recognise a substantial portion of the revenue from the Saipan Project in 2017. However, going forward, we intend to focus our business in Hong Kong and our Group currently does not have any intention to operate outside Hong Kong after completion of the Saipan Project.

The table below sets out a breakdown of our Group's revenue by business segments during the Track Record Period:

Segments	Year ended 31 December					
	2014		2015		2016	
	(HK\$ million)	%	(HK\$ million)	%	(HK\$ million)	%
<b>Construction works</b>						
Foundation works and ancillary services . . . . .	385.4	85.9	426.3	67.8	370.4	51.8
General building works . . . . .	63.3	14.1	202.4	32.2	344.6	48.2
Sub-total . . . . .	448.7	100	628.7	100	715.0	100
<b>Trading of piles . . . . .</b>	—	—	—	—	0.1	—
<b>Total . . . . .</b>	<b>448.7</b>	<b>100</b>	<b>628.7</b>	<b>100</b>	<b>715.1</b>	<b>100</b>

The following table sets forth a breakdown of our Group's gross profit and gross profit margin by the type of construction works during the Track Record Period:

	Year ended 31 December					
	2014		2015		2016	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	HK\$'000	%	HK\$'000	%	HK\$'000	%
Foundation works and ancillary services . . . . .	86,857	22.5	124,809	29.3	86,727	23.4
General building works . . . . .	3,085	4.9	(5,084)	(2.5)	39,740	11.5
<b>Total . . . . .</b>	<b>89,942</b>	<b>20.0</b>	<b>119,725</b>	<b>19.0</b>	<b>126,467</b>	<b>17.7</b>

We have recorded gross loss from general building works of approximately HK\$5.1 million for the year ended 31 December 2015, which was mainly due to one of our loss-making projects in Castle Peak Road for which loss was recognised starting from the second half of 2015 and throughout the year ended 31 December 2016. Further details of the loss-making projects are set out in the paragraph headed "Business — Construction Projects — Loss-making projects" in this prospectus.

We have recorded an increasing proportion of our revenue generated from general building works compared to foundation works and ancillary services during the Track Record Period. Going forward, we expect to continue to focus on foundation works and ancillary services while undertaking more general building works when presented with an opportunity. Our Directors consider that undertaking more general building works will not have a material impact on our overall gross profit margin since gross profit margin of construction projects are affected by a number of factors, including scope of work, technical complexity, geological conditions of the work sites, variation orders and/or work programme, and therefore vary from project to project.

## SUMMARY

The table below sets out a breakdown of our Group's revenue, gross profit and gross profit margin from construction contracts by sector during the Track Record Period:

Revenue	Year ended 31 December											
	2014				2015				2016			
	Revenue		Gross profit	Gross profit margin	Revenue		Gross profit	Gross profit margin	Revenue		Gross profit	Gross profit margin
	(HK\$ million)	%	(HK\$'000)	%	(HK\$ million)	%	(HK\$'000)	%	(HK\$ million)	%	(HK\$'000)	%
Private sector . . .	384.2	85.6	71,422	18.6	543.5	86.4	91,587	16.9	569.0	79.6	73,250	12.9
Public sector . . .	64.5	14.4	18,520	28.7	85.2	13.6	28,138	33.0	146.0	20.4	53,217	36.4
Total . . . . .	<u>448.7</u>	<u>100</u>	<u>89,942</u>	<u>20.0</u>	<u>628.7</u>	<u>100</u>	<u>119,725</u>	<u>19.0</u>	<u>715.0</u>	<u>100.0</u>	<u>126,467</u>	<u>17.7</u>

The table below sets out a breakdown of our Group's revenue, gross profit and gross profit margin by reference to our role in the projects during the Track Record Period:

Role	Year ended 31 December											
	2014				2015				2016			
	Revenue		Gross profit	Gross profit margin	Revenue		Gross profit	Gross profit margin	Revenue		Gross profit	Gross profit margin
	(HK\$ million)	%	(HK\$'000)	%	(HK\$ million)	%	(HK\$'000)	%	(HK\$ million)	%	(HK\$'000)	%
Main contractor . .	337.0	75.1	52,751	15.7	505.9	80.5	85,713	16.9	553.2	77.4	69,033	12.5
Subcontractor . . .	111.7	24.9	37,191	33.3	122.8	19.5	34,012	27.7	161.8	22.6	57,434	35.5
Total . . . . .	<u>448.7</u>	<u>100</u>	<u>89,942</u>	<u>20.0</u>	<u>628.7</u>	<u>100</u>	<u>119,725</u>	<u>19.0</u>	<u>715.0</u>	<u>100.0</u>	<u>126,467</u>	<u>17.7</u>

The table below sets out a breakdown of our Group's revenue from construction contracts by geographical location during the Track Record Period:

Geographical location	Year ended 31 December							
	2014		2015		2016			
	(HK\$ million)	%	(HK\$ million)	%	(HK\$ million)	%		
Hong Kong . . . . .	448.7	100.0	513.0	81.6	656.7	91.8		
Saipan . . . . .	—	—	115.7	18.4	58.3	8.2		
Total . . . . .	<u>448.7</u>	<u>100.0</u>	<u>628.7</u>	<u>100.0</u>	<u>715.0</u>	<u>100.0</u>		

### CUSTOMERS, SUPPLIERS AND SUB-CONTRACTORS

#### Customers

We have customers in two sectors: public and private. During the years ended 31 December 2014, 2015 and 2016 respectively, our five largest customers by affiliated group accounted for approximately 64.7%, 58.6% and 57.8% of our revenue, respectively, and our largest customer by affiliated group accounted for approximately 23.2%, 22.5% and 17.0% of our revenue, respectively. For further details, please see the paragraph headed "Business — Customers" in this prospectus.

## SUMMARY

### Suppliers

Our suppliers mainly provide us with concrete, steel bar, diesel and other metal materials. For the years ended 31 December 2014, 2015 and 2016, we incurred approximately HK\$87.9 million, HK\$111.2 million and HK\$149.8 million, respectively in construction materials costs, representing approximately 24.5%, 21.8% and 25.5% respectively of our total direct costs. As at the Latest Practicable Date, there were approximately 37 suppliers on our list of approved suppliers. We review and update the list periodically. For the years ended 31 December 2014, 2015 and 2016, the purchase from our largest supplier amounted to approximately HK\$18.3 million, HK\$22.8 million and HK\$67.8 million, representing approximately 5.1%, 4.5% and 11.5% respectively of our total direct costs. For the same period, the purchase from our top five suppliers amounted to approximately HK\$43.8 million, HK\$58.6 million and HK\$118.6 million, representing approximately 12.2%, 11.5% and 20.2% respectively of our total direct costs.

### Subcontractors

To better ensure our work quality and to avoid over-reliance from external parties, it is our strategy to carry out works by ourselves, especially in foundation works, in all core phases of the project cycle. However, as the entire process of a construction project involves many kinds of works, we also subcontract works to subcontractors. During the years ended 31 December 2014, 2015 and 2016, our subcontracting charges amounted to approximately HK\$103.6 million, HK\$239.2 million and HK\$280.6 million, respectively, representing approximately 28.9%, 47.0% and 47.7%, respectively of our total direct costs. The significant increase in subcontracting charges for the years ended 31 December 2014, 2015 and 2016 was primarily due to the increase in the number of our general building works projects for which we generally act as main contractor and outsource a substantial part of our construction works after taking into account the availability of our labour and machinery resources. For further details, please see the paragraphs headed “Business — Suppliers and Subcontractors” and “Financial Information — Description of Selected Items in Combined Statements of Profit or Loss and Other Comprehensive Income — Direct costs” in this prospectus.

### TENDERS SUBMITTED DURING THE TRACK RECORD PERIOD

The table below sets out the number of projects tendered for and awarded to our Group in Hong Kong during the Track Record Period by nature:

Year ended 31 December	Foundation works and ancillary services	Average contract sum <sup>(1)</sup> <i>(HK\$ million)</i>	General building works	Average contract sum <sup>(1)</sup> <i>(HK\$ million)</i>	Total	Average contract sum <sup>(1)</sup> <i>(HK\$ million)</i>
<b>2014</b>						
Total number of projects tendered for . . . .	110	23.6	4	108.5	114	26.6
Total number of projects awarded <sup>(2)</sup> . . . . .	15	6.7	1	155.9	16	16.0
Success rate . . . . .	13.6%		25.0%		14.0%	
<b>2015</b>						
Total number of projects tendered for . . . .	94	47.9	10	117.0	104	54.6
Total number of projects awarded <sup>(2)</sup> . . . . .	9	19.7	1	80.7	10	25.8
Success rate . . . . .	9.6%		10.0%		9.6%	
<b>2016</b>						
Total number of projects tendered for . . . .	60	19.2	15	263.6	75	68.1
Total number of projects awarded <sup>(2)</sup> . . . . .	7	2.7	5	122.8	12	52.8
Success rate . . . . .	11.7%		33.3%		16.0%	

## SUMMARY

*Notes:*

1. Average contract sum is the total contract sum of new projects awarded divided by the number of new projects awarded during the relevant period.
2. Not all of our constructions projects were awarded to us through tendering. The total number of projects awarded represents number of those projects awarded to us after tendering, which may differ from those disclosed in the paragraph headed "Project backlog during the Track Record Period" in this section. The total number of projects awarded does not include projects tendered in preceding year which are awarded in current year.

The table below sets out the breakdown of new contracts entered into during the Track Record Period by range of contract sum:

<b>Contract sum</b>	<b>Year ended 31 December</b>		
	<b>2014</b>	<b>2015</b>	<b>2016</b>
<i>Foundation works and ancillary services</i>			
Under HK\$10,000,000 . . . . .	19	7	7
HK\$10,000,000–30,000,000 . . . . .	9	6	4
HK\$30,000,000–60,000,000 . . . . .	1	1	—
HK\$60,000,000–90,000,000 . . . . .	1	1	—
Over HK\$90,000,000 . . . . .	1	—	—
	<u>31</u>	<u>15</u>	<u>11</u>
<i>General building works</i>			
Under HK\$10,000,000 . . . . .	—	—	—
HK\$10,000,000–30,000,000 . . . . .	—	—	2
HK\$30,000,000–60,000,000 . . . . .	—	—	—
HK\$60,000,000–90,000,000 . . . . .	—	1	1
Over HK\$90,000,000 . . . . .	2 <sup>(2)</sup>	1	4
	<u>2<sup>(2)</sup></u>	<u>2</u>	<u>7</u>
<b>Total . . . . .</b>	<b><u>33</u></b>	<b><u>17</u></b>	<b><u>18</u></b>

*Notes:*

1. The number of new contracts entered into represents the number of new contracts awarded to us during the relevant year or period indicated, including those projects tendered in the preceding year which are awarded in the relevant year or period.
2. The Saipan Project was categorised as a project of general building works only in calculating our number of new contracts as the majority of works involved are general building works.

## SUMMARY

### PROJECT BACKLOG DURING THE TRACK RECORD PERIOD

The following table sets out the movement of the number of our projects during the Track Record Period:

	Year ended 31 December		
	2014	2015	2016
<b>Opening number of projects</b> <sup>(1)</sup>			
Foundation works and ancillary services . . . . .	24	38	31
General building works . . . . .	1	3	5
<b>Number of new projects</b> <sup>(2)</sup>			
Foundation works and ancillary services . . . . .	31	15	11
General building works . . . . .	2 <sup>(5)</sup>	2	7
<b>Number of completed projects</b> <sup>(3)</sup>			
Foundation works and ancillary services . . . . .	17	22	22
General building works . . . . .	—	—	3
<b>Ending number of projects</b> <sup>(4)</sup>			
Foundation works and ancillary services . . . . .	38	31	20
General building works . . . . .	3	5	9

*Notes:*

1. Opening number of projects means the number of awarded projects which were not completed as of the beginning of the relevant year or period indicated.
2. Number of new projects means the number of new projects awarded to us during the relevant year or period indicated, including those projects tendered in preceding year which are awarded in the relevant year or period.
3. Number of completed projects means the number of projects (i) where the certificates of practical completion have been issued by the consultant or architect appointed by our customers; or (ii) we have agreed with our customers on practical completion by exchange of correspondence; or (iii) we have handed over the project site to our customer during the relevant year or period indicated.
4. Ending number of projects equals to the opening number of projects plus number of new projects minus number of completed projects during the relevant year or period indicated.
5. The Saipan Project was categorised as a project of general building works only in calculating our project backlog as the majority of works involved are general building works.

## SUMMARY

The following table sets out the movement of backlog of our projects during the Track Record Period:

	Year ended 31 December		
	2014	2015	2016
	<i>(HK\$ million)</i>	<i>(HK\$ million)</i>	<i>(HK\$ million)</i>
<b>Opening value of backlog</b>			
Foundation works and ancillary services . . . . .	410.0	562.1	421.5
General building works . . . . .	112.9	847.4	895.2
<b>Contract sum of new projects<sup>(1)</sup></b>			
Foundation works and ancillary services . . . . .	537.5 <sup>(3)</sup>	285.7	65.2
General building works . . . . .	797.8 <sup>(3)</sup>	250.2	654.9
<b>Revenue recognised</b>			
Foundation works and ancillary services . . . . .	385.4	426.3	370.4
General building works . . . . .	63.3	202.4	344.6
<b>Ending value of backlog<sup>(2)</sup></b>			
Foundation works and ancillary services . . . . .	562.1	421.5	116.3
General building works . . . . .	847.4	895.2	1,205.5

*Notes:*

1. Contract sum of new projects represents the total contract sum of new projects awarded to us during the relevant year or period indicated, including contract sum of those projects tendered in preceding year which are awarded in the relevant year or period. The contract sum takes into account the additional works or variation orders (if any) certified by the architect appointed by our customers.
2. Ending value of backlog equals to the opening value of backlog plus contract sum of new projects minus revenue recognised during the relevant year or period indicated.
3. The total contract sum of approximately US\$96.4 million of the Saipan Project was divided into approximately HK\$115.7 million as foundation works and ancillary services and approximately HK\$636.2 million as general building works, as the work process of the Saipan Project was divided into these two parts.

We expect to recognise revenue of approximately HK\$1,126.6 million for the year ending 31 December 2017 from our projects in backlog as of 31 December 2016, of which HK\$465.8 million or 41.3% will be from the Saipan Project.

### LOSS-MAKING PROJECTS

During the Track Record Period, we have recognised losses in one, three and nil of our projects, respectively. The total accumulated losses amounted to approximately HK\$36.4 million. In one of these projects, the architect appointed by our customer indicated that, as at the Latest Practicable Date, our customer claimed that it was entitled to deduct a sum of approximately HK\$21.1 million for liquidated damages (“LD Claim”), in addition to the liquidated damages of approximately HK\$2.0 million already deducted by our customer. The LD Claim was incurred because completion of the project was delayed, which was mainly due to our dispute with a subcontractor. We have engaged an external contract consultant to assess the exposure of the potential LD Claim. Based on the opinion of the contract consultant, our Directors consider that the likelihood of being liable to such LD Claim is highly unlikely.

Other reasons for the loss comprise technical difficulties and change of design requested by the architect or customer. For further details, including the amount of losses associated with the loss-making projects, please see the paragraphs headed “Risk Factors — Risks Relating to



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## SUMMARY

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Our Business — Our projects in relation to foundation works are generally subject to different and greater risks in execution than those in relation to other segments” and “Business — Construction Projects — Loss-making projects” in this prospectus.

### **COMPETITIVE LANDSCAPE OF THE FOUNDATION AND GENERAL BUILDING WORKS INDUSTRY IN HONG KONG**

According to the CIC Report, as of 31 March 2017, there were 43 contractors on the list of Approved Suppliers of Materials and Specialist Contractor for Public Works under the “Land Piling” category of the Development Bureau. There were 149 contractors on the list of Specialist Contractors (Sub-register of Foundation Works Category) of the Buildings Department as of 31 March 2017. Top five foundation works contractors represented approximately 56.0% of the total revenue of the foundation works industry in Hong Kong in 2016. Our Group recorded revenue of approximately HK\$370.4 million from the segment of foundation works and ancillary services in Hong Kong with a market share of approximately 2.1% in 2016. Top five general building works contractors represented approximately 28.4% of the total revenue of the general building works industry in Hong Kong in 2016. Our Group recorded revenue of HK\$286.3 million from the segment of general building works in Hong Kong with a market share of approximately 0.3% in 2016. For further details, please see the paragraph headed “Industry Overview — Competitive Landscape of the Foundation and General Building Works Industry in Hong Kong” in this prospectus.

### **COMPETITIVE STRENGTHS AND BUSINESS STRATEGIES**

Our Directors believe that our Group possesses the following competitive strengths which are described in more details in the paragraph headed “Business — Competitive Strengths” in this prospectus:

- we have well-established reputation and proven track record;
- we possess a wide range of qualifications to capture business opportunities;
- we possess advanced and environmental-friendly piling technical knowhow;
- we have self-owned machinery with in-house modification capability;
- we have established long-term relationships with diversified customers, subcontractors and suppliers; and
- we have an experienced management team and long-serving staff.

Our principal business objective is to achieve sustainable growth in our current business and to strengthen our capability to capture more business opportunities by executing the following strategies:

- strengthen our Hong Kong market position to capture more sizeable and profitable projects;
- acquire additional machinery and equipment to upgrade and replace some of our aged machinery; and
- strengthen our capital base for the issue of surety bonds.

For more details, please see the paragraph headed “Business — Business Strategies” in this prospectus.

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## SUMMARY

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### CONTROLLING SHAREHOLDERS

Immediately following completion of the Global Offering, Condover Assets will control more than 30% of the issued share capital of our Company. For the purpose of the Listing Rules, Condover Assets is our Controlling Shareholder. Condover Assets is an investment holding company owned as to one-third by each of Dr. Kan, Mr. SM Lee and Mr. Wong respectively. As at the Latest Practicable Date, Condover Assets has not commenced any substantive business activities. Pursuant to the Deed of Confirmation, each of Dr. Kan, Mr. SM Lee and Mr. Wong has agreed to consult each other and reach a unanimous consensus among themselves on such matters being the subject matters of any shareholders' and board of directors' resolution, including financial and operational matters, before putting forward such resolution to be passed at any shareholders' and board of directors' meeting of our Company, Smart City Engineering, Smart City Engineering Holdings, WWW Concrete (Saipan), WWW Construction, WWW Construction Holdings, WWW Construction (Saipan), WWW Investment Holdings, WWW Materials, WWW Materials Holdings and WWW Quarry (Saipan). Accordingly, Dr. Kan, Mr. SM Lee and Mr. Wong are acting together as a group of Controlling Shareholders.

Each of Dr. Kan, Mr. SM Lee, Mr. Wong and Condover Assets confirms that he or it does not hold or conduct any business which competes, or is likely to compete, either directly or indirectly, with the business of our Group. For further details, please see the paragraph headed "Relationship With Controlling Shareholders — Controlling Shareholders of Our Company" in this prospectus.

### SUMMARY OF FINANCIAL AND OPERATING INFORMATION

The following table sets forth the key financial information as extracted from the combined statements of profit or loss and other comprehensive income, combined statements of financial position and combined cash flow statements during the Track Record Period:

	Year ended 31 December		
	2014	2015	2016
	HK\$'000	HK\$'000	HK\$'000
<b>Revenue</b> . . . . .	448,719	628,732	715,107
Direct costs . . . . .	(358,777)	(509,007)	(588,573)
<b>Gross profit</b> . . . . .	89,942	119,725	126,534
Other income . . . . .	800	999	1,143
General and administrative expenses . . . . .	(34,564)	(50,867)	(70,032)
<b>Profit from operations</b> . . . . .	56,178	69,857	57,645
Finance costs . . . . .	(2,292)	(2,415)	(2,358)
<b>Profit before taxation</b> . . . . .	53,886	67,442	55,287
Income tax . . . . .	(9,229)	(13,115)	(13,150)
<b>Profit for the year</b> . . . . .	<u>44,657</u>	<u>54,327</u>	<u>42,137</u>
Excluding listing expenses . . . . .	—	(6,772)	(19,316)
<b>Adjusted profit</b> . . . . .	<u>44,657</u>	<u>61,099</u>	<u>61,453</u>

## SUMMARY

*Note:*

The term adjusted profit for the year is not defined under HKFRS.

	<b>As at 31 December</b>		
	<b>2014</b>	<b>2015</b>	<b>2016</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current assets . . . . .	45,566	37,196	17,494
Current assets . . . . .	331,348	401,212	321,403
Current liabilities . . . . .	174,263	192,842	203,694
Net current assets . . . . .	157,085	208,370	117,709
Non-current liabilities . . . . .	28,281	18,431	9,339
Net assets . . . . .	174,370	227,135	125,864

Our direct costs primarily consist of construction material costs, subcontracting charges and labour costs.

For the years ended 31 December 2014, 2015 and 2016, our total revenue amounted to approximately HK\$448.7 million, HK\$628.7 million and HK\$715.1 million, respectively, representing a CAGR of approximately 26.2% over the three years ended 31 December 2016. For the years ended 31 December 2014, 2015 and 2016, our profit amounted to approximately HK\$44.7 million, HK\$54.3 million and HK\$42.1 million, respectively. The decrease in profit for the year ended 31 December 2016 was primarily due to the increase in listing expenses incurred during 2016.

For reasons of the fluctuation of our historical results of operations, please see the paragraph headed “Financial Information — Review of Historical Results of Operations” in this prospectus.

The following table summarises our combined cash flows statements for the Track Record Period:

	<b>Year ended 31 December</b>		
	<b>2014</b>	<b>2015</b>	<b>2016</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Cash and cash equivalents at the beginning of the year . . . . .</b>	<b>5,632</b>	<b>13,706</b>	<b>13,804</b>
Net cash generated from operating activities . . . . .	109,125	15,946	27,323
Net cash (used in)/generated from investing activities . . . . .	(104,426)	(48,277)	72,751
Net cash generated from/(used in) financing activities . . . . .	3,375	32,429	(94,377)
<b>Net increase in cash and cash equivalents . . . . .</b>	<b>8,074</b>	<b>98</b>	<b>5,697</b>
<b>Cash and cash equivalents at the end of the year . . . . .</b>	<b>13,706</b>	<b>13,804</b>	<b>19,501</b>

For further details and analysis of our financial information, please see the “Financial Information” section in this prospectus.

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## SUMMARY

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### KEY FINANCIAL RATIOS

The following table sets forth our key financial ratios as at each of the dates indicated:

	Year ended 31 December		
	2014	2015	2016
Gross profit margin (%) . . . . .	20.0	19.0	17.7
Net profit margin (%) . . . . .	10.0	8.6	5.9
Return on equity (%) . . . . .	25.6	23.9	33.5
Return on total assets (%) . . . . .	11.8	12.4	12.4

	As at 31 December		
	2014	2015	2016
Current ratio . . . . .	1.9	2.1	1.6
Gearing ratio (%) <sup>1</sup> . . . . .	30.0	34.2	36.5
Net debt to equity ratio (%) . . . . .	22.2	28.1	21.0
Interest coverage ratio . . . . .	24.5	28.9	24.4

Note:

1. We calculated the gearing ratios as at 31 December 2014, 2015 and 2016 based on the total debt (which includes bank loans and obligations under finance leases) divided by total equity as at the respective dates and multiplied by 100%.

Our net profit margin decreased for the years ended 31 December 2015 and 2016, mainly because direct costs and general and administrative expenses, especially the listing expenses, increased more than revenue in terms of percentage, mainly resulting from increase in subcontracting fees, which was in line with the decrease in our gross profit margin. The decline in our overall gross and net profit margin during the Track Record Period was mainly attributable to (i) the declining trend in our gross and net profit margin for general building works during the Track Record Period; and (ii) the non-recurring listing related expenses incurred for the years ended 31 December 2015 and 2016.

Our Directors are of the view that the declining trend is not expected to continue going forward since the listing related expenses incurred for the years ended 31 December 2015 and 2016 are non-recurring in nature. As to the declining trend in our gross and net profit margin for general building works, our Directors do not expect such trend to continue (i) since the decline was mainly due to our loss-making project in Castle Peak Road for which loss was recognised starting from the second half of 2015 and throughout the year ended 31 December 2016. Further details of the loss-making projects are set out in the paragraph headed “Business — Construction Projects — Loss-making projects” in this prospectus; and (ii) due to our Directors’ estimation of the gross profit margin based on our projects in backlog as of 31 December 2016.

Our gearing ratio was relatively low as at 31 December 2014, mainly due to the relatively high level of total equity as a result of the increase in accumulated undistributed profits and share capital of certain subsidiaries, compared with the low level of total debt. The relatively high gearing ratio as at 31 December 2016 was as a result of the low level of equity due to the declaration and payment of dividends.

For calculation, further details and analysis of key financial ratios, please see the paragraph headed “Financial Information — Key Financial Ratios” in this prospectus.

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## SUMMARY

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### RECENT DEVELOPMENT AND NO MATERIAL ADVERSE CHANGE

After the Track Record Period and up to the Latest Practicable Date, we continued to focus on our principal business of providing foundation works and ancillary services, as well as general building works in Hong Kong. As at the Latest Practicable Date, our Group had a total of 27 contracts on hand (including contracts in progress and contracts yet to be commenced) and the relevant awarded contract sum for these contracts on hand amounted to approximately HK\$2,035.3 million.

The largest contract sum out of these 27 contracts on hand, not taking into account contingent and/or provisional contract amounts, is approximately HK\$751.9 million, representing approximately 36.9% of the aggregate awarded contract sum for the contracts on hand as at the Latest Practicable Date. As at the Latest Practicable Date, the aggregate contract sums of the projects awarded to us but not commenced amounted to HK\$12.6 million. For further details please see the section headed “Business — Construction Projects” in this prospectus.

According to the CIC Report, the Hong Kong Government plans to increase the supply of residential land for public and private housing to meet the increasing demand for housing units and to stabilise the overheated properties market. The Hong Kong Government has set out a five-year plan to allocate more land for residential property development. Under this plan, the Hong Kong Government would provide around 290,000 public housing units. The Hong Kong Government would provide public land for projects launched by the Urban Renewal Authority and the MTR Corporation Limited. According to the 2016–17 Budget Speech, the Hong Kong Government has adopted the public housing supply target of 280,000 units to accommodate the growing demand by providing more land for the ten-year period from 2016–17 to 2025–26. These initiatives will drive the construction industry in Hong Kong, and the demand for construction services is expected to continue to increase in the next five years.

Our Directors concur with the view of the CIC Report. Our projects in progress continued to contribute revenue after the Track Record Period and our Directors are not aware of any material interruption of progress works, material delay or any other exceptional situation for our projects in progress. With the government’s supporting policy on increasing private housing supply as well as land for private housing use, the demand for building construction works as well as foundation works in Hong Kong is expected to continue to increase.

Save for the listing expenses, our Group did not have any significant non-recurring items in our combined statements of profit or loss and other comprehensive income after the Track Record Period. We do not expect the non-recurring listing expenses will have a material adverse impact on our results of operations for the year ending 31 December 2017 as discussed in the paragraph headed “Listing Expenses” in this section.

Our Directors confirmed that since 31 December 2016 and up to the date of this prospectus:

- (i) there had been no material adverse change in the market conditions or the industry and environment in which our Group operates that materially and adversely affect our financial and operating position;
- (ii) there was no material adverse change in the trading and financial position or prospect of our Group; and
- (iii) no event had occurred that would materially and adversely affect the information shown in the section headed “Accountants’ Report” in Appendix I to this prospectus.

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## SUMMARY

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### REASONS FOR LISTING

Our Directors believe that Listing will facilitate the implementation of our business strategies for continued growth and further business expansion. To continue to take advantage of the continued growth in the Hong Kong construction industry, we intend to (i) strengthen our position in Hong Kong to capture more sizeable and profitable projects; (ii) acquire new machinery and replace or upgrade old machinery; and (iii) strengthen our capital base. Our Directors believe that Listing is important and beneficial to our Company and our Shareholders as whole for various reasons. For further details, please see the paragraph headed “Future Plans and Use of Proceeds — Reasons for Listing” in this prospectus.

### FUTURE PLANS AND USE OF PROCEEDS

We estimate that the net proceeds from the Global Offering, after deducting underwriting fees and estimated total expenses paid and payable by us in connection thereto, to be approximately HK\$55.8 million before any exercise of the Over-allotment Option, assuming an Offer Price of HK\$0.90 per Share, being the mid-point of the proposed Offer Price range of HK\$0.80 to HK\$1.00 per Share. We intend to use such net proceeds as follows:

1. approximately 35.0%, or HK\$19.5 million, will be used to strengthen our Hong Kong market position to capture profitable projects:
  - Since 2012, we have implemented a strategy to proactively undertake more general building works projects, as a main contractor, from both private and public sectors. In our business model, more up-front costs are required in respect of general building works projects comparing to foundation projects, especially in terms of subcontracting charges. Please see the paragraph headed “Financial Information — Key Factors Affecting Our Results of Operations and Financial Condition — Fluctuations in costs directly attributable to our projects” for the sensitivity analysis of the hypothetical fluctuations in construction material costs, subcontracting charges and labour costs. With the net proceeds, we are able to carry out such strategy more effectively and cost-efficiently, and to cope with market fluctuations more easily.
  - After the Track Record Period and up to the Latest Practicable Date, we have submitted 32 tenders with an average contract sum of HK\$22.9 million. As at the Latest Practicable Date, the tendering process of those tenders are still on-going and the outcome has not yet been released. We will apply the portion of the net proceeds which is allocated to strengthen our Hong Kong market position to capture profitable projects, to the construction projects under those tenders, if awarded, depending on the timing of the project potentially to be awarded to us, and the excess will be financed through our internal resources;
2. approximately 35.0%, or HK\$19.5 million, will be used for financing for the issue of surety bonds for future projects;
3. approximately 20.0%, or HK\$11.2 million, will be used to acquire additional machinery and equipment to upgrade and replace some of our aged machinery; and
4. approximately 10.0%, or HK\$5.6 million, will be used as our Group’s general working capital.

For further details, please see the section headed “Future Plans and Use of Proceeds” in this prospectus.



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## SUMMARY

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### LISTING EXPENSES

We estimate that the total amount of listing expenses, commissions and the maximum incentive fee (if any), together with SFC transaction levy and Stock Exchange trading fee in connection with the Global Offering to be approximately HK\$59.4 million (based on the mid-point of our Offer Price range of HK\$0.90 for the Global Offering and assuming that the Over-allotment Option is not exercised), of which HK\$26.1 million has been charged to our combined profit or loss and HK\$7.8 million has been included in prepayments which will be further recognised as a deduction in equity upon completion of the Global Offering. We expect to incur additional listing expenses of HK\$25.5 million until the completion of the Global Offering, of which HK\$14.8 million is expected to be charged to our combined profit or loss for the year ending 31 December 2017 and HK\$10.7 million is expected to be recognised as a deduction in equity directly. We do not expect these expenses to have a material adverse impact on our results of operations for the year ending 31 December 2017.

### LEGAL PROCEEDINGS AND LEGAL COMPLIANCE

During the Track Record Period and up to the Latest Practicable Date, we had been involved in a number of claims, litigations and pending or threatened claims against our Group in the ordinary and usual course of our Group's business in respect of, among others, (i) five outstanding employees' compensation claims and/or personal injury claims; (ii) 35 potential employees' compensation claims and/or personal injury claims; (iii) six industrial safety charges arising from our Group's ordinary and usual course of business; and (iv) one legal proceedings with a subcontractor. For further details, please see the paragraph headed "Business — Legal Proceedings and Legal Compliance" in this prospectus.

### OFFER STATISTICS

	<b>Based on the minimum indicative Offer Price of HK\$0.80 per Offer Share</b>	<b>Based on the maximum indicative Offer Price of HK\$1.00 per Offer Share</b>
Market capitalisation at Listing <sup>(1)</sup> . . . . .	HK\$409.6 million	HK\$512.0 million
Unaudited pro forma adjusted net tangible assets per Share <sup>(2)</sup> . . . . .	HK\$0.38	HK\$0.43

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Notes:

1. The calculation of the market capitalisation of our Shares is based on 512,000,000 Shares in issue immediately after completion of the Global Offering but does not take into account any Shares which may be allotted and issued upon the exercise of the Over-allotment Option or exercise of options which may be granted under the Share Option Scheme, or any Shares which may be allotted or repurchased by our Company pursuant to the issuing mandate and the Repurchase Mandate.
2. The unaudited pro forma adjusted combined net tangible assets of our Group per Share has been prepared with reference to certain estimation and adjustment. Please see the section headed "Unaudited Pro Forma Financial Information" in Appendix II to this prospectus for further details.

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## SUMMARY

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### DIVIDEND

Our Company has not declared or distributed dividend since its incorporation up to and including the Latest Practicable Date. During the years ended 31 December 2014, 2015 and 2016, WWW Construction declared and settled non-recurring dividends of approximately HK\$10.0 million, nil and approximately HK\$143.6 million to WWW Holdings. Out of the dividends of approximately HK\$143.6 million for the year ended 31 December 2016, HK\$107.2 million was set off against the debt between WWW Holdings and WWW Construction, and HK\$36.4 million has been settled by internal resources of our Group on 28 June 2016.

Further details on the dividends to set off against the debts between WWW Holdings and WWW Construction are set out in the paragraph headed “History and Corporate Structure — Reorganisation” in this prospectus.

The recommendation of the payment of dividend is subject to the absolute discretion of our Board, and, after Listing, any declaration of final dividend for the year will be subject to the approval of our Shareholders. Our Directors may recommend a payment of dividend in the future after taking into account our operations, profits, financial condition, cash requirements and availability, capital expenditure and future development requirements and other factors as it may deem relevant at such time. The Company currently does not have a pre-determined dividend pay-out ratio.

### RISK FACTORS

There are certain risks relating to an investment in our Shares. These risks can be broadly categorised into: (i) risks relating to our business; (ii) risks relating to our industry; (iii) risks relating to our Shares and the Global Offering.

We believe that our major risks include:

- Our revenue is mostly derived from contracts awarded through competitive tendering which are not recurring in nature and there is no guarantee that we will succeed in our tender process or our customers will award new contracts to us in the future.
- Our projects in relation to foundation works are generally subject to different and greater risks in execution than those in relation to other segments.
- We place heavy reliance on the use of machinery in our foundation projects and any failure, damage or loss of our machinery may adversely affect our operations and financial performance.
- We have recognised loss in some of our projects during the Track Record Period.
- The price of our variation works may not be clearly determined.

A detailed discussion of the risk factors is set forth in the section headed “Risk Factors” in this prospectus. Prospective investors should read the “Risk Factors” section in its entirety before making any investment decision in the Offer Shares.

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## DEFINITIONS

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

“Application Form(s)”	the <b>WHITE</b> Application Form(s), <b>YELLOW</b> Application Form(s) and <b>GREEN</b> Application form(s) or, where the context so requires, any of them
“Articles” or “Articles of Association”	the amended and restated articles of association of our Company conditionally adopted on 23 June 2017 and effective on the Listing Date, as amended and supplemented from time to time
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Audit Committee”	the audit committee of our Board
“Board” or “Board of Directors”	the board of Directors of our Company
“Building Authority”	the Building Authority of the Hong Kong Government
“Buildings Department”	the Buildings Department of the Hong Kong Government
“Buildings Ordinance”	the Buildings Ordinance (Chapter 123 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Business Day”	any day (other than a Saturday, Sunday or public holiday) on which banks in Hong Kong are generally open for normal banking business
“BVI”	the British Virgin Islands
“CAGR”	compound annual growth rate
“Capitalisation Issue”	the issue of Shares to be made upon capitalisation of certain sums standing to the credit of the share premium account of our Company upon completion of the Global Offering
“Cayman Companies Law” or “Companies Law”	the Companies Law (as revised) of the Cayman Islands, as amended or supplemented or otherwise modified from time to time
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“CCASS Clearing Participant”	a person admitted to participate in CCASS as a direct clearing participant or general clearing participant
“CCASS Custodian Participant”	a person admitted to participate in CCASS as custodian participant

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## DEFINITIONS

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“CCASS Investor Participant”	a person admitted to participate in CCASS as investor participant who may be individual or joint individual or corporation
“CCASS Participant”	a CCASS Clearing Participant, a CCASS Custodian Participant or CCASS Investor Participant
“China” or “PRC”	the People’s Republic of China which, for the purposes of this prospectus only, excludes Hong Kong, Macau and Taiwan
“CIC”	China Insights Consultancy Limited, an independent professional market research and consulting company
“CIC Report”	the independent market research report in respect of the foundation and general building construction industry in Hong Kong and Saipan dated 30 June 2017 commissioned by our Company and issued by CIC
“CNMI”	the Commonwealth of the Northern Mariana Islands
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“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, supplemented or otherwise modified from time to time
“Company” and “our Company”	Win Win Way Construction Holdings Ltd. (恆誠建築控股有限公司), an exempted company with limited liability incorporated in the Cayman Islands on 5 October 2015
“Condover Assets”	Condover Assets Limited, a controlling shareholder of our Company and incorporated under the laws of the BVI with limited liability on 25 August 2015, which is wholly-owned as to approximately 33.33% by Dr. Kan, approximately 33.33% by Mr. SM Lee and approximately 33.33% by Mr. Wong
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Controlling Shareholder(s)”	the controlling shareholders of our Company, and in the case of our Company, refers to Condover Assets, and Dr. Kan, Mr. SM Lee and Mr. Wong as a group of Controlling Shareholders of our Company
“Deed of Confirmation”	a confirmatory deed entered into among Dr. Kan, Mr. SM Lee and Mr. Wong dated 21 December 2015. For further details, please see the paragraph headed “History and Corporate Structure — Deed of Confirmation” in this prospectus

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## DEFINITIONS

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“Deed of Indemnity”	the deed of indemnity dated 23 June 2017 entered into between the Controlling Shareholders and our Company, pursuant to which the Controlling Shareholders have given certain tax and other indemnities in favour of our Company, further particulars of which are set out in the paragraph headed “Statutory and General Information — Other Information — 14. Tax, estate duty and other indemnity” in Appendix IV to this prospectus
“Deed of Non-competition”	the deed of non-competition dated 23 June 2017 and given by the Controlling Shareholders in favour of our Company pursuant to which the Controlling Shareholders agreed not to, among other things, engage or participate in any business which is in competition with our business, further particulars of which are set out in the section headed “Relationship with Controlling Shareholders” in this prospectus
“Development Bureau”	the Development Bureau of the Hong Kong Government
“Directors” or “our directors”	the directors of our Company
“Dr. Kan”	Dr. Kan Hou Sek, Jim, a Controlling Shareholder of our Company upon Listing and our executive Director
“Dr. Kan’s Legal Advisers on the Building Summons”	Messrs. K.M. Lai & Li, solicitors
“Dr. Kan’s Legal Counsel on Bankruptcy”	Mr. Eric T.M. Kwok, S.C., barrister-at-law
“Employees’ Compensation Ordinance”	the Employees’ Compensation Ordinance (Chapter 282 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Environmental Protection Department”	the Environmental Protection Department of the Hong Kong Government
“Employment Ordinance”	the Employment Ordinance (Chapter 57 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Environment, Transport and Works Bureau”	the Environment, Transport and Works Bureau of the Hong Kong Government
“eWhite Form”	the application of Hong Kong Offer Shares for issue in the applicant’s own name by submitting applications online through the designated website at <a href="http://www.ewhiteform.com.hk">www.ewhiteform.com.hk</a>
“eWhite Form Service Provider”	the eWhite Form service provider designated by the Company, as specified on the designated website at <a href="http://www.ewhiteform.com.hk">www.ewhiteform.com.hk</a>

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## DEFINITIONS

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“GDP”	gross domestic product
“Global Offering”	the Hong Kong Public Offer and the International Offer
“Green Application Form(s)”	the application form(s) to be completed by the eWhite Form Service Provider
“Group”, “our Group”, “we” or “us”	our Company and its subsidiaries or any of them, or where the context otherwise requires, in respect of the period before our Company became the holding company of its present subsidiaries, such subsidiaries as if they were subsidiaries of our Company at the relevant time
“HKFRSs”	Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants
“HKSCC”	Hong Kong Securities Clearing Company Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
“HKSCC Nominees”	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC
“Honest Profit”	Honest Profit International Limited (誠澤國際有限公司), a company incorporated under the Laws of Hong Kong with limited liability on 16 September 2010, who is one of our customers and our related party
“Hong Kong” or “HKSAR” or “HK”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Branch Share Registrar”	Boardroom Share Registrars (HK) Limited, our Hong Kong branch share registrar and transfer office
“Hong Kong dollars”, “HK\$” or “cents”	Hong Kong dollars and cents, respectively, the lawful currency of Hong Kong
“Hong Kong Government”	the government of Hong Kong
“Hong Kong Offer Shares”	the 12,800,000 new Shares being initially offered by us for subscription pursuant to the Hong Kong Public Offer
“Hong Kong Public Offer”	the offer by us of the Hong Kong Offer Shares to the public in Hong Kong for subscription at the Offer Price, on and subject to the terms and conditions set out in this prospectus and the Application Forms, as further described in the section headed “Structure of the Global Offering” in this prospectus
“Hong Kong Underwriter(s)”	the underwriters listed in the section headed “Underwriting — Hong Kong Underwriters” in this prospectus, being the underwriters of the Hong Kong Public Offer



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## DEFINITIONS

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“Hong Kong Underwriting Agreement”	the underwriting agreement dated 29 June 2017 relating to the Hong Kong Public Offer entered into by, among others, our Company and the Hong Kong Underwriters, as further described in the section headed “Underwriting” in this prospectus
“Housing Authority”	the Hong Kong Housing Authority of the Hong Kong Government
“Independent Third Party(ies)”	a person who, as far as our Directors are aware after having made all reasonable enquiries, is not a connected person of our Company
“International Offer”	the conditional placing of the International Offer Shares by the International Underwriters for and on behalf of our Company to institutional, professional, corporate and other investors in Hong Kong and elsewhere in the world outside the United States at the Offer Price, on and subject to the terms and conditions under the International Underwriting Agreement, as further described in the section headed “Structure of the Global Offering” in this prospectus
“International Offer Shares”	115,200,000 new Shares being initially offered by us for subscription pursuant to the International Offer together with, where relevant, any additional Shares which may be issued by our Company pursuant to the exercise of the Over-allotment Option
“International Underwriter(s)”	the underwriters for the International Offer who are expected to enter into the International Underwriting Agreement
“International Underwriting Agreement”	the underwriting agreement relating to the International Offer to be entered into by, among others, our Company and the International Underwriters on or about the Price Determination Date, as further described in the section headed “Underwriting” in this prospectus
“Joint Bookrunners” or “Joint Lead Managers”	KGI Capital Asia Limited, Great Roc Capital Securities Limited and VMS Securities Limited
“KLW Holdings”	KLW Holdings Limited, a company incorporated under the laws of the BVI with limited liability on 25 August 2015, which is wholly-owned by Dr. Kan
“Latest Practicable Date”	20 June 2017, being the latest practicable date for the purpose of ascertaining certain information contained in this prospectus before its publication
“Listing”	the listing of the Offer Shares on the Stock Exchange
“Listing Date”	the date expected to be on or around 17 July 2017, on which the Shares are first listed and from which dealings in the Shares are permitted to take place on the Main Board of the Stock Exchange

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## DEFINITIONS

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“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended or supplemented from time to time
“Legal Advisers on Sub-contract”	Messrs. Hogan Lovells, solicitors
“Main Board”	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with the Growth Enterprise Market of the Stock Exchange
“Major Projects”	those major projects: (i) either the project value of which are greater than or equal to HK\$30.0 million; or (ii) in which frictional pre-bored H-piling was used
“Memorandum” or “Memorandum of Association”	the memorandum of association of our Company conditionally adopted on 23 June 2017 and effective on the Listing Date, as amended or supplemented from time to time
“MPF”	the Mandatory Provident Fund
“Mr. KL Lee	Mr. Lee Kai Lun, our Chairman and executive Director
“Mr. SM Lee”	Mr. Lee Sai Man, a Controlling Shareholder of our Company upon Listing and executive Director
“Mr. Wong”	Mr. Wong Siu Kwai, a Controlling Shareholder of our Company upon Listing and executive Director
“Mr. Wong’s Legal Counsel”	Ms. Vivien Chan, barrister-at-law
“Mr. Wong’s Senior Legal Counsel”	Mr. Ching Y. Wong, QC, SC, barrister-at-law, leading Mr. Peter T.K. Wong, barrister-at-law
“NRMM Regulation”	the Air Pollution Control (Non-road Mobile Machinery) (Emission) Regulation (Chapter 311Z of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Nomination Committee”	the nomination committee of the Board
“Offer Price”	the final offer price per Offer Share (exclusive of brokerage of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%) of not more than HK\$1.00 and expected to be not less than HK\$0.80, such price to be determined by agreement among the Sole Global Coordinator (for itself and on behalf of the Underwriters) and our Company on or before the Price Determination Date
“Offer Price range”	HK\$0.80 to HK\$1.00 per Offer Share

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## DEFINITIONS

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“Offer Share(s)”	the Hong Kong Offer Share(s) and the International Offer Share(s) together, where relevant, with any additional Share(s) issued pursuant to the exercise of the Over-allotment Option
“Over-allotment Option”	the option expected to be granted by us to the International Underwriters under the International Underwriting Agreement, exercisable by the Sole Global Coordinator (on behalf of the International Underwriters), pursuant to which we may be required to allot and issue up to 19,200,000 additional Shares (representing 15% of the number of Offer Shares initially being offered under the Global Offering) at the Offer Price, to, among other things, cover over-allocations in the International Offer, if any, as further described in the section headed “Structure of the Global Offering” in this prospectus
“Predecessor Companies Ordinance”	the Companies Ordinance (Chapter 32 of the Laws of Hong Kong) as in force from time to time before 3 March 2014
“Price Determination Date”	the date, expected to be on or about 7 July 2017, on which the Offer Price is expected to be fixed for the purpose of the Global Offering and, in any event, no later than 13 July 2017
“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 under the paragraph headed “History and Corporate Structure — Reorganisation” in this prospectus
“Repurchase Mandate”	the general unconditional mandate granted to our Directors by our Shareholders in relation to the repurchase of our Shares, further information on which is set forth in the paragraph headed “Statutory and General Information — Further information about our Company — 6. Repurchase of Shares” in Appendix IV to this prospectus
“Saipan”	a municipality of CNMI
“Saipan Legal Adviser”	King Law Office, LLC, our legal adviser as to CNMI law
“Saipan Project”	the construction project of a resort hotel located at San Antonio, Saipan, CNMI, which was awarded by Honest Profit as employer, to our Group as the main contractor
“SFC” or “Securities Futures Commission”	the Securities and Futures Commission of Hong Kong
“SFO” or “Securities and Futures Ordinance”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time

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## DEFINITIONS

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“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of our Company
“Shareholder(s)”	holder(s) of our Share(s)
“Share Option Scheme”	the share option scheme conditionally adopted by our Company on 23 June 2017, a summary of the principal terms of which is set out under the paragraph headed “Statutory and General Information — Other Information — 13. Share Option Scheme” in Appendix IV to this prospectus
“SKW Global”	SKW Global Holdings Limited, a company incorporated under the laws of the BVI with limited liability on 25 August 2015, which is wholly-owned by Mr. Wong
“Smart City Engineering”	Smart City Engineering Limited (駿城工程有限公司), our indirect wholly-owned subsidiary incorporated under the Laws of Hong Kong with limited liability on 19 January 2006
“Smart City Engineering Holdings”	Smart City Engineering Holdings Limited, our indirect wholly-owned subsidiary incorporated under the laws of the BVI with limited liability on 29 October 2014
“Sole Global Coordinator”	KGI Capital Asia 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 as defined in the SFO
“Sole Sponsor”	KGI Capital Asia 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 activity as defined in the SFO, acting as the sole sponsor to the Listing
“Stabilising Manager”	Great Roc Capital Securities Limited, a licensed corporation under the SFO to engage in type 1 (dealing in securities) and type 4 (advising on securities) regulated activity as defined in the SFO
“Stock Borrowing Agreement”	the stock borrowing agreement expected to be entered into between Condover Assets and the Stabilising Manager on or about the Price Determination Date
“Stock Exchange” or “HKEx”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“Substantial Shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Takeovers Code”	the Code on Takeovers and Mergers and Share Buy-backs issued by the SFC, as amended, supplemented or otherwise modified from time to time

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## DEFINITIONS

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“Track Record Period”	the period comprising the three financial years of our Group ended 31 December 2016
“Underwriter(s)”	the Hong Kong Underwriter(s) and the International Underwriter(s)
“Underwriting Agreements”	the Hong Kong Underwriting Agreement and the International Underwriting Agreement
“United States” or “U.S.” or “USA”	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
“U.S. Securities Act”	the United States Securities Act of 1933, as amended, supplemented or otherwise modified from time to time and the rules and regulations promulgated thereunder
“US\$” or “US\$” or “U.S. dollars”	United States dollars, the lawful currency of the United States of America
“WBDB”	the Works Branch of the Development Bureau
“WHITE Application Form(s)”	the application form(s) for use by the public who require(s) such Hong Kong Offer Shares to be issued in the applicant’s or applicants’ own name(s)
“WWW Concrete (Saipan)”	Win Win Way Concrete (Saipan), LLC, a limited liability company formed under the laws of the CNMI on 13 March 2015 and an indirect wholly-owned subsidiary of our Company
“WWW Construction”	Win Win Way Construction Co., Limited (恆誠建築工程有限公司), our indirect wholly-owned subsidiary incorporated under the laws of Hong Kong with limited liability on 7 May 1999
“WWW Construction Holdings”	Win Win Way Construction Holdings Co., Limited, our indirect wholly-owned subsidiary incorporated under the laws of the BVI with limited liability on 29 October 2014
“WWW Construction (Saipan)”	Win Win Way Construction Co. (Saipan), Inc., our indirect wholly-owned subsidiary incorporated under the laws of the CNMI with limited liability on 26 August 2014
“WWW Construction (Samoa)”	Win Win Way Construction Co., Limited, our indirect wholly-owned subsidiary incorporated in Samoa with limited liability on 24 June 2014
“WWW Holdings”	Win Win Way Holdings Limited (恆誠控股有限公司), a company incorporated under the laws of Hong Kong with limited liability on 18 September 2009
“WWW Investment”	Win Win Way Investment Limited, a company incorporated under the laws of the BVI with limited liability on 29 October 2014

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## DEFINITIONS

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“WWW Investment Holdings”	Win Win Way Investment Holdings Limited, a company incorporated under the laws of the BVI with limited liability on 31 July 2015 and a wholly-owned subsidiary of our Company
“WWW Materials”	Win Win Way Materials Supply Limited (恆誠物料有限公司), our indirect wholly-owned subsidiary incorporated under the laws of Hong Kong with limited liability on 20 October 2004
“WWW Materials Holdings”	Win Win Way Materials Holdings Limited, our indirect wholly-owned subsidiary incorporated under the laws of the BVI with limited liability on 29 October 2014
“WWW Quarry (Saipan)”	Win Win Way Quarry (Saipan), LLC, a limited liability company formed under the laws of the CNMI on 13 March 2015 and an indirect wholly-owned subsidiary of our Company
“YELLOW Application Form(s)”	the application form(s) for use by the public who require(s) such Hong Kong Offer Shares to be deposited directly into CCASS
“mm”	millimeter(s)
“sq.ft.” or “ft <sup>2</sup> ”	square foot (feet)
“sq.m.” or “m <sup>2</sup> ”	square metre(s)
“%”	per cent

*In this prospectus, unless the context otherwise requires, the terms “associate”, “close associate”, “connected person”, “connected transaction”, “controlling shareholder” and “core connected person” shall have the meanings given to such terms in the Listing Rules, unless the context otherwise requires.*

*For ease of reference, the names of Chinese laws and regulations, governmental authorities, institutions, natural persons or other entities (including certain of our subsidiaries) have been included in this prospectus in both the Chinese and English languages and if there is any inconsistency, the Chinese versions shall prevail. English translations of company names and other terms from the Chinese language are marked with “\*” and are provided for identification purposes only.*

*Unless expressly stated or otherwise required by the context, all data contained in this prospectus are 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.*

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## GLOSSARY OF TECHNICAL TERMS

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*This glossary contains explanations of certain terms and definitions used in this prospectus in connection with our Group and its business. The terms and their meanings may not correspond to standard industry meaning or usage of those terms.*

“Approved Specialist List”	List of Approved Suppliers of Materials and Specialist Contractors for Public Works as kept by the Development Bureau
“Authorised Signatory(ies)”	the appointed person(s) to act for a registered contractor for the purpose of the Buildings Ordinance
“BEAM” or “BEAM Plus”	an acronym for Building Environmental Assessment Method which is a green building assessment system to measure, improve and label the environmental performance of buildings
“bored pile”	a type of reinforced concrete pile mostly formed by machine excavation to the required level with reinforcement bar put in the bore hole and the hole filled with concrete subsequently
“CEDD”	Civil Engineering and Development Department
“dB”	decibel
“ELS”	excavation and lateral support
“foundation works”	mainly comprising minipiling, percussive piling, rock socketed in steel H-pile in pre-bored hole, together with pile cap
“HKCAS”	the Hong Kong Certification Body Accreditation Scheme
“ISO”	an acronym for a series of quality management and quality assurance standards published by International Organization for Standardization, a non-government organisation based in Geneva, Switzerland, for assessing the quality systems of business organisations
“ISO 9001”	quality management systems model published by ISO for quality assurance in design, development, production, installation and servicing
“main contractor”	in respect of a construction project, a contractor appointed by the project employer’s construction consultant, who generally oversees the progress of the entire construction project and delegate different work tasks of the construction to other contractors
“mini pile”	a type of pile which consists of one or more steel bars encased by grout inside a borehole, which in general does not exceed 400 mm in diameter



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## GLOSSARY OF TECHNICAL TERMS

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“OHSAS”	Occupational Health and Safety Assessment Specification, an international assessment specification for occupational health and safety management systems
“OHSAS 18001”	the requirements for occupational health and safety management system developed for managing health and safety risks associated with a business
“percussive piling”	a type of construction activity by sinking or driving a pile by direct or indirect hammering or other percussive means, comprising piling by the use of a drop hammer, diesel hammer, double acting hammer, single acting hammer, internal drop hammer, pneumatic hammer, steam hammer or other percussive device, other than a device that is portable and designed for operation while held by hand without any other form of support
“pile cap”	a reinforced concrete structure built on top of a pile or a group of piles for transmission of loads from the superstructure above to the pile or group of piles
“socketed H-pile(s)”	a type of pile formed by drilling holes on the ground and then insert a prefabricated steel H-pile into the borehole and subsequently grouting the hole with cementitious materials
“subcontractor”	in respect of a construction project, a subcontractor appointed by the main contractor or another subcontractor involved in the construction, who generally carries out specific work tasks of the construction
“superstructure”	the structure which is above ground
“Technical Director(s)”	in respect of any registered contractor which is a corporate entity, a director authorised by the board of directors of such contractor to ensure the works are carried out in accordance with the Buildings Ordinance

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## FORWARD-LOOKING STATEMENTS

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This prospectus contains forward-looking statements that are, by their nature, subject to significant risks and uncertainties. The forward-looking statements are contained principally in the sections headed “Summary”, “Risk Factors”, “Industry Overview”, “Business”, “Financial Information” and “Future Plans and Use of Proceeds” in this prospectus. These statements relate to events that involve known and unknown risks, uncertainties and other factors, including those listed under the section headed “Risk Factors” in this prospectus, which may cause our actual results, performance or achievements to be materially different from performance or achievements expressed or implied by the forward-looking statements. These forward-looking statements include, without limitation, statements relating to:

- our operations and business prospects;
- our business strategies and plan to achieve these strategies;
- our contracts on hand;
- our future debt levels and capital needs;
- the regulatory environment of our industry in general;
- our financial conditions and performance;
- the nature of, and potential for, future development of our business;
- future development in our industry; and
- our dividend policy.

The words “aim”, “anticipate”, “believe”, “can”, “could”, “estimate”, “expect”, “intend”, “may”, “might”, “plan”, “project”, “seek”, “will”, “would” and the negative of these terms and other similar expressions, as they relate to us, are intended to identify a number of these forward-looking statements. These forward-looking statements reflect our current views with respect to future events and are not a guarantee of future performance. Actual results may differ materially from information contained in the forward-looking statements as a result of a number of uncertainties and factors, including the risk factors described in the section headed “Risk Factors” in this prospectus. One or more of these risks or uncertainties may materialise.

Subject to the requirements of applicable laws, rules and regulations, we do not have any obligation to update or otherwise revise the forward-looking statements in this prospectus, whether as a result of new information, future events or otherwise. As a result of these and other risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this prospectus might not occur in the way we expect, or at all. Accordingly, you should not place undue reliance on any forward-looking information. All forward-looking statements contained in this prospectus are qualified by reference to the cautionary statements set forth in this section as well as the risks and uncertainties discussed in the section headed “Risk Factors” in this prospectus.

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## RISK FACTORS

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*In addition to other information in this prospectus, you should carefully consider the following risk factors before making any investment decision in relation to the Offer Shares. Any of the following risks, as well as other risks and uncertainties that are not yet identified or that we currently think are immaterial, may materially and adversely affect our business, financial condition or results of operations, or otherwise cause a decrease in the trading price of the Offer Shares and cause you to lose part or all of the value of your investment in the Offer Shares.*

### RISKS RELATING TO OUR BUSINESS

**Our revenue is mostly derived from contracts awarded through competitive tendering which are not recurring in nature and there is no guarantee that we will succeed in our tender process or our customers will award new contracts to us in the future**

Almost all of our revenue is derived from contracts awarded through competitive tendering and is not recurring in nature. During the Track Record Period, the percentage of our revenue derived from construction contracts was approximately 100%, 100% and 100%, respectively. During the Track Record Period, construction contracts obtained by us via direct approach by our customers represented only approximately 13.2% in terms of revenue and 2.9% in terms of number of all of our construction contracts.

Whether we will succeed in our tender process depends on a number of factors, including the pricing and other terms and conditions offered by our competitors. There is no guarantee that we will succeed in the tender process or maintain comparable tender success rates in the future. For an analysis of our tender success rate during the Track Record Period, please see the paragraph headed “Business — Operation — 1. Tender phase — Tenders submitted during the Track Record Period” in this prospectus.

There is no assurance that we will be invited to or are made aware of the tendering process or that our tenders will be selected by our customers. We may have to lower our service fees or offer more favourable terms to our customers to increase the competitiveness of our tenders. The failure to reduce our costs accordingly may materially or adversely affect our profitability and results of operations. In addition, there is no guarantee that we will secure new projects or business opportunities from our customers after completion of the existing projects. If we cannot maintain similar amount of contracts or obtain new projects of similar or larger contract sum on a continuous basis, our results of operations, financial condition as well as business prospects may be materially and adversely affected.

**The Saipan Project is expected to contribute significantly to our Group’s revenue and profit in the near term, but there is no assurance that our Group will be able to secure projects of similar profitability going forward**

In October 2014, our Group entered into a construction contract in Saipan with a total contract sum of approximately US\$96.4 million (equivalent to approximately HK\$751.9 million), which was divided into approximately HK\$115.7 million as foundation works and ancillary services, and approximately HK\$636.2 million as general building works. The foundation work was completed in October 2015 and we recognised revenue of approximately HK\$115.7 million for the Saipan Project for the year ended 31 December 2015, which accounted for approximately 18.4% of our total revenue for that year. The general building works started in May 2016 and we recognised HK\$58.3 million for the year ended 31 December 2016, which accounted for approximately 8.2% of our total revenue for that year and is expected to complete at or around

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## RISK FACTORS

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February 2018. We expect to recognise a substantial portion of the remaining contract sum of approximately HK\$465.8 million as revenue from the Saipan Project in 2017. As a result, the Saipan Project is expected to contribute significantly to our Group's revenue and profit in 2017.

However, the Saipan Project is a one-off project and there is no assurance that our Group will be able to secure projects of similar profitability going forward. If we are unable to secure projects with high profitability, our business, results of operations and financial condition may be materially and adversely affected.

**Our projects in relation to foundation works are generally subject to different and greater risks in execution than those in relation to other segments**

Unlike projects in relation to civil engineering or general building works, where most of the works are performed above ground, there are more uncertainties in the execution of foundation works. Generally, ground investigation has to be conducted before the commencement of foundation projects. Our customers may supply us with ground investigation report(s) or otherwise, our Group or our customer usually engages external experts to prepare a ground investigation report. However, because of the nature of underground investigation works and the limited scope in the related investigation works, these reports may not always be able to provide full details of the actual geological information of the relevant site. There may be discrepancies between the ground investigation findings and the actual geological conditions of the site which may cause our Group additional costs or result in potential claims. For example, in May 2014 we terminated an industrial foundation project in Yuen Long Industrial Estate for technical difficulties after ground investigation based on parties' mutual agreement; as a result, we have recognised a total loss of approximately HK\$7.5 million for this project during the Track Record Period. For further details, please see the paragraph headed "Business — Construction Projects — Loss-making projects" in this prospectus. Thus, our Group is more likely to encounter uncertainties when carrying out foundation works.

In addition, soil conditions may be unexpectedly different from the findings of the investigation reports, which may require use of piling equipment different from the original plan. Further, as there will only be a limited number of sample holes drilled and investigated in the construction site, the investigation may not be able to reveal the existence of rocks or other geological conditions beyond the sample holes. In addition, ground investigation will only examine the underground geological condition, it will not be able to identify any antiquities or monuments existing under the site. All these may adversely affect the work schedule, hence additional costs and/or liability for damages arising from delay in completion.

**We place heavy reliance on the use of machinery in our foundation and general building works projects and any failure, damage or loss of our machinery may adversely affect our operations and financial performance**

Our capacity to carry out foundation works and ancillary services as well as general building works for our customers depends on the availability of our machinery and equipment, which mainly consists of air compressors, crawler cranes, excavators, hydraulic casing oscillators, piling rigs and reverse circulation drills.

Accordingly, the capacity of our machinery and equipment and our resources limit the number of construction projects our Group can simultaneously carry out at any given time. There is no assurance that our machinery will not be damaged or lost during transportation and/or as a result of, among others, improper operation, accidents, fire, adverse weather conditions, theft or robbery. Besides, machinery may break down or fail to function normally due to wear and tear, or mechanical, or other issues. If there is unexpected breakdown or damage of our machinery

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## RISK FACTORS

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during the construction process of projects, repair of machinery takes time and (if repair is not feasible) we may face difficulties in sourcing replacements within a short time. We may need to pay liquidated damages as a result of delay in work progress.

If there is any failure of operation of our machinery arising from the maintenance and repair services or any loss of service of any of the experienced members of our maintenance team, our operation and business may be adversely affected.

### **We have recognised loss in some of our projects during the Track Record Period**

During the Track Record Period, we have recognised losses in one, three and nil of our projects, respectively. As at 31 December 2016, the estimated total accumulated losses amounted to approximately HK\$36.4 million. Reasons for the loss of these projects vary, for example, one project was terminated for technical difficulties after ground investigation; another project has incurred loss because we had dispute with a subcontractor. Such factors are beyond our control.

For the remaining two of the projects which we have recognised losses, the project progress was delayed because there were substantial changes of design requested either by the customer or by the architect. We generally fix our service fee when we submit our tender or quotation. Once the tender or quotation is agreed with our customers, we can only adjust our service fee in certain circumstances as stipulated in the contracts such as request by the customer for additional or modification works under the usual terms of our construction contracts. For further details of how we adjust our service fee, please see the paragraph headed “Business — Operation — 3. Implementation Phase” in this prospectus. There is no guarantee that our customers will make such additional payment to us in time and in full. We may also have dispute in the percentage of work done or fees for the variation orders with our customers. If we are unable to recover all of our incurred cost from our customers, or we are not able to fully recover the additional costs for the variation orders, our business operations, financial results and profitability may be adversely affected.

### **The price of our variation works may not be clearly determined**

In the course of project implementation, our customers may give variation orders to us and request us to alter the scope of works or perform additional works on top of the terms and scope of the original construction contracts. Our Group and quantity surveyor authorised by the customer agree on the terms of these variation orders in accordance with, among others, the following principle: any additional work carried out which is the same as or similar in character to (and executed under the same or similar conditions and circumstances to) any item of work priced in the original contract shall be valued at the rate set out in the original contract for such item of work.

If our Group and the quantity surveyor authorised by the customer fail to reach an agreement on the rate of such variation works, such quantity surveyor has the right to fix the rate as in his opinion be reasonable. If our Group disagrees on the rates fixed by such quantity surveyor, contractual disputes with our customers may arise, which may adversely affect our results of operations, liquidity and financial position.

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### **We need to maintain qualifications and licences for the operation of our construction business**

We have to maintain operating qualifications and licences to conduct our construction business. For further details, please see the paragraph headed “Business — Major Qualifications, Certifications, Awards and Recognition” in this prospectus. To maintain such qualifications and licences, we must comply with the Hong Kong Government restrictions and conditions. For instance, contractors registered with WBDB who will take up the Hong Kong Government’s works are subject to a regulatory regime which is implemented to ensure contractors’ standards of financial capability, expertise, management and safety. For further details, please see the section headed “Laws and Regulations” in this prospectus.

If we fail to comply with any of these regulations, the relevant authorities could temporarily revoke, suspend or revoke our qualifications and licences, or delay or refuse the renewal of our qualifications and licences upon expiry of their original terms. In such event, our capability to undertake relevant works may be directly impacted, which adversely affects our results of operations and financial position.

### **We rely on a limited number of key customers**

We relied on a limited number of key customers during the Track Record Period and as at the Latest Practicable Date. During the Track Record Period, our revenue was attributable to 27, 33 and 34 customers respectively. For the same period, revenue from the top five customers of our construction business amounted to approximately HK\$290.5 million, HK\$368.3 million and HK\$413.6 million, respectively, representing approximately 64.7%, 58.6% and 57.8% of our total revenue, respectively.

Our results of operations in relation to our construction business will continue to depend on the following: (i) our ability to continue to secure projects from our customers and new customers; (ii) the financial conditions and commercial success of our customers; and (iii) other factors that generally affect the Hong Kong construction industry. We cannot assure that we will be able to maintain or improve our relationships with our key customers. Any material delay, termination or reduction of number or contract sum of projects obtained with key customers may adversely affect our revenue, hence our results of operations.

In addition, our key customers are contract-based and do not have long-term commitment with us. Our relationships with our key customers are non-exclusive and largely dependent on goodwill. There is no assurance that we will be able to diversify the composition of our customer base. If any key customer materially reduces, delays or terminates its projects with us, we may not be able to secure projects on similar terms in a timely manner from other customers. If any such event occurs, there may be a material adverse effect on our business, financial condition and/or results of operations.

### **We make estimation of our project costs in our tenders and any failure to properly estimate the costs involved in the implementation of any project and delay in completion of any project may lead to cost overruns or even result in losses in our projects**

Whether we are able to submit tender proposal at a competitive price with adequate profit margin and maintain our profitability depends on various factors. We generally adopt a cost-plus pricing model and determine the tender price by taking into account factors comprising the scope and complexity of the project, the site conditions, project time frame, estimated construction materials costs, the labour and machinery requirement, extent of subcontracted works required, our relationship with the potential customer, and the prevailing market conditions. A majority of our contracts with customers during the Track Record Period were



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fixed price contracts. Once we and the customer agree on the tender price, we generally will have to bear any additional costs incurred. If we fail to properly estimate the project costs or if there is any unforeseen factor leading to any increase in costs, we may be subject to cost overruns, which will in turn result in lower profit margin or even a loss for a project.

Furthermore, our contracts entered into during the Track Record Period normally contained specific completion schedule requirements and liquidated damages provisions (i.e. we may have to pay customers liquidated damages if we do not meet the schedules). Liquidated damages are typically levied at an agreed rate for each day of delay that is owing to our default. We may need to pay liquidated damages resulting from any failure to meet the completion schedule requirements of our contracts, to the extent that our customers do not grant us time extension. This may reduce or diminish our expected profit and cash inflow from the relevant contracts. During the Track Record Period and up to the Latest Practicable Date, we have not had any material liquidated damages claim made against us. For details, please see the paragraph headed “Business — Operation — 4. Completion Phase” in this prospectus.

There is no assurance that we will not encounter cost overruns or delays on our current and future projects and our customers may not agree to extend the completion date or grant us time extension. If such cost overruns or delays occur, we may experience increase in costs exceeding our budget or be required to pay liquidated damages, hence reducing our expected profits and cash inflow that may be generated from our contracts, and may result in material adverse impact on our results of operations and financial performance.

### **Changes in the labour costs or construction materials costs after tendering or material changes in the project implementation timetable may adversely affect our financial performance**

Labour costs and construction materials costs represent a significant portion of our cost of sales. For the years ended 31 December 2014, 2015 and 2016, (i) our labour costs amounted to approximately HK\$80.9 million, HK\$61.4 million and HK\$75.4 million, respectively (representing approximately 22.6%, 12.1% and 12.8% of our direct costs respectively); and (ii) our construction materials costs amounted to approximately HK\$87.9 million, HK\$111.2 million and HK\$149.8 million, respectively (representing approximately 24.5%, 21.8% and 25.5% of our direct costs, respectively).

For projects without pre-bid agreements with our subcontractors or suppliers of materials, we prepare tenders based on estimated project costs (which mainly include subcontracting charges and construction material costs) plus a mark-up margin. However, the related actual subcontracting costs and material costs will not be determined, either until after we enter into agreements with our customers or when those costs are fixed and pre-agreed between the subcontractors or suppliers and us during the tender preparation stage. Any material fluctuations in such charges or costs during this period may affect our profitability.

### **Shortage of labour may affect our projects and our performance**

There is no assurance that the supply of labour and average labour costs will be stable. All labour intensive projects are more susceptible to labour shortage, and our subcontracting costs include the labour costs of our subcontractors. If there is a significant increase in the costs of labour and we have to retain our labour (or our subcontractors retain their labour) by increasing their wages, our staff cost and/or subcontracting cost will increase and thus lower our profitability. On the other hand, if we or our subcontractors fail to retain our existing labour and/or recruit sufficient labour in a timely manner to cope with our existing or future projects, we may not be able to complete our projects on schedule and may be subject to liquidated damages and/or incur loss.



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### **Construction dispute or litigation may adversely affect our performance**

We may be in dispute with our customers, subcontractors, suppliers, workers and other parties concerned with our projects for various reasons. Such disputes may be in connection with, among others, delay of works, delivery of sub-standard works, personal injuries or labour compensation in relation to the works. For example, during the Track Record Period, we had a dispute with one of our subcontractors in respect of work carried out. For further details, please see the paragraph headed “Business — Legal Proceedings and Legal Compliance” in this prospectus.

The handling of contractual disputes, litigation and other legal proceedings may sometimes involve a high degree of our management’s attention and input. Handling of legal proceedings and disputes can be both costly and time-consuming, and may significantly divert the efforts and resources of our management.

In addition, the negotiation skills, knowledge and judgement of our management, to a large extent, influences outcomes of legal proceedings or disputes against us (among other factors). Our Group to a large extent relies on the relevant expertise and qualification of our management (comprising our executive Directors) in dealing with contractual disputes, litigation and arbitration. For details of our executive Directors and our senior management, please see the section headed “Directors, Senior Management and Employees” in this prospectus.

If we are not successful in defending our Group in any proceedings or disputes, we may be liable to pay for the damages or penalties. Further, should any claims against us fall outside the scope and/or limit of our insurance coverage or monies retained from subcontractors, our financial position may be adversely affected.

### **We may be subject to fines and penalties as a result of our non-compliance with certain laws and regulations during the Track Record Period**

During the Track Record Period, we were not in strict compliance with some regulatory requirements, for example the Predecessor Companies Ordinance and registration requirements with the Development Bureau. For details of the material non-compliance incidents and the remedial measures taken, please see the paragraph headed “Business — Legal Proceedings and Legal Compliance” in this prospectus.

There is no assurance that the relevant authorities will not impose penalties or fines as a result of such non-compliance incidents or order us to rectify such non-compliance incidents. Any such penalties, orders or complaints may harm our corporate image and may have an adverse effect on our financial condition and results of operations.

### **Our legal right to lease some of our leased properties could be challenged**

We currently leased 12 properties including (i) three properties as our office; (ii) three properties as staff quarters; (iii) four properties as our warehouse for storage of idle machinery and spare parts; and (iv) two properties as our site office for our project sites operation. At the time when we entered into such tenancy agreements with the respective landlords, those landlords represented to us that they had the right to lease those properties to us.

However, out of these 12 properties, other than one property leased by us as office, the two properties leased by us as our site office, one of our leased property as warehouse and two of our leased properties as staff quarters, our right to use the remaining six properties (the “**Properties**”) may be uncertain.

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In connection with three of our leased properties as warehouse, the landlords have not provided us with the relevant authorisation from the registered owners of those properties to enter into the relevant tenancy agreements and lease those properties to us. As such our Group may be subject to allegation of trespassing by the ultimate owners of those properties who might evict us from those properties.

In connection with two of our leased properties as office and one of the leased property as staff quarters, those properties were, and still are, subject to mortgage and the relevant consent of the mortgagee for the grant of the tenancy in respect of the said properties have not been provided to us. If such consents have not been granted, the tenancies will not be binding on the respective mortgagee and if there is any default by the landlord as mortgagor of those properties, the respective mortgagee is entitled to enforce the terms of the mortgage against the landlords and may evict our Group from those properties. For further details, please see the paragraph headed “Business — Properties” in this prospectus.

If we are unable to secure properties for relocation in a timely manner, we may have to incur extra cost and time in such relocation which may affect our operation and financial results.

### **The delay and partial transfer of progress payment or retention money to us may adversely affect our liquidity**

We normally receive progress payment from our customers, either from the main contractor when we act as a subcontractor, or from the employer/customer where we act as a main contractor. Progress payment is generally made monthly by reference to the value of works done in that month. As at 31 December 2014, 2015 and 2016, our trade debtors were approximately HK\$82.4 million, HK\$63.6 million and HK\$45.4 million, respectively. Our customers usually withhold a portion of the contract sum (which generally is subject to a maximum of 5% of the total contract sum) as retention money. Half of such retention money is generally refunded when the architect issues a practical completion certificate, while the remainder is generally refunded after the expiry of the defect liability period. For further details, please see the paragraph headed “Business — Operation — 4. Completion Phase” in this prospectus. As at 31 December 2014, 2015 and 2016, our Group recorded retention receivables of approximately HK\$44.6 million, HK\$66.2 million and HK\$86.2 million, respectively.

There is no assurance that our customers will always pay us on time and in full the retention money or any future retention money and/or the progress payment. Failure by our customers to pay us on time or in full may have an adverse effect on our future liquidity position.

### **We rely on subcontractors to help complete some of our construction projects, and their performance will affect us to a large extent**

We engage third party subcontractors to perform a portion of the works under our contracts. During the Track Record Period, our subcontracting charges amounted to approximately HK\$103.6 million, HK\$239.2 million and HK\$280.6 million, respectively, representing approximately 28.9%, 47.0% and 47.7%, respectively of our total direct costs for each of the respective period. Sometimes, we may not be able to monitor the performance of these subcontractors as directly and efficiently as with our own staff. In addition, our inability to hire qualified subcontractors could hinder our ability to complete a project successfully.

Outsourcing exposes us to risks associated with non-performance, delayed performance or sub-standard performance by subcontractors or third parties. Accordingly, we may experience deterioration in the quality or delivery of our construction projects. We may also incur additional costs due to delays or sourcing services, equipment or supplies required at a higher price if our subcontractors are in default. We may be subject to liability under the relevant contract for our

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subcontractor's performance. These events may impact upon our profitability, financial performance and reputation, as well as result in litigation or damages claims. For example, during the Track Record Period, we had a dispute with one of our subcontractors in respect of work carried out. We had recorded total accumulated loss of approximately HK\$20.3 million for this project during the Track Record Period because we had to incur additional costs to complete the project due to the dispute with the said subcontractor. For further details, please see the paragraph headed "Business — Legal Proceedings and Legal Compliance" in this prospectus.

If our subcontractors violate any laws, rules or regulations in relation to health and safety matters, we, as the primary obligor, may sometimes be subject to prosecutions by relevant authorities. For instance, under the Immigration Ordinance (Chapter 115 of the laws of Hong Kong), if a subcontractor employs an illegal immigrant on a construction site, the construction site controller (including the principal or main contractor and the subcontractor) may be found to have committed an offence and liable to a fine. In addition, we may be liable to claims for losses and damages, if such violations cause any personal injuries/death or damage to properties. Moreover, pursuant to the Employment Ordinance, a principal contractor or a principal contractor and every superior subcontractor shall be jointly and severally liable to pay any wages that 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. The violation of any of our subcontractors in their obligations to pay their employees may adversely affect our financial position.

### **Increases in construction material costs and sub-standard construction materials may have an adverse impact on our financial results**

Our principal construction materials include concrete, steel bar, diesel and other metal materials. During the Track Record Period, the costs of construction materials amounted to approximately HK\$87.9 million, HK\$111.2 million and HK\$149.8 million, respectively, representing approximately 24.5%, 21.8% and 25.5% of our direct costs, respectively. We have relied on a few suppliers to supply our main construction materials and purchases from our five largest suppliers accounted for approximately 50.3%, 55.5% and 74.6% of our total purchase for the years ended 31 December 2014, 2015 and 2016, respectively.

There is no guarantee that the quality of construction materials supplied to our Group meets our required standards for reasons which are beyond our control, and we may be forced to replace these construction materials from other suppliers at additional costs or be subject to time delay. Furthermore, we cannot guarantee the cost of construction materials will be stable or that our current suppliers will continue to provide construction materials at prices acceptable to our Group. The inability for us to source these required construction materials from alternative providers on similar or more favourable terms, and as a result, failure in factoring these potential fluctuations into each of our tenders or quotations, and pass on, part or the whole of, such increases to our customers or reduce other costs, may materially and negatively affect our financial results and position.

### **We are exposed to latent defect liability claims**

Under the usual terms of our contracts, our customers normally require a defect liability period during which we are responsible for rectifying all defective works, if any. The defect liability period, if any, is normally 12 months after the practical completion of the contract works or for such other period as our customer may specify depending on the nature and the scale of the entire project. If our customers or other parties raise any significant claims against us for defect liability or any default or failure in relation to our works, we may incur significant outlays in rectifying such defects or in settling such claims. This would adversely affect our profitability.

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## RISK FACTORS

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### **We may damage underground service utilities or foundation of aged buildings adjacent to our sites when carrying out our works**

In Hong Kong, many service utilities are laid underground or below carriageways and footways, which contain fresh and flush water mains, gas mains, electric and telephone cables. We may encounter these service utilities when we carry out foundation works. We cannot assure that damage to those utilities will not occur during our works. Accordingly, we may be liable to the costs for repairing any damaged service utilities, and may even be subject to criminal liability under relevant laws and regulations.

In addition, there may be the foundation of aged buildings adjacent to our sites. Our excavation works or piling works may damage them, which may affect the underground condition. All of these may lead to increase in our costs and delay in work progress which may result in liquidated damages being payable by us.

### **We may be unable to detect, deter and prevent all fraud or other misconduct committed by our employees or other third parties**

There is no assurance that our employees or other third parties will not commit fraud or other misconduct in the future. We may be unable to detect, deter and prevent all such actions of our employees or other third parties. Any fraud or other misconducts committed by our employees or other third parties at the expense of our Group's interests, which may include undetected past acts or future acts, may have a material adverse effect on our Group's business operations, results and financial condition.

### **Personal injuries, property damages or fatal accidents may occur if safety measures are not followed at our construction sites**

In the course of our operations, we require our employees and our subcontractors to comply with and implement all safety measures and procedures as stipulated in our in-house rules. For details, please see the paragraph headed "Business — Safety and Insurance" in this prospectus.

Nevertheless, we cannot guarantee that there will be no violation of rules, laws or regulations by our employees or our subcontractors. Failure to implement safety measures on our work sites may lead to the occurrence of personal injuries, property damage or fatal accidents, which may adversely affect our reputation and our financial position to the extent not covered by insurance.

### **Claims in connection with employees' compensation or personal injuries may arise and affect our reputation and operations**

Injuries to workers and casualties at construction sites are a common inherent risk in the construction industry. As at the Latest Practicable Date, our Group was involved in some outstanding employee's compensation and personal injury claims, in respect of which the legal proceedings had been commenced; our Group might also face potential employees' compensation and/or personal injury claims under the common law in respect of those employees' compensation claims which were settled or withdrawn. Further information regarding such claims is set out in the paragraph headed "Business — Legal Proceedings and Legal Compliance — Legal Proceedings" in this prospectus.

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Claims of such nature expose us to the risk of bearing higher insurance premiums in the future. They may also bring damage to the reputation of our Group if they turn into high profile cases and become widely reported in the media or within the industry. Such incidents may negatively affect our business prospects, reputation and results of operations.

### **Our insurance may not fully cover all the potential losses arising from our projects**

For projects where our Group acts as the main contractor, we take out employees' compensation insurance and contractor's all risks insurance which cover our Group, our subcontractors, our Group's and our subcontractors' employees of all tiers, and works performed by us or them. Similarly, where we undertake the role of subcontractor in a project, the employees' compensation insurance and contractor's all risks insurance taken out by the project's main contractor covers our Group and our Group's employees. For further details, please see the paragraph headed "Business — Safety and Insurance — Insurance" in this prospectus. Nonetheless, there is no assurance that all losses and expenses our Group suffers arising from or in connection with damage to property or other claims arising from or in connection with projects undertaken by our Group can be fully covered by the contractor's all risks insurance. To the extent that our insurance does not cover such claims, losses and expenses, it may adversely affect the financial position of our Group. Claims of such nature may also expose us to the risk of bearing higher insurance premiums in the future and may bring damage to the reputation of our Group.

### **Our Group's historical results may not be indicative of our future revenue and profit**

Historical financial information of our Group is a mere analysis of our past performance. It does not have any positive implication, nor may it necessarily reflect our financial performance in the future, which will largely depend on our capability to secure new contracts and control our costs and expenditures and project implementation. Profit margins and income of our Group's construction projects may fluctuate from project to project, and the historical revenue from our construction projects may not be indicative of our future financial performance. We may not be able to sustain growth rate and profit margin similar to those we achieved during the Track Record Period, or maintain our financial performance in the future.

### **We depend on key management personnel with relevant expertise**

Our success and growth depends on our executive Directors, senior management and other staff with relevant expertise. It is important to retain appropriate and suitable personnel with necessary industry expertise to serve our Group. Our Company has entered into a service agreement with each of its executive Directors and employment contracts with its senior management. There could be an adverse impact on our operations should a significant number of our executive Directors, senior management or other key personnel with relevant expertise terminate his/her employment with our Group and appropriate persons could not be found to replace them. There is no assurance that our Group will be able to attract and retain capable staff members or that they will not resign in the future.

## **RISKS RELATING TO OUR INDUSTRY**

### **Our performance depends on market conditions and trends in the construction industry and in the overall economy which may change adversely**

The majority of our operations and management are located in Hong Kong during the Track Record Period (except for the Saipan Project located in the CNMI). The future growth and level of profitability of the construction industry in Hong Kong depend primarily upon the continued availability of large construction projects. The nature, extent and timing of such projects will,

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however, be determined by the interplay of a variety of factors. These factors include, among others, the Hong Kong Government's spending patterns on the construction industry in Hong Kong and its land supply and public housing policy, speed of approval of the relevant budgets and/or projects, the investment of property developers and the general conditions and prospects of Hong Kong's economy. They may affect the availability of construction projects from the public sector or private sector. Apart from the public spending of the Hong Kong Government, other factors may also affect the construction industry. 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. Any recurrence of recession in Hong Kong, deflation or any changes in Hong Kong's currency policy, or deteriorating demand for construction works in Hong Kong may adversely affect our operations and profitability.

### **Adverse weather conditions may affect our Group's operations and we are subject to other construction risks**

We conduct most of our business operations outdoors and are vulnerable to adverse weather. If adverse weather persists or natural disaster occurs, we may halt the works at our construction sites, and thereby fail to meet specified time schedule. If we have to halt operations during adverse weather or natural disaster, we may continue to incur operating expenses even while we experience reduced revenues and profitability. Besides, our business is subject to outbreak of severe infectious diseases (such as swine flu, avian flu and severe respiratory syndrome), natural disasters or other acts of God which are beyond our control. These incidents may also adversely affect the economy, infrastructure, livelihood and society in Hong Kong and Saipan. Acts of wars and terrorism may also injure our employees, cause loss of lives, damage our facilities, disrupt our operations and destroy our works performed. Such incidents adversely affects our revenue, costs, financial conditions and growth potential. It is also difficult to predict the potential effect of these incidents and their materiality to our business as well as those of our customers, suppliers, subcontractors and employers.

### **We operate in a competitive environment**

The construction industry in Hong Kong has many participants and is competitive. We consider that generally construction companies operating in Hong Kong play the role of competitors as well as business partners in our construction business. Occasionally, new participants may wish to enter the industry. They may do so if they have the appropriate skills, local experience, necessary machinery and equipment, capital and are granted the requisite licences by the relevant regulatory bodies. Increased competition may result in lower operating margins and loss of market share, which may adversely affect our profitability and results of operations.

### **We are exposed to environmental liability**

Our business in Hong Kong is subject to the environmental regulations and guidelines, which apply to the operation of all construction projects in Hong Kong. The Hong Kong Government may revise such regulations and guidelines from time to time to reflect the latest environmental needs. Any changes to such regulations and guidelines can increase our cost and burden in complying with them. For further details, please see the section headed "Laws and Regulations" in this prospectus.



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### **Industrial actions or strikes may affect our business**

Typical construction works are divided into various disciplines, and each requires highly specialised labour. Industrial action of any one discipline may disrupt the progress of our construction works. During the Track Record Period, our construction projects did not encounter any strike. However, there is no assurance that we will not encounter any industrial actions or strikes. Such industrial actions or strikes may adversely affect our construction projects and hence our performance, profitability and results of operations.

### **RISKS RELATING TO HONG KONG**

#### **The state of economy in Hong Kong may deteriorate**

Our performance and financial conditions depend on the state of economy in Hong Kong. Our revenue attributable to the Hong Kong market accounted for about 100%, 81.6% and 91.8% of our Group's total revenue during the Track Record Period, respectively. A downturn in the economy of Hong Kong may adversely affect our results of operations and financial position.

#### **The state of political environment in Hong Kong may be unstable**

Hong Kong is a special administrative region of the PRC. It enjoys a high level of autonomy under the principle of "one country, two systems" in accordance with the Basic Law of Hong Kong. However, we are not in any position to guarantee the implementation of the "one country, two systems" principle and the level of autonomy as currently in place. Since our primary operations are substantially located in Hong Kong, any change in Hong Kong's existing political environment may affect the stability of the economy in Hong Kong, thereby affecting our results of operations and financial position.

### **RISKS RELATING TO SAIPAN**

#### **We have put substantial financial resources into the Saipan Project and we may suffer loss on such investment if the Saipan Project is not carried out as we have planned**

During the Track Record Period, our direct costs for the Saipan Project amounted to nil, approximately HK\$80.5 million and HK\$40.5 million, respectively, representing 0%, approximately 15.8% and 6.9% of our total direct costs, respectively. During the Track Record Period and up to 31 May 2017, our Group has also employed approximately 42 contract workers from China and three employees in Saipan for carrying out works for the Saipan Project in Saipan. As at 31 December 2016, we have transported 22 of our machinery to the CNMI for the Saipan Project, including crawler cranes, piling rig generators, etc., the total acquisition costs of which was approximately HK\$15.3 million, with an aggregate net book value of approximately HK\$7.0 million. If the Saipan Project is not carried out as we have planned, the loss on such investment may adversely affect our results of operations and financial position.

The industry practice, operating environment, economic condition and regulatory requirements in Saipan and other new markets may be different from those of Hong Kong. Our Directors and members of our senior management may not be familiar with the construction business in Saipan and other new markets. Notwithstanding that we have achieved a profitable track record in Hong Kong, there is no assurance that we can have profitable operations in Saipan and other new markets. If we fail to operate successfully in Saipan and other new markets, the deployment of resources may result in our financial position being adversely affected.



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**We estimate our costs and time required to complete the Saipan Project in order to determine the tender price in the Saipan Project. Any failure to properly estimate the costs and time involved in the actual implementation of the Saipan Project or delay in completion may lead to cost overruns and may adversely affect our financial position**

The Saipan Project is the largest project (in terms of contract sum) we had ever undertaken and was awarded to us through a tendering process. We have conducted site visits and evaluated the commercial viability of the Saipan Project in order to estimate the costs and time required to complete the Saipan Project before we officially submitted the tender in July 2014. However, there is no assurance that the actual time and costs required would not exceed our estimation during the actual implementation of the Saipan Project, especially given that Saipan is a new market to us. Cost and time overrun may result from shortage and cost escalation of materials and labour, difficult geological condition, change in the regulatory requirements, adverse weather conditions as well as accidents and other unforeseen problems.

According to the contract of the Saipan Project, the general building works was scheduled to be completed by February 2017. However, due to (i) delay in completion of the design packages for superstructure by the employer; (ii) unpleasant weather (i.e. heavy rain and typhoon) recorded in Saipan; and (iii) change in design as instructed by the employer, the progress of the Saipan Project was hindered and is expected to complete in February 2018. Since the delay was not due to factors attributable to the fault of our Group, we have applied for extension of time with the employer. On 28 December 2016, the employer has issued a letter to us indicating its agreement to our application for extension of time and the completion date of the Saipan Project was extended to the end of February 2018. If we are unable to keep our costs within our original estimates or we are not able to fully cover the increases in costs in the Saipan Project due to delay in completion of the Saipan Project or otherwise, our business operations, financial results and profitability may be adversely affected.

Failure to complete construction work according to specifications and quality standards on a timely basis may result in disputes, contract termination, liabilities and/or lower returns than anticipated in the Saipan Project. Such delays or failure to complete the Saipan Project may result in material adverse impact on our results of operations and financial position.

**We engage third parties for transporting certain of our machinery to Saipan which we are not able to transport**

We have employed several third party logistics companies to ship the required machinery and construction materials to Saipan on usual international shipment terms. For the year ended 31 December 2016, the transportation fees that we paid to third party logistic companies for transporting our machinery to Saipan amounted to approximately HK\$1.7 million. There can be no assurance that any of these third party logistic companies will perform our shipment orders in a timely manner and our machinery and construction materials will not be damaged or lost during the transportation process. Accordingly, we may incur additional costs due to the delays or loss of our machinery and construction materials during transit, which in turn, may affect the quality or timely completion of our construction projects in Saipan. These events may impact upon our profitability, financial performance and business operations.

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### **We carry out construction projects or have business operations in Saipan, and such business is subject to economic, regulatory and political risks in Saipan**

For the years ended 31 December 2014, 2015 and 2016, our revenue generated from business operations in Saipan was 0%, approximately 18.4% and 8.2% of our total revenue, respectively. Our business operations in Saipan are directly affected by the general economic, regulatory and political conditions in Saipan and in the CNMI, such as monetary policies, foreign exchange policies, currency fluctuations, taxation policies, weather conditions, political stability and regulatory requirements in relation to construction works.

The economy in the CNMI differs from the economies of Hong Kong in many respects, including government involvement, level of economic development, growth rate, foreign exchange controls and resources allocation. Any future change in the economic conditions of the CNMI may have significant effect of our Group's operations in Saipan. There can be no assurance that we can obtain regulatory approvals again, in time or at all, if there are changes to the relevant regulatory regime in the CNMI. Any political instability in the CNMI could have a material adverse effect on our Group's operation and, in turn, our financial condition and results of operations.

### **RISKS RELATING TO THE SHARES AND THE GLOBAL OFFERING**

#### **Investors will experience immediate dilution**

Since the Offer Price of our Shares is higher than the net tangible book value per Share immediately before the Global Offering, purchasers of our Shares in the Global Offering will experience an immediate dilution in the unaudited pro forma adjusted net tangible assets value to approximately HK\$0.41 per Share, based on the mid-point of the proposed Offer Price of HK\$0.90 per Share.

#### **Potential conflict of interests between the Controlling Shareholders and other minority Shareholders**

Immediately following the Global Offering, our Controlling Shareholders will beneficially hold an aggregate of approximately 75% of the Shares in issue (without taking into account Shares, if any, to be allotted and issued pursuant to the exercise of any options that may be granted pursuant to the Share Option Scheme). The interests of the Controlling Shareholders may differ from the interests of the other Shareholders. There is no assurance that the Controlling Shareholders will act in our best interests or that of the minority Shareholders. If there is any conflict of interests between the Controlling Shareholders and the minority Shareholders, the Controlling Shareholders may have power to prevent us from proceeding with any proposed transactions at the general meeting which could be beneficial to us and other Shareholders, regardless of the underlying reasons.

#### **Additional equity fund raising may result in dilution of shareholders' interests in our Company**

After Listing, we may issue additional Shares to raise additional funds to finance our business expansion. We may issue new equity or equity-linked securities of our Company for such fund-raising activities, which are not made on a pro rata basis to existing Shareholders. Such event may lead to, (i) the reduction in percentage ownership of those existing Shareholders, and they may experience subsequent dilution, or (ii) such newly issued securities to have rights, preferences or privileges superior to those of the ordinary Shares held by existing Shareholders.

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## RISK FACTORS

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### **An active trading market for our Shares may not develop**

Before the Listing, there was no public market for our Shares. The Offer Price is the result of negotiations between our Company and the Sole Global Coordinator (on behalf of the Underwriters), and may differ from the market prices of the Shares after the Listing. However, there is no assurance that the Listing will result in the development of an active and liquid public trading market for the Shares.

### **The trading volume and share price of our Shares may be volatile**

The price and trading volume of our Shares may be volatile. Factors such as variations in our profit, revenue and cash flows and announcements of new investments, strategic alliances and acquisitions, fluctuations in prices for our foundation works and ancillary services or fluctuations in market prices for comparable companies could cause the market price of our Shares to change substantially. In addition, the market price of the Shares may also fluctuate significantly and rapidly as a result of factors which are beyond our control.

Furthermore, stock markets and the shares of some listed companies in Hong Kong have experienced increasing price and volume fluctuations in recent years, some of which may have been unrelated or disproportionate to the operating performance of such companies. These broad market and industry fluctuations may adversely affect the market price of the Shares.

### **Our plans for future dividend policy and payments are subject to the discretion of our Board**

The amount of dividends that we may declare and pay to our Shareholders in the future will be subject to the discretion of our Board and depends on our profit, cash flow, financial position, distributable reserves, capital requirements, working capital and other conditions that our Directors deem relevant. The amount of distributions that any company within our Group has paid in the past may not be used as an indication to the dividends that we will pay in the future.

## **RISKS RELATING TO STATEMENTS MADE IN THIS PROSPECTUS**

Prospective investors should not place undue reliance on industry and market overview and statistics we derived from official government publications contained in this prospectus.

Certain statistics, facts, data and forecasts we presented in the section headed “Industry Overview” in this prospectus and elsewhere in this prospectus including those relating to Hong Kong and Saipan, the Hong Kong economy, the Saipan economy and the construction industry have been derived, in part, from various publications and industry-related sources prepared by governmental officials or Independent Third Parties. Such statistics, facts, data and forecasts have not been independently verified by our Group, our Directors, the Sole Sponsor nor any of the parties involved in the Global Offering and no representation is given as to their accuracy and completeness, as such these information should not be unduly relied upon.

### **Our Group’s future results could differ materially from those expressed in 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 in or implied by such forward-looking statements. For details of these statements and the associated risks, please see the section “Forward-Looking Statements” in this prospectus.

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## RISK FACTORS

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**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 Global Offering including, in particular, any financial projections, valuations or other forward looking statement**

Before the publication of this prospectus, there may be press or other media, which contains certain information referring to us and the Global Offering 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 Sole Global Coordinator and the Underwriters, our Directors, officers, employees, advisers, agents or representatives of any of them, or any other parties (collectively, the **“Professional Parties”**) involved in the Global Offering 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, sourced from, or 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, 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 subscribe for the Offer Shares. You should rely only on the information contained in this prospectus and the Application Forms.

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## **INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING**

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### **DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS**

This prospectus, for which our Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Companies (Winding-Up and Miscellaneous Provisions) Ordinance, the Securities and Futures (Stock Market Listing) Rules (Chapter 571V of the Laws of Hong Kong) and the Listing Rules for the purpose of giving information to the public with regard to our Group. 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 herein or this prospectus misleading.

### **PROSPECTUS ISSUED IN CONNECTION WITH HONG KONG PUBLIC OFFER ONLY**

This prospectus is published solely in connection with the Hong Kong Public Offer, which forms part of the Global Offering.

The Hong Kong Offer Shares are offered solely on the basis of the information contained and representations made in this prospectus and the Application Forms and on the terms and subject to the conditions set out herein and therein. No person is authorised to give any information in connection with the Hong Kong Public Offer or to make any representation not contained in this prospectus and the relevant Application Forms, and any information or representation not contained herein and therein must not be relied upon as having been authorised by our Company, the Sole Global Coordinator, the Joint Bookrunners, the Sole Sponsor, the Joint Lead Managers, the Underwriters, any of their respective directors, agents, employees or advisers or any other party involved in the Global Offering.

Neither the delivery of this prospectus nor any subscription or acquisition made under it shall, under any circumstances, constitute a representation that there has been no change or development reasonably likely to involve a change in our affairs since the date of this prospectus or imply that the information contained in this prospectus is correct as at any date after the date of this prospectus.

### **PROFESSIONAL TAX ADVICE RECOMMENDED**

Potential investors in the Global Offering are recommended to consult their professional advisers as to the taxation implications of subscribing for, purchasing, holding or disposal of, and/or dealing in the Shares or exercising rights attached to them. None of us, the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of their respective directors, officers, employees, agents or representatives or any other person or party involved in the Global Offering accepts responsibility for any tax effects on, or liabilities of, any person resulting from the subscription, purchase, holding, disposition of, or dealing in or exercising of any rights attached to our Shares.

### **LANGUAGE**

If there is any inconsistency between this prospectus and the Chinese translation of this prospectus, this prospectus shall prevail. However, the English names of certain Chinese names, entities, departments, facilities, certificates, titles, laws, regulations and the like are unofficial translations of their Chinese names and are included for identification purposes only. If there is any inconsistency, the Chinese name prevails.

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## INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

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### ROUNDING

Amounts and percentage figures, including share ownership and operating data in this prospectus, may have been subject to rounding adjustments. In this prospectus, where information is presented in thousands or millions, amounts of less than one thousand or one million, as the case may be, have been rounded to the nearest hundred or hundred thousand, respectively, unless otherwise indicated or the context requires otherwise. Amounts presented as percentages have been rounded to the nearest tenth of a percent, unless otherwise indicated or the context requires otherwise. Accordingly, totals of rows or columns of numbers in tables may not be equal to the apparent total of the individual items.

### EXCHANGE RATE CONVERSION

In this prospectus, unless otherwise stated, amounts denominated in US\$ have been translated into HK dollars at an exchange rate of US\$1 = HK\$7.8 for illustrative purposes only. Such conversions shall not be construed as representations that amounts in US\$ were or could have been or could be converted into HK dollars (as the case may be) at such rates or any other exchange rates on such date or any other date.

### WEBSITE

The contents of any website mentioned in this prospectus do not form part of this prospectus.

### INFORMATION ABOUT THE GLOBAL OFFERING

<b>Issuer</b>	Win Win Way Construction Holdings Ltd. (恆誠建築控股有限公司)
<b>Global Offering</b>	Global Offering of initially 128,000,000 Offer Shares (subject to adjustment and excluding the Shares to be offered pursuant to the exercise of the Over-allotment Option) comprising (i) Hong Kong Public Offer of initially 12,800,000 Offer Shares (subject to adjustment) and (ii) International Offer of initially 115,200,000 Offer Shares (subject to adjustment and excluding the Shares to be offered pursuant to the exercise of the Over-allotment Option)
<b>Offer Price range</b>	HK\$0.80 to HK\$1.00
<b>Over-allotment Option and stabilisation</b>	Up to 19,200,000 additional Shares to be offered by our Company. Details of the arrangements for Over-allotment Options and related stabilisation exercise are set out in the section headed “Structure of the Global Offering” in this prospectus.
<b>Board lot</b>	4,000 Shares
<b>Share outstanding after the allotment</b>	531,200,000 Shares

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## INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

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<b>Lock-up undertakings by our Controlling Shareholders</b>	See the paragraphs headed “Underwriting — Undertakings to the Stock Exchange pursuant to the Listing Rules — Undertaking by our Controlling Shareholders” and “Underwriting — Undertakings pursuant to the Hong Kong Underwriting Agreement — Undertaking by our Controlling Shareholders” in this prospectus
<b>Dividend policy</b>	Our company had not declared or distributed dividend since incorporation up to and including the Latest Practicable Date. There can be no assurance that in any given year a dividend will be proposed or declared. See the paragraph headed “Financial Information — Dividend” in this prospectus. Unless we determine otherwise, if we declared dividends, we will pay in Hong Kong dollars to our Shareholders, as recorded in our Hong Kong Branch Share Register, by ordinary post, at our Shareholders’ own risks, to the registered address of each such Shareholder.
<b>Voting rights</b>	Each Share entitles its holder to one vote at our Shareholders’ meeting. See the section headed “Summary of the Constitution of our Company and Cayman Islands Company Law” in Appendix III to this prospectus
<b>Stamp duty</b>	Dealings in the Shares registered in our Hong Kong Branch Share Register will be subject to Hong Kong stamp duty. The current ad valorem rate of Hong Kong stamp duty is 0.1% on the higher of the consideration for or the market value of the Shares and it is charged on the purchaser on every purchase and on the seller on every sale of the Shares. In other words, a total stamp duty of 0.2% is currently payable on a typical sale and purchase transaction involving the Shares.
<b>Register of members</b>	Our Company’s principal register of members will be maintained by its principal share registrar, Estera Trust (Cayman) Limited, in the Cayman Islands. All of the Shares issued pursuant to the Global Offering will be registered on our Company’s register of members to be maintained in Hong Kong by its Hong Kong Branch Share Registrar, Boardroom Share Registrars (HK) Limited in Hong Kong at 31/F, 148 Electric Road, North Point, Hong Kong.
<b>Application for the Listing on the Stock Exchange</b>	We have applied to the Listing Committee of the Stock Exchange for the granting of the listing of, and permission to deal in, the Shares to be issued by us pursuant to the Global Offering (including the additional Shares which may be issued pursuant to the exercise of the Over-allotment Option) and the Shares to be issued upon the exercise of the shares granted pursuant to the Share Option Scheme.



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## INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

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Dealings in the Shares on the Stock Exchange are expected to commence on 17 July 2017. Except as disclosed in this prospectus, no part of our share or loan capital is listed on or dealt in on any other stock exchange and no such listing or permission to list is being or proposed to be sought on the Stock Exchange or any other stock exchange as at the date of this prospectus. All the Offer Shares will be registered on the Hong Kong Branch Share Registrar of our Company to enable them to be traded on the Stock Exchange.

Under section 44B(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, any allotment made in respect of any application will be invalid if the listing of, and permission to deal in, the 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 or on behalf of the Stock Exchange.

### **Restrictions on offers and sale of the Offer Shares**

Each person acquiring the Hong Kong Offer Shares under the Hong Kong Public Offer will be required to, or be deemed by his acquisition of the Shares to, confirm that he is aware of the restrictions on offers and sales of the Shares described in this prospectus and the relevant Application Forms.

No action has been taken to permit a public offering of the Offer Shares or the distribution of this prospectus in any jurisdiction other than Hong Kong. Accordingly, 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 an offer or invitation is not authorised or to any person to whom it is unlawful to make such an offer or invitation. The distribution of this prospectus and the offering and sales 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 Hong Kong Offer Shares have not been publicly offered or sold, directly or indirectly, in the PRC or the United States.

### **Fully underwritten**

The Sole Sponsor sponsors the listing of our Shares on the Stock Exchange and the Sole Global Coordinator manages the Global Offering. The Hong Kong Public Offer is fully underwritten by the Hong Kong Underwriters pursuant to the Hong Kong Underwriting Agreement. We expect to enter into the International Underwriting Agreement relating to the International Offer on or around the Price Determination Date, subject to determination of the pricing of the Offer Shares. Further information regarding the Underwriters and the underwriting arrangements are set out in the section headed "Underwriting" in this prospectus.

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## INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

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**Price Determination Date** On or around 7 July 2017, and in any event, no later than 13 July 2017.

If, for any reason, the Sole Global Coordinator (for itself and on behalf of the Underwriters) and our Company are unable to reach an agreement on the Offer Price on or before 13 July 2017, or such later date or time as may be agreed between the Sole Global Coordinator (for itself and on behalf of the Underwriters) and us, the Global Offering will not become unconditional and will lapse.

**Admission to CCASS** Subject to the granting of the listing of, and permission to deal in, the Shares on the Stock Exchange and 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 date of commencement of dealings in the Shares on the Stock Exchange or on 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 Business Day after any trading day. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. All necessary arrangements have been made enabling the Shares to be admitted into CCASS.

Investors should seek the advice of their stockbroker or other professional adviser for details of the settlement arrangements as such arrangements may affect their rights and interests.

**Procedures for apply for Hong Kong Offer Shares** See the section headed “How to Apply for the Hong Kong Offer Shares” in this prospectus

**Conditions of the Global Offering** See the paragraph headed “Structure of the Global Offering — Conditions of the Global Offering” in this prospectus

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## DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

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### DIRECTORS

<u>Name</u>	<u>Address</u>	<u>Nationality</u>
<b>Executive Directors</b>		
Mr. Lee Kai Lun (利啟麟)	Flat 7A, Block 2, Hillsborough Court, 18 Old Peak Road, Mid-levels, Hong Kong	Chinese
Dr. Kan Hou Sek, Jim (簡厚錫)	Flat 15A, 15/F., Fu Tao Building, 98 Argyle Street, Mongkok, Kowloon, Hong Kong	British
Mr. Lee Sai Man (李世民)	Flat 3A, Tower 2, Lakeview Garden, 21 Yau On Street, Tai Wai, Shatin, New Territories, Hong Kong	Chinese
Mr. Wong Siu Kwai (黃紹桂)	2/F., Nga Lok Yuen, 156A Tong Tau Po Tsuen, Yuen Long, New Territories, Hong Kong	Chinese
Mr. Kwong Po Lam (鄺保林)	5H, Block 20, Laguna City, Kwun Tong, Kowloon, Hong Kong	Chinese
<b>Independent Non-Executive Directors</b>		
Mr. Fan Siu Kay (樊紹基)	Flat F, 27/F, Carmel-on-the-Hill, 9 Carmel Village Street, Ho Man Tin, Kowloon, Hong Kong	Chinese
Mr. Leung William Wai Kai (梁煒佳)	2/F, No.12 Briar Avenue, Happy Valley, Hong Kong	Chinese
Mr. Lo Chi Leung (盧志良)	Flat F, 20/F, Park Ivy, 8 Ivy Street, Tai Kok Tsui, Kowloon, Hong Kong	Chinese

Please see the section headed “Directors, Senior Management and Employees” of this prospectus for further information.

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## DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

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### PARTIES INVOLVED IN THE GLOBAL OFFERING

<b>Sole Sponsor</b>	<b>KGI Capital Asia Limited</b> 41/F, Central Plaza 18 Harbour Road Wanchai Hong Kong
<b>Sole Global Coordinator</b>	<b>KGI Capital Asia Limited</b> 41/F, Central Plaza 18 Harbour Road Wanchai Hong Kong
<b>Joint Bookrunners and Joint Lead Managers</b>	<b>KGI Capital Asia Limited</b> 41/F, Central Plaza 18 Harbour Road Wanchai Hong Kong  <b>Great Roc Capital Securities Limited</b> Room 1601–1603, 16/F, West Tower Shun Tak Centre 168–200 Connaught Road Central Hong Kong  <b>VMS Securities Limited</b> 49/F, One Exchange Square 8 Connaught Place Central Hong Kong
<b>Hong Kong Underwriters</b>	<b>KGI Capital Asia Limited</b> 41/F, Central Plaza 18 Harbour Road Wanchai Hong Kong  <b>Great Roc Capital Securities Limited</b> Room 1601–1603, 16/F, West Tower Shun Tak Centre 168–200 Connaught Road Central Hong Kong  <b>VMS Securities Limited</b> 49/F, One Exchange Square 8 Connaught Place Central Hong Kong
<b>Legal advisers to our Company</b>	<i>As to Hong Kong law:</i> <b>Deacons</b> 5th Floor, Alexandra House 18 Chater Road Central, Hong Kong

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## DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

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*As to Saipan, CNMI law:*

**King Law Office, LLC**

D' Torres Bldg. Fl.2  
PMB 197  
P.O. Box 10001  
Saipan MP 96950

*As to Cayman Islands law:*

**Appleby**

2206–19 Jardine House  
1 Connaught Place  
Central  
Hong Kong

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

*As to Hong Kong law:*

**King & Wood Mallesons**

13/F, Gloucester Tower  
The Landmark  
15 Queen's Road Central  
Central, Hong Kong

**Reporting accountants and  
auditors**

**KPMG**

8th Floor, Prince's Building  
10 Chater Road  
Central, Hong Kong

**Industry consultant**

**China Insights Consultancy Limited**

10/F Tomorrow Square  
399 West Nanjing Road  
Huangpu District  
Shanghai, China 200003

**Receiving bank**

**Bank of China (Hong Kong) Limited**

1 Garden Road  
Hong Kong

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## CORPORATE INFORMATION

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<b>Registered office</b>	Estera Trust (Cayman) Limited Clifton House 75 Fort Street PO Box 1350 Grand Cayman KY1-1108 Cayman Islands
<b>Corporate headquarters and principal place of business in Hong Kong</b>	Room 902–3, 9/F., Nan Fung Commercial Centre, 19 Lam Lok Street, Kowloon Bay, Kowloon, Hong Kong
<b>Company's website</b>	<b><a href="http://www.winwinway.com.hk">www.winwinway.com.hk</a></b> <i>(The contents on this website do not form part of this prospectus)</i>
<b>Company secretary</b>	Mr. Cheng Wai Hei <i>(Fellow member of the Association of Charter Certified Accountants and an associate of the Institute of Chartered Secretaries and Administrators and the Hong Kong Institute of Chartered Secretaries)</i> Flat 14, 15/F., Block U Telford Gardens, 33 Wai Yip Street Kowloon Bay, Kowloon Hong Kong
<b>Audit Committee</b>	Mr. Lo Chi Leung ( <i>Chairman</i> ) Mr. Fan Siu Kay Mr. Leung William Wai Kai
<b>Remuneration Committee</b>	Mr. Fan Siu Kay ( <i>Chairman</i> ) Mr. Lee Kai Lun Mr. Leung William Wai Kai
<b>Nomination Committee</b>	Mr. Lee Kai Lun ( <i>Chairman</i> ) Dr. Kan Hou Sek, Jim Mr. Fan Siu Kay Mr. Leung William Wai Kai Mr. Lo Chi Leung
<b>Authorised representatives</b>	Dr. Kan Hou Sek, Jim Flat 15A, 15/F., Fu Tao Building, 98 Argyle Street, Mongkok Kowloon, Hong Kong  Mr. Cheng Wai Hei Flat 14, 15/F., Block U Telford Gardens, 33 Wai Yip Street Kowloon Bay, Kowloon Hong Kong

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## CORPORATE INFORMATION

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**Principal Share Registrar and  
transfer office**

**Estera Trust (Cayman) Limited**  
PO Box 1350, Clifton House,  
75 Fort Street,  
Grand Cayman,  
KY1-1108

**Hong Kong Branch Share  
Registrar**

**Boardroom Share Registrars (HK) Limited**  
31/F, 148 Electric Road  
North Point  
Hong Kong

**Principal bank**

**Hongkong and Shanghai Banking  
Corporation Limited**  
HSBC Main Building  
1 Queen's Road Central  
Hong Kong



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## INDUSTRY OVERVIEW

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*The information presented in this section is, including certain facts, statistics and data, derived from the CIC Report, which was commissioned by us and from various official government publications and other publicly available publications, unless otherwise indicated. We believe that these sources are appropriate for such information and we 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. The information has not been independently verified by our Company, the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of our or their respective directors, officers or representatives or any other person involved in the Global Offering and no representation is given as to its accuracy, completeness or fairness. The information and statistics may not be consistent with other information and statistics compiled within or outside of Hong Kong. As a result, excessive reliance on the information contained in this section shall be avoided.*

### SOURCE OF INFORMATION

We have commissioned CIC, a market research and consulting company and an Independent Third Party, to conduct an analysis of, and to report on the construction, foundation and general building works industries in Hong Kong and in Saipan for the period from 2012 to 2021. The CIC Report has been prepared by CIC independent of our influence. CIC charged us a total fee of HK\$1,140,000 for preparation of the CIC Report, which we consider reflects market rates for similar services. CIC is a consulting firm and has experience in conducting market research for various industries in initial public offerings of companies listed on the Stock Exchange. It provides professional industry consulting across multiple industries. CIC's services include, but are not limited to, industry consulting service, commercial due diligence and strategic consulting.

Our Directors are of the view that the information set forth in this section is reliable and not misleading as the information was extracted from the CIC Report and CIC is an independent professional market research company with extensive experience in their profession. The information and data collected by CIC has been analysed, assessed and validated using CIC's in-house analysis models and techniques. In preparing for the report, CIC conducted both primary and secondary research and relied on various sources. The primary research was conducted via interviews with key industry experts and leading industry participants. The secondary research involved analysis of market data obtained from several publicly available data sources, such as International Monetary Fund and Hong Kong Census and Statistics Department. The methodology used by CIC is based on information gathered from multiple levels and allows such information to be cross-referenced for reliability and accuracy. On such basis we consider the data and statistics to be reliable.

### ASSUMPTIONS

The CIC Report contains a variety of market projections which were produced with the following key assumptions: (i) the overall social, economic and political environment in Hong Kong and Saipan are expected to remain stable in the forecast period; (ii) Hong Kong's economy is likely to maintain a steady growth in the forecast period with ongoing urbanisation; (iii) Saipan's economy is likely to maintain a steady growth in the forecast period with its growing tourism industry; (iv) related industry key drivers are likely to drive the Hong Kong's foundation and general building works industry in the forecast period, such as mega public infrastructure projects by the Hong Kong Government, high-rise buildings and skyscrapers in Hong Kong, increasing residential property projects, the rebuild of old buildings in Hong Kong; (v) related industry key drivers are likely to drive the Saipan's foundation and general building works

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## INDUSTRY OVERVIEW

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industry in the forecast period, such as Saipan government's support of the tourism industry, increasing hotel building constructions and expansions; and (vi) there is no any extreme force majeure or industry regulations in which the markets may be affected dramatically or fundamentally. The reliability of the CIC Report may be affected by the accuracy of the foregoing assumptions and factors.

The CIC Report mainly focuses on the Hong Kong market, being the main jurisdiction in which our business is located. However, since our Group entered into a contract as main contractor in October 2014 for the foundation works and ancillary services and general building works of the Saipan Project, which we expect to complete in or around February 2018, the CIC Report also includes an overview of Saipan. For details on the Saipan Project, please see the section headed "Business — Construction Projects — Projects in progress based on information available as at 31 December 2016 — Saipan Project" in this prospectus. Our Directors confirm that after taking reasonable care, there is no material adverse change in the market information since the date of the relevant data contained in the CIC Report which may qualify, contradict or have an impact on the information in this section.

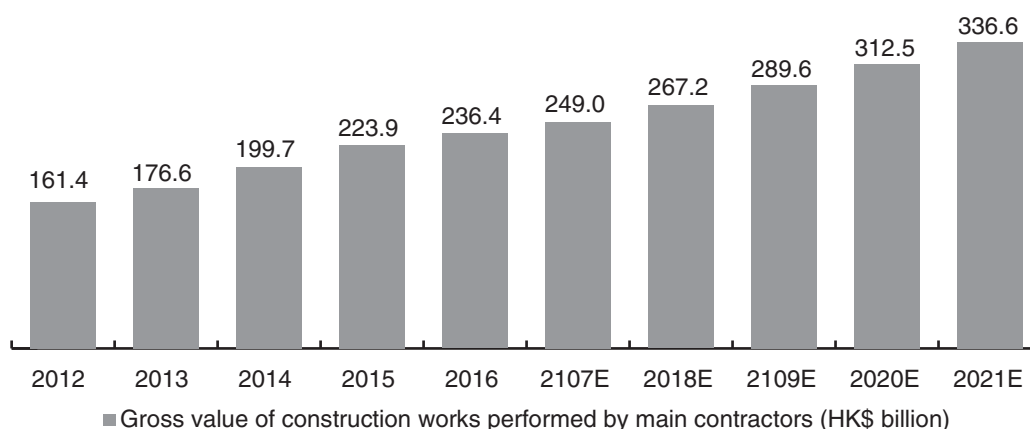
Except as otherwise noted, all of the data and forecasts contained in this section are derived from the CIC Report.

### OVERVIEW OF THE CONSTRUCTION INDUSTRY IN HONG KONG

#### Gross output value of construction works in Hong Kong

Hong Kong's construction industry has shown strong level of growth and posted a CAGR of 10.0% from 2012 to 2016, with the gross output value of construction works performed by main contractors in Hong Kong increased from HK\$161.4 billion in 2012 to HK\$236.4 billion in 2016. This prosperous trend was mainly driven by massive infrastructure developments and housing programs in the public sector and the expansion plans of private developers to meet the market demands. Large quantities of ongoing public and private sector projects will further stimulate the development of the market. Construction activities are expected to remain at a high level in the coming five years and the gross output value of construction works performed by main contractors is expected to register a CAGR of 7.3% reaching HK\$336.6 billion by 2021.

#### Gross output value of construction works performed by main contractors, Hong Kong, 2012–2021E



*Note:* Data refers to gross output value of construction works in nominal terms performed by main contractors. Subcontractors' contribution to projects is included in the gross output value of construction works performed by main contractors for whom they worked.

*Source:* Hong Kong Census and Statistics Department; CIC

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## INDUSTRY OVERVIEW

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### OVERVIEW OF THE FOUNDATION WORKS AND ANCILLARY SERVICES INDUSTRY IN HONG KONG

#### Gross output value of the foundation works in Hong Kong

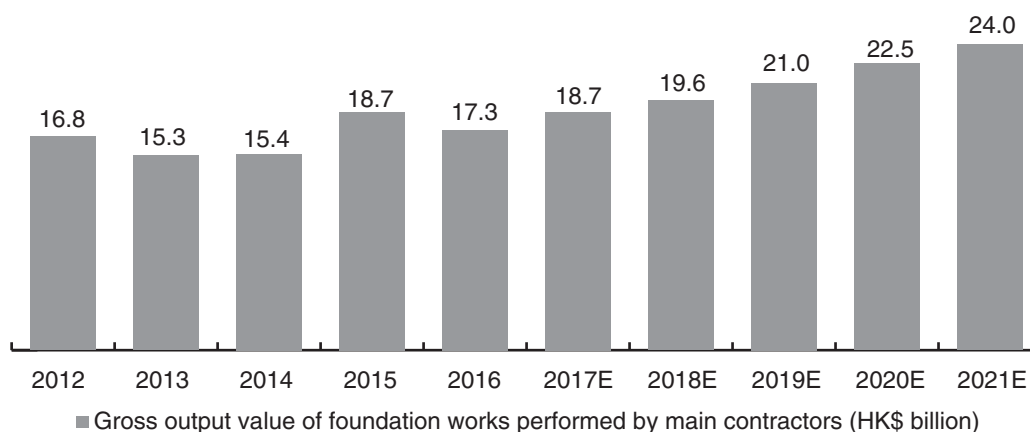
Foundation works such as land piling are precursors for most construction works and conducted upon the commencement of a construction project. The gross output value of Hong Kong's foundation works performed by main contractors increased from HK\$16.8 billion in 2012 to HK\$17.3 billion in 2016 with a CAGR of 0.6% during the period.

During the past five years, mega infrastructure projects greatly stimulated the market growth. For example, the Hong Kong section of the Guangzhou-Shenzhen-Hong Kong Express Rail Link, which is one of the Ten Major Infrastructure Projects, was completed in early 2013. Thus, a significant peak was observed for the foundation industry in 2012. For the private sector, the growth was mainly attributable to the steady growth of residential properties. The increasing demand of residential units in Hong Kong as well as Hong Kong Government's plan for increasing public housing supply together helped the foundation industry to keep growing.

It is expected that the gross output value of Hong Kong's foundation works performed by main contractors will further reach HK\$24.0 billion in 2021, representing a CAGR of 6.8% from 2016 to 2021.

Subcontracting is a common practice in the construction industry. However, given the complexity and equipment requirement of foundation works in Hong Kong, most foundation works are conducted by contractors specialised as main contractors in foundation works.

#### Gross output value of foundation works performed by main contractors, Hong Kong, 2012–2021E



*Note:* Data refers to gross output value of piling and related foundation works in nominal terms performed by main contractors. Subcontractors' contribution to projects is included in the gross output value of piling and related foundation works performed by main contractors for whom they worked.

*Source:* Hong Kong Census and Statistics Department; CIC

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## INDUSTRY OVERVIEW

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### Demolition

Demolition works generally involve the clearance of construction site, demolition of existing structures to prepare the site for foundation works that follow. The gross output value of Hong Kong's demolition works industry increased from HK\$11.6 billion in 2012 to HK\$19.3 billion in 2016, with a CAGR of 17.1% from 2012 to 2016. Our Company was one of the 108 contractors on the list of Specialist Contractors (Sub-register of Demolition Works Category) of the Buildings Department as at 31 March 2017.

The rapid growth of demolition works was mainly attributable to the growth of the construction industry. The implementation of a series of public sector projects such as the Ten Major Infrastructure projects in Hong Kong resulted in a lot of related demolition works.

As Hong Kong's construction industry is expected to remain in steady growth over the forecast period, it is expected that Hong Kong's demolition works industry will continue to grow and further reach a gross output value of HK\$25.4 billion in 2021, representing a CAGR of 3.1% from 2016 to 2021.

### Site Formation

Site formation works generally involve the preparation of a construction site for subsequent foundation and superstructure works. The gross output value of Hong Kong's site formation works industry increased from HK\$1.2 billion in 2012 to HK\$2.6 billion in 2016, with a CAGR of 21.7%. Our Company was one of the 184 contractors on the list of Specialist Contractors (Sub-register of Site Formation Works Category) of the Buildings Department as at 31 March 2017.

According to the Buildings Department, site formation works include "excavations on sloping land, filling, landslip preventive works, landslip remedial works and ground water drainage works". Hong Kong has a large amount of mountains and slopes, thus the demand for site formation is high as a significant proportion of construction works requires slope construction and maintenance. Such situation is likely to remain the same in the forecast period.

Furthermore, in accordance with the further growth of construction industry in Hong Kong, it is expected that the gross output value of Hong Kong's site formation works industry will further reach HK\$3.8 billion in 2021, representing a CAGR of 7.8% from 2016 to 2021.

## OVERVIEW OF GENERAL BUILDING WORKS INDUSTRY IN HONG KONG

### Gross output value of the general building works industry in Hong Kong

General building works mainly include structural alteration and addition works, development of entire dwellings, office buildings, stores, public utility buildings, farm buildings, etc.

The gross output value of Hong Kong's general building works industry increased from HK\$44.7 billion in 2012 to HK\$83.9 billion in 2016, representing a CAGR of 17.0%. Stimulated by the strong demand for residential buildings in Hong Kong, the general building works industry experienced a rapid growth accordingly. According to the Hong Kong Government, there is also a foreseeable growth in general building works industry for public sector as more public housing has been scheduled to meet the increasing demand of residential properties.

General building works projects generally feature a lower gross profit margin but a larger contract sum than foundation works projects because the foundation industry is less competitive due to the more complex nature of foundation works, which require higher level of expertise. The average profit margin for general building works industry is approximately no more than 5%

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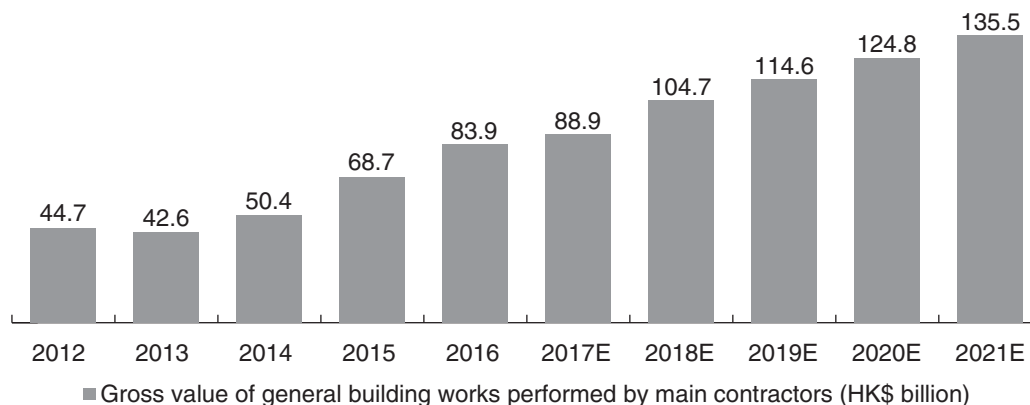
## INDUSTRY OVERVIEW

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while the average profit margin for foundation works ranges from approximately 10% to 20%. It is a usual market practice for the main contractors of general building works to subcontract projects to other subcontractors due to the large contract sum and labour involved.

It is expected that the gross output value of Hong Kong's general building works industry would further reach HK\$135.5 billion in 2021, representing a CAGR of 10.1% during 2016 to 2021.

### Gross output value of general building works performed by main contractors, Hong Kong, 2012–2021E



*Note:* Data refers to gross output value of general building works in nominal terms performed by main contractors. Subcontractors' contribution to projects is included in the gross output value of general building works performed by main contractors for whom they worked.

*Source:* Hong Kong Census and Statistics Department; CIC

## MARKET ANALYSIS OF FOUNDATION AND GENERAL BUILDING WORKS INDUSTRY IN HONG KONG

### Market drivers of foundation and general building works industry in Hong Kong

- (i) *Mega public Infrastructure projects by Hong Kong Government:* The Ten Major Infrastructure Projects released by Hong Kong Government greatly boosted Hong Kong's foundation and general building works industry since these projects are large in scale and require a large amount of foundation works and affiliated general building works in line with the high project investment. With more projects beginning over the forecast period, it is expected that Hong Kong's foundation and general building works industry will be further stimulated and benefit from such mega public infrastructure projects.
- (ii) *High-rise buildings and skyscrapers in Hong Kong:* Due to the size of Hong Kong, high-rise buildings and skyscrapers are popular in Hong Kong to accommodate the large population. There are currently approximately 8,000 high-rise buildings and skyscrapers in Hong Kong and the number is continually growing. As these buildings require a large amount of investment in foundation works to meet the building requirements, it is expected that Hong Kong's foundation industry will be further stimulated by projects of high-rise buildings and skyscrapers.

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## INDUSTRY OVERVIEW

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- (iii) *Increasing residential property projects:* The Hong Kong Government plans to increase the supply of residential land for public and private housing to meet the increasing demand for housing units and to stabilise the overheated properties market. According to the 2016–17 Budget Speech, the Hong Kong Government has adopted the public housing supply target of 280,000 units to accommodate the growing demand by providing more land for the ten-year period from 2016–17 to 2025–26. The Hong Kong Government would provide public land for projects launched by the Urban Renewal Authority and the MTR Corporation Limited. These policies will drive the foundation and general building works industry in Hong Kong Limited, and the demand for foundation and general building works is expected to continue to increase in the next five years.
- (iv) *The rebuilding of old buildings in Hong Kong:* Apart from the new building construction projects, there are also planned rebuilds of old buildings in Hong Kong. Because most of these old buildings are located in city centers with high population density, these foundation works require special technology such as frictional pre-bored H-pile which are more eco-friendly as they produce lower noise and vibration. As at 31 December 2016, our Company was one of the two foundation companies which were capable of performing frictional pre-bored H-piling works in Hong Kong. For further details, please see the section headed “Business — Competitive Strengths — We possess advanced and environmental-friendly piling technical knowhow” in this prospectus.

### **Market trends of foundation and general building works industry in Hong Kong**

- (i) *Less subcontracting in foundation industry:* Subcontracting is a common practice in the construction industry. However, given the complexity and equipment requirement of foundation works in Hong Kong, most foundation works are conducted by contractors specialised as main contractors in foundation works. It is expected that such practice will be continuously adopted in the Hong Kong foundation industry.
- (ii) *Piling systems with less noise and vibration generated:* Advanced small diameter pile systems are more preferable in the foundation industry in Hong Kong, since they produce less noise and vibration during operation. Generally, if the Environmental Protection Department receives complaints from the public about noise and vibration generated from foundation operation, the foundation operation must be suspended. The timeline of the project may be postponed, and the contractors may have to bear the penalty. Therefore, it is preferable to use piling systems which generate less noise and vibration during operation in the foundation industry to avoid any project delay and penalty.
- (iii) *On-site training offered by contractors:* Foundation works require skilled workers to progress. However, labour shortage has become a major challenge in Hong Kong, especially for skilled construction workers. To overcome the challenges of labour shortage for skilled workers in the foundation and general building works industry, foundation and general building works contractors in Hong Kong began to hire less experienced workers and provide more support and on-site training to them.
- (iv) *Technology advancement:* To achieve better cost efficiency in foundation works, companies are continuously seeking technology advancement to meet stricter requirements from clients. For example, frictional pre-bored H-pile has been introduced into the market with several advantages such as being eco-friendly and having better cost efficiency. It is expected that such technologies will become a major trend in the Hong Kong foundation industry.



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## INDUSTRY OVERVIEW

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### Entry barriers of foundation and general building works industry in Hong Kong

- (i) *Capital requirement:* The foundation works and building construction works companies require a massive capital investment in machinery and a significant amount of working capital to be retained in the market. Typically, the project revenue is retained on a month to month basis. In some circumstances, property owners may require foundation works companies to submit financial statements before tendering to assure the proper implementation of the projects. Thus, the capital requirement sets up a high entry barrier for new entrants to entering into the market.
- (ii) *Related register of license:* To perform and tender for foundation and general building works projects, companies are required to register for related licenses such as Specialist Contractors (Sub-register of Foundation Works Category) with the Buildings Department of HKSAR. The obtaining of licenses poses as a major entry barrier for new entrants as it takes considerable time and capital to get such licenses. Moreover, different grades of the license are granted to companies for projects with different limitations. New entrants with lower grade licenses are unable to compete for large-scale projects with existing players in the industry.
- (iii) *Proven track record of completed projects:* To stand out in the tendering process and become credible to the clients, companies need to provide a proven track record of completed projects. Such experience takes years to establish and becomes one of the major entry barriers to the new entrants of Hong Kong's foundation and general building works industry.
- (iv) *Technical barrier:* Due to the complexity of foundation works in respect of location, ground status, nearby conditions and environment requirements, the technology barrier is relatively high for the Hong Kong foundation industry. Most projects even require the company to provide detailed design before tendering. The related technology knowhow for foundation works acts as a technical barrier for Hong Kong's foundation and general building works industry.

### Threats to foundation and general building works industry in Hong Kong

- (i) *Ageing foundation workers and labour shortage:* Ageing foundation workers and labour shortage have been viewed as major threats to Hong Kong's foundation and general building works industry. The gap between labour shortage and the growth of foundation and general building works industry is attributable to the industry facing a major challenge in attracting new workers. Furthermore, some workers may even be attracted to Macau and China with better offers compared to local companies, leaving an even larger gap in the industry.
- (ii) *Increasing costs:* Foundation and general building works projects are labour intensive as well as capital intensive. The overall costs are increasing due to increased labour costs and material costs. Especially for labour costs, the average wage rate of construction workers in Hong Kong increased from HK\$57.9 in 2010 per hour to HK\$126.3 per hour in 2016. The increasing costs may lead to a lower profit margin for companies in the industry.
- (iii) *Stricter environmental requirement of foundation works:* Construction sites of foundation works may cause environmental nuisances affecting not only the workers on site but also occupants of adjoining buildings and the general public. As some projects are located in the cities, it is expected that the environmental requirement for noise and vibration would be stricter in the future. Companies may be forced to seek advanced technologies of land piling with lower noise and less vibration such as frictional pre-bored H-pile to stand out in the tendering process.



## INDUSTRY OVERVIEW

### Historical price of key raw materials of foundation and general building works industry in Hong Kong

#### Steel reinforcement

The price of steel reinforcement in Hong Kong decreased from HK\$4,877 per metric ton in January 2010 to HK\$4,264 per metric ton in December 2016. The price decrease was attributable to the overcapacity of steel production in the PRC as well as the weak global steel demand. However, as the suppliers of steel usually have strong control over the negotiation, the price decrease did not have an observable impact upon the final project fees in the construction industry.

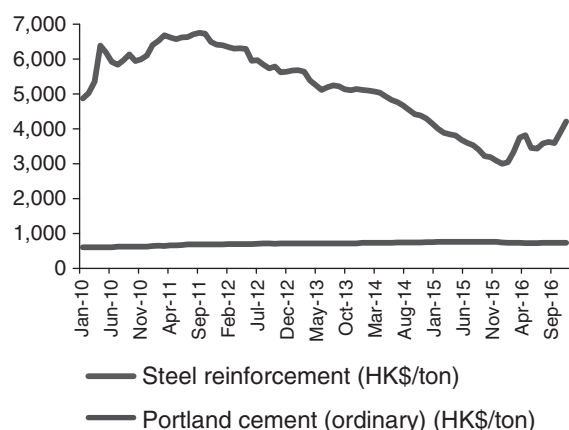
#### Portland cement (ordinary)

The price of portland cement (ordinary) slightly increased from HK\$604 per metric ton in January 2010 to HK\$713 per metric ton in December 2016. With the implementation of the Ten Major Infrastructure Project, the demand for cement from the construction industry helped the price to continually increase over the past five years. However, as the depreciation of RMB continues since September 2015, it is expected that the portland cement price may see a decrease in the future.

### Average wage of construction worker in Hong Kong

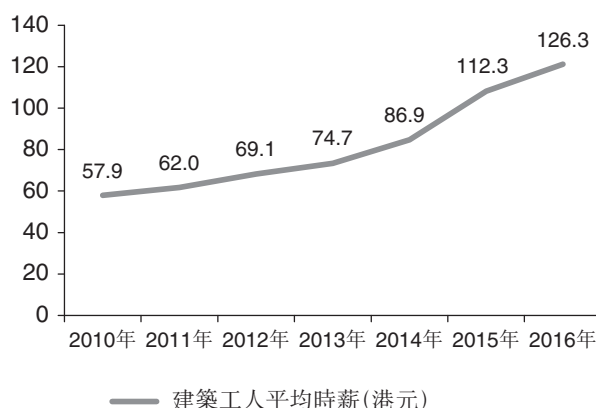
The average wage of construction workers in Hong Kong increased from HK\$57.9 per hour in 2010 to HK\$126.3 per hour in 2016. The wage level of construction workers increased due to the labour shortage problem in Hong Kong construction industry. As labour costs in the construction industry grew, costs were transferred from the industry to customers, leading to the increase in final project fees. To address the labour shortage problem, the Hong Kong Government has initiated different actions such as new training program and further increase of wage level. Given the continuous projects in both private and public sectors, the average wage of construction workers in Hong Kong is expected to continue increasing in the future.

Price trend of raw materials,  
Hong Kong, January 2010–2016



Source: Hong Kong Census and Statistics Department

Average construction workers hourly wage,  
Hong Kong, 2010–2016



Source: Hong Kong Census and Statistics Department

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## INDUSTRY OVERVIEW

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### COMPETITIVE LANDSCAPE OF THE FOUNDATION AND GENERAL BUILDING WORKS INDUSTRY IN HONG KONG

#### Overview of Hong Kong's foundation industry

The Hong Kong Government grants approval to foundation works contractors based on their qualifications, experience and financial situations. Foundation works contractors are required to register on the lists of the Building Department for private projects, and on the lists of the Development Bureau for public projects. As at 31 March 2017, we were one of the 43 contractors on the list of Approved Suppliers of Materials and Specialist Contractor for Public Works under the "Land Piling" category of the Development Bureau. We were also one of the 149 contractors on the list of Specialist Contractors (Sub-register of Foundation Works Category) of the Buildings Department as at 31 March 2017. For details of related regulations and requirements, please see the section headed "Regulatory Overview" in the prospectus.

#### Top five foundation works contractors in Hong Kong

Top five foundation works contractors represented approximately 56.0% of the total revenue of the foundation works industry in Hong Kong in 2016. Our Group recorded revenue of approximately HK\$370.4 million from foundation works and ancillary services in Hong Kong, with a market share of approximately 2.1% in 2016.

Rank	Name of Company	Headquarters Location	Revenue in Hong Kong in 2016 (HK\$ million)	Market share (%)	Public listed company (Y/N)
1	Company A	Hong Kong	3,018.0	17.5%	Y
2	Company B	Hong Kong	2,288.7	13.3%	Y
3	Company C	Hong Kong	1,573.4	9.1%	N
4	Company D	Hong Kong	1,398.9	8.1%	Y
5	Company E	Hong Kong	1,386.7	8.0%	Y
Others			<u>7,592.3</u>	<u>44.0%</u>	
Total			<u><u>17,258.0</u></u>	<u><u>100.0%</u></u>	

*Notes:*

1. Company A engages in foundation piling; property investment, development, and management; and machinery leasing and trading activities in Hong Kong, Macau and the PRC.
2. Company B engages in the construction business, project consultancy services and other businesses in Hong Kong, Macau and the PRC.
3. Company C engages in design, management, and construction services in the areas of building, civil engineering and others in the PRC and Southeast Asia.
4. Company D engages in foundation business, investigation field business, and site formation business in Hong Kong and Macau.
5. Company E engages in foundation works, construction works and real estate development in Hong Kong, Macau and Singapore.
6. Revenue includes foundation works and ancillary services in Hong Kong. Revenue may be recorded for the financial year ended 31 March 2017.

Source: CIC

## INDUSTRY OVERVIEW

### Top five general building works contractors in Hong Kong

Top five general building works contractors represented approximately 28.4% of the total revenue of the general building works industry in Hong Kong in 2016. Our Group recorded revenue of approximately HK\$286.3 million from general building works, with a market share of approximately 0.3% in 2016.

Rank	Name of Company	Headquarters Location	Revenue in Hong Kong in 2016 (HK\$ million)	Market share (%)	Public listed company (Y/N)
1	Company B	Hong Kong	8,499.1	10.1%	Y
2	Company F	Hong Kong	6,470.8	7.7%	Y
3	Company C	Hong Kong	3,367.5	4.0%	N
4	Company H	Hong Kong	2,931.2	3.5%	Y
5	Company G	Hong Kong	2,505.4	3.0%	N
Others			60,077.3	71.6%	
Total			83,851.3	100.0%	

*Notes:*

1. Company F engages in building construction, civil engineering construction, electrical and mechanical installation and other businesses in Hong Kong.
2. Company G engages in civil and foundation works, residential building works, and amenities as a contractor in Macau, Hong Kong and the PRC. Company G has two significant shareholders who are both listed on the Stock Exchange.
3. Company H engages in construction and engineering, insurance and investment, property, and food and beverage businesses in Hong Kong, South East Asia, Europe, North America and Australia.
4. Revenue includes general building works in Hong Kong. Revenue may be recorded for the financial year ended 31 March 2017.

Source: CIC

### OVERVIEW OF FOUNDATION AND GENERAL BUILDING WORKS INDUSTRY IN SAIPAN

Saipan is the largest island of the CNMI, a commonwealth of the United States in the western Pacific Ocean. With a land area of approximately 118.9 km<sup>2</sup>, Saipan is located about 190 km north of Guam. It is characterised by sandy shores and mountainous landscapes.

#### Demographic statistics of the Saipan

The GDP of CNMI has witnessed a recovery since 2012 due to the continue rise in tourism and CNMI's participation in American Recovery & Reinvestment Act (ARRA). The act brought in over US\$97 million for the purpose of improving infrastructure and domestic employment. In addition, the Comprehensive Economic Development Plan which was announced in 2013 identified around US\$500 million in projects relating to infrastructure, energy consumption reduction as well as the education system. The real GDP of CNMI is expected to increase to HK\$6,259.1 million due to the expected growth in the number of visitors, the maturation of the tourism industry and the government's continuous investment.

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## INDUSTRY OVERVIEW

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The population in Saipan increased in the recent years from around 48,220 in 2010 to around 49,227 in 2015, with a CAGR of 0.4%. This can be attributed to the increasing number of Asian immigrants, mainly from China, Japan and Korea, after the legislation of the new US Public Law 110–229, which requires that CNMI employers seeking to hire new non-US eligible employees from outside the CNMI are required to pay a wage rate equal to or above the prevailing wage rate of the employer.

### **Tourism industry of Saipan**

The number of visitors of Saipan increased from approximately 0.3 million in 2010 to approximately 0.5 million in 2016, at a CAGR of around 6.2%. The major reasons were the rising economy of China since 2010 and relaxation of US immigration rules, which allowed citizens from countries such as China to visit Saipan for up to 45 days without a visa. In addition, many airlines in China have established new flight routes to Saipan in 2014; Saipan received approximately eight charter flights per week from various metropolitan cities in China. Furthermore, newly added direct flights from Hong Kong to Saipan in July 2016 and direct flights from the Philippines to Saipan in June 2016 are also expected to boost the tourism industry in Saipan. The number of hotels in Saipan has remained relatively stable across the period from 2010 to 2015. In the coming years, the number of hotel rooms is expected to increase drastically, mainly due to the construction plan of US\$7.1 billion for resorts which is expected to provide approximately 4,200 hotel rooms and approximately 300 villas with approximately 1,600 gaming tables and approximately 3,500 slot machines from 2016 to 2019. The other announced projects include the reopening of two existing hotels, as well as the expansion of another existing hotel. After the passing of the gambling law in Saipan in 2015, it is believed that the said law could open more opportunities in the hotel and entertainment industries and further stimulate the growth of tourism in Saipan.

### **Market analysis of foundation and general building works industry in Saipan**

Stimulated by the growth of Saipan's economy and the tourism industry, it is expected that the foundation and general building works industry in Saipan will also see a continued growth in the forecast period.

Major market drivers of foundation and general building works industry in Saipan include Saipan government's support of tourism industry and increasing hotel building constructions and expansions. Furthermore, future opportunities of the foundation and general building works industry in Saipan include growth of foreign investment to Saipan for tourism and gambling, which require better infrastructure to improve current urban environment.

However, there are some entry barriers and threats to the operation and undertaking of the foundation and general building works projects in Saipan. Major entry barriers include the difficulty in recruiting and retaining skilled labour and high operational cost in Saipan. Major threats include shortage of construction labour and other threats (e.g. decreasing number of Japanese tourists and the militarisation plan of CNMI with a projected no-fly zone) posing threats to the tourism industry of Saipan.

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## LAWS AND REGULATIONS

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### HONG KONG LAW

This section sets forth a summary of the material laws and regulations applicable to our business in Hong Kong.

#### A. Laws and regulations in relation to the contractor licensing regime

##### *General building contractor/specialist contractor*

Under the current contractor registration system in Hong Kong, a contractor carrying out building works and street works must be registered with the Buildings Department as a (i) general building contractor, (ii) specialist contractor or (iii) minor works contractor. A building owner is required to appoint contractors from the appropriate register corresponding to the category of building works to be carried out.

Registered general building contractors may carry out general building works and street works which do not include any specialised works designated for registered specialist contractors while registered specialist contractors may only carry out specialised works in their corresponding categories in the sub-registers in which they have been entered. Section 8A(2) of the Buildings Ordinance empowers the Building Authority to designate, by notice in the Gazette, categories of building works as specialised works that are required to be carried out by registered specialist contractors. Currently, there are five categories of works designated as specialised works, namely demolition works, foundation works, site formation works, ventilation works and ground investigation field works.

Under section 8B(2) of the Buildings Ordinance, an applicant for registration as a registered general building contractor or registered specialist contractor must satisfy the Building Authority on the following aspects:

- a. if it is a corporation, the adequacy of its management structure;
- b. the appropriate experience and qualifications of its personnel;
- c. its ability to have access to plant and resources; and
- d. the ability of the person appointed to act for the applicant for the purposes of the Buildings Ordinance to understand building works and street works through relevant experience and a general knowledge of the basic statutory requirements.

In considering each application for registration as registered general building contractor or registered specialist contractor, the Building Authority is to have regard to the qualifications, competence and experience of the following key personnel of the applicant:

- a. a minimum of one person appointed by the applicant to act for the applicant for the purposes of the Buildings Ordinance, that is the “**Authorised Signatory(ies)**”;
- b. for a corporation — a minimum of one director from the board of directors of the applicant, that is the “**Technical Director(s)**” who is authorised by the board to:
  - (i) have access to plant and resources;

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## LAWS AND REGULATIONS

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- (ii) provide technical and financial support for the execution of building works and street works; and
  - (iii) make decisions for the company and supervise the Authorised Signatory and other personnel for the purpose of ensuring that the works are carried out in accordance with the Buildings Ordinance; and
- c. for a corporation which appoints a director who does not possess the required qualification or experience as Technical Director to manage the carrying out of building works and street works — an “other officer” authorised by the board of directors to assist the Technical Director.

Set out below are the Technical Directors and Authorised Signatories of our Group:

<u>Qualification</u>	<u>Technical Director</u>	<u>Authorised Signatory</u>
Registered general building contractor.	Dr. Kan, Yeung Nai Cheong	Dr. Kan
Registered specialist contractor in demolition works category . . . . .	Dr. Kan, Yeung Nai Cheong	Dr. Kan
Registered specialist contractor in foundation works category . . . . .	Dr. Kan, Yeung Nai Cheong	Dr. Kan
Registered specialist contractor in site formation works category. . . . .	Dr. Kan, Yeung Nai Cheong, Ching Yat Cheung	Ching Yat Cheung

In addition to the above key personnel, the applicant is also required to demonstrate that it has employed appropriate qualified staff to assist the applicant and the above key personnel to execute, manage and supervise the building works and street works.

For registration as a registered specialist contractor, the applicant must satisfy the Building Authority that it has the necessary experience and, where appropriate, professional and academic qualifications, to undertake work in the specialist category and should also demonstrate that it has the access to engaging qualified persons to carry out the relevant specialised duties, e.g. competent person (logging) for demolition works.

Our Directors confirm that during the Track Record Period and up to the Latest Practicable Date, WWW Construction has met the criteria and requirements to remain as a registered specialist contractor for its relevant category that are applicable.

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

Under section 14(1) of the Buildings Ordinance, no person shall commence or carry out any building works or street works, without having obtained approval and consent from the Building Authority. Any person who intends to carry out alteration or addition building works in existing premises is required to appoint an authorised person, and where necessary a registered structural engineer, to prepare and submit plans for the approval of the Building Authority under the Buildings Ordinance. He is also required to appoint a registered contractor to carry out the building works. The Building Authority may require that all such building works shall be carried out in such a way that the building will comply with the standards of the Buildings Ordinance.

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## LAWS AND REGULATIONS

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Under section 4(1) of the Buildings Ordinance, every person for whom building works or street works are to be carried out shall appoint:

- a. an authorised person as the co-ordinator of such building works or street works;
- b. a registered structural engineer for the structural elements of such building works or street works if so required under the Buildings Ordinance; and
- c. a registered geotechnical engineer for the geotechnical elements of such building works or street works if so required under the Buildings Ordinance.

### *Private sector foundation, site formation and demolition projects*

Private sector projects cover projects launched by private developers as well as any other entities not being departments of the Hong Kong Government and statutory bodies, including utility companies, charity organisations, and private educational institutions.

To undertake private sector works as main contractor, a contractor must be registered with the Buildings Department as a registered specialist contractor under the categories of foundation works, site formation works and demolition works, unless the main contractor subcontracts those works to a registered specialist contractor. Where the main contractor engages a registered specialist contractor under the categories of foundation works, site formation works and demolition works to undertake the relevant works, irrespective of whether such works form the whole or part of the contract works, the main contractor itself would not be required to be a registered specialist contractor under the relevant category. Subcontractors undertaking foundation, site formation and demolition works (as the case may be) are required to be registered specialist contractors under the respective categories accordingly.

For any foundation, site formation and demolition works, where an entity is involved as a subcontractor, if there is a registered specialist contractor who is registered with the Buildings Department under the appropriate category to supervise the works and liaise with the Buildings Authority, the entity itself is not required to be such registered specialist contractor or to obtain any requisite licenses, permits and approval for its operation and business except the business registration.

The registration requirements mentioned above are the basic requirements for undertaking private sector foundation construction projects. Other additional requirements on the contractors or subcontractors may be imposed by the developers, main contractors, or other entities, as the case may be.

### *Public sector foundation projects*

Registration with the Buildings Department as a registered specialist contractor under the category of foundation works is one of the minimum requirements for contractors undertaking foundation works in the public sector under the Development Bureau and the Housing Authority.

Set out below are the further requirements for a registered specialist contractor under the category of foundation works to undertake foundation works projects of the Development Bureau and the Housing Authority.



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## LAWS AND REGULATIONS

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### *Development Bureau projects*

The public work projects undertaken by Architectural Services Department, Buildings Department, CEDD, Drainage Services Department, Electrical and Mechanical Services Department, Lands Department, Land Registry, Planning Department and Water Supplies Department fall under the administration of the Development Bureau. If a contractor wishes to carry out public land piling works of the Development Bureau, it must be included in either “Group I” or “Group II” of the Approved Specialist List which is administered by the WBDB under the category of “Land Piling” in respect of the relevant piling system. The scope of work in this category covers design, supply and installation of registered piling systems on land. Approved Group II specialist list contractors can undertake foundation contracts/subcontracts of unlimited value.

Even if the main contractor holds all the required registrations for the projects, subcontractors are required to register on the Subcontractor Registration Scheme at the Construction Industry Council (建造業議會) to participate in public projects commissioned by Government departments and statutory bodies. All capital works and maintenance works contracts of the Government with tenders to be invited on or after 15 August 2004 shall require the contractor to employ all subcontractors (whether nominated, specialist or domestic) that are either registered from the respective trades available under the Subcontractor Registration Scheme maintained by the Construction Industry Council, or will complete their registration before the execution of the relevant subcontracted works.

Contractors are required to meet the financial, technical, management, personal and safety criteria applicable to their appropriate category and group for admission and retention on the approved lists and for the award of public works contracts. For retention on the Approved Specialist List, a contractor should generally possess at least a positive capital value. In addition, a contractor is required to maintain certain minimum levels of employed and working capital and annual turnover applicable to the appropriate category and group. In granting a registration/approval to a foundation contractor, WBDB takes into consideration, among others, (a) the contractor’s financial strength; (b) the contractor’s technical experience and management capability; and (c) the machinery and equipment maintained by the contractor.

For admitting and remaining as an approved contractor on the Approved Specialist List (Group II — Land piling category), our Group is required to meet the minimum financial criteria and other requirements as follows:

a. Minimum employed capital

HK\$9.3 million plus a minimum annual turnover of HK\$50 million in each of the immediate past three years.

b. Minimum working capital

HK\$8.6 million or 10% of the combined annual value of uncompleted works on outstanding contracts both in the public and private sectors, whichever is higher.

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## LAWS AND REGULATIONS

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- c. Minimum technical and management criteria/other requirements
- (i) A registered specialist contractor in the foundation sub-register under the Buildings Ordinance.
  - (ii) Possess quality management system certificates issued under the rules of the HKCAS operated by the Hong Kong Accreditation Service, i.e. bearing the HKCAS accreditation mark, and quality management system certificates bearing the accreditation mark of other accreditation bodies which are considered as having an equivalent standard by the Environment, Transport and Works Bureau. The scope of certification shall be relevant to the piling system under application.
  - (iii) Top management: at least one member of the resident top management with a minimum of five years local experience in managing a construction firm obtained in the past eight years. Top management shall be the president, chairman, director, managing director, executive director or general manager etc.
  - (iv) Technical staff: at least two persons with a relevant degree from a Hong Kong university or equivalent with at least five years post-graduate local experience in piling works.
  - (v) Job experience: have experience as main contractor and at least three medium/large size local projects (of value above HK\$3 million each) were completed with good references within the past five years.
  - (vi) Plant and equipment: appropriate equipment for each system (at least one set for each system).  
  
The plant and equipment requirements are subject to modification as technology advances and as new plant emerge. Furthermore, the type of materials and method of application that the contractors select will dictate the plant required.
  - (vii) Office/workshop facilities: local office required and yard facilities available.
  - (viii) Others: Piling system to be registered: (1) method statement; (2) typical calculations; (3) acceptable references; and (4) satisfactory demonstration on site.

Our Directors confirm that during the Track Record Period and up to the Latest Practicable Date, WWW Construction has met the criteria and requirements on retention on the Approved Specialist List that are applicable to WWW Construction.

### *Regulatory actions against contractors by the Development Bureau*

The Development Bureau may take regulatory actions against contractors for failure to meet the financial criteria within prescribed time, unsatisfactory performance, misconduct or suspected misconduct, poor site safety record, and poor environmental performance, court convictions such as contravention of site safety legislation and the Employment Ordinance and employment of illegal workers.

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For instance, according to the Technical Circular (Works) No.3/2009 issued by the Development Bureau, if a qualified contractor is convicted of a series of safety or environmental offences within a short period of time in a project, or if a fatal construction accident occurs at a construction site for which the contractor is responsible, the Government may take regulatory actions against the responsible contractor, which include the removal, suspension (which means a contractor is prohibited from tendering for works of the relevant category during the suspension period) and downgrading (which includes downgrading or demoting the contractor's qualification to a lower status or class in all or any specified category) of the contractor's licence, depending on the seriousness of the incident triggering the regulatory actions.

### **B. Laws and regulations in relation to construction labour, health and safety**

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

Section 3 of Construction Workers Registration Ordinance requires construction workers to be registered for carrying out construction work on a construction site, and section 5 prohibits employers to employ a person who is not a registered construction worker to carry out construction work on a construction site. Section 58 of the Construction Workers Registration Ordinance requires a main contractor for a construction site to provide device(s) that enables the data stored in a registration card in electronic form to be retrieved, and the main contractor may apply for exemption of the above requirement from the Construction Industry Council. Section 58 of the Construction Workers Registration Ordinance further requires a controller of a construction site to:

- (i) establish and maintain a daily record in the specified form that contains information of the registered construction workers who are employed by the controller or a subcontractor of the controller and personally carrying out on the site construction work; and
- (ii) furnish the Registrar of Construction Workers in such manner as directed by the Registrar of Construction Workers with a copy of the record (a) for the period of seven days after any construction work begins on the site; and (b) for each successive period of seven days, within two Business Days following the last day of the period concerned.

A person who, without reasonable excuse, contravenes section 58 of the Construction Workers Registration Ordinance commits an offence and is liable on conviction to a fine at level 3, which is currently fixed at HK\$10,000.

Under the Construction Workers Registration Ordinance, "construction work" means, inter alia, any building operation involved in preparing for any operation such as laying of foundations, excavation of earth and rock before laying of foundations, site clearance, site investigation, site restoration, earthmoving, tunnelling, boring, scaffolding and provision of access. "Construction site" means (subject to certain exceptions) a place where construction work is, or is to be, carried out. 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, inter alia, that the person has attended the relevant 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 the Registrar of Construction Workers is satisfied that, amongst others, (i) the person has attended the relevant construction work-related safety training course and (ii) if the registration will, on the date of its expiry, have been in effect for not less than two years, the person has

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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.

The Construction Workers Registration (Amendment) Ordinance came into effect on 1 April 2015, introducing the senior workers registration arrangement and designated workers for designated skills arrangement with the commencement date of 1 April 2015 and 1 April 2017, respectively. Pursuant to section 40A of such ordinance, from 1 April 2015 to 30 September 2016, qualified workers with no less than an accumulation of 10 years of experience in their designated trade division can apply to become registered skilled workers without the need to obtain relevant trade test certificates. Sample designated trade divisions applicable for senior workers registration include carpenter, piling operative, demolition worker, ground investigation operator, etc. The designated workers for designated skills arrangement on the other hand requires workers to register as registered skilled or semi-skilled workers of designated trade divisions to perform construction work of the relevant trade divisions on construction sites.

### *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 ensure, so far as is reasonably practicable, the health and safety at work of all persons employed by him at the industrial undertaking. The duties of a proprietor extend to include in particular:

- the provision and maintenance of plant and systems of work that are safe and without risks to health;
- arrangements for ensuring safety and absence of risks to health in connection with the use, handling, storage and transport of articles and substances;
- the provision of such information, instructions, training and supervision as is necessary to ensure the health and safety at work of all persons employed by the proprietor at the industrial undertaking;
- as regards any part of the industrial undertaking under the proprietor's control, the maintenance of it in a condition that is safe and without risks to health and the provision and maintenance of means of access to and egress from it that are safe and without such risks; and
- the provision and maintenance of a working environment for all persons employed by the proprietor at the industrial undertaking that is safe and without risks to health.

A proprietor who contravenes any of these duties commits an offence and is liable to a fine of HK\$500,000. A proprietor who contravenes any of these requirements wilfully and without reasonable defence commits an offence and is liable to a fine of HK\$500,000 and to imprisonment for 6 months.

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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), include (i) the prohibition of employment of persons under 18 years of age (save for certain exceptions); (ii) the maintenance, inspection and operation of hoists; (iii) the duty of contractors responsible for construction site to ensure safety of places or work; (iv) prevention of falls; (v) safety of excavations; (vi) the duty of contractors responsible for construction site to comply with miscellaneous safety requirements; and (vii) provision of first aid facilities. Non-compliance with any of these rules commits an offence and different levels of penalty will be imposed. A contractor guilty of the relevant offence could be liable to a fine up to HK\$200,000 and to imprisonment up to 12 months.

### *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.

Employers must as far as reasonably practicable ensure the safety and health in their workplaces by:

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

Failure to comply with any of the above provisions constitutes an offence and the employer is liable on conviction to a fine of HK\$200,000. An employer who fails to do so intentionally, knowingly or recklessly commits an offence and is liable on conviction to a fine of HK\$200,000 and to imprisonment for six months.

The Commissioner for Labour may also issue an improvement notice against non-compliance of this Ordinance or the Factories and Industrial Undertakings Ordinance or suspension notice against activity or condition of workplace which may create imminent risk of death or serious bodily injury. Failure to comply with such notice without reasonable excuse constitutes an offence punishable by a fine of HK\$200,000 and HK\$500,000 respectively and imprisonment of up to 12 months.

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

The Employees' Compensation Ordinance establishes a no-fault and non-contributory employee compensation system for work injuries and lays down the rights and obligations of employers and employees in respect of injuries or death caused by accidents arising out of and in the course of employment, or by prescribed occupational diseases.

Under the Employees' Compensation Ordinance, if an employee sustains an injury or dies as a result of an accident arising out of and in the course of his employment, his employer is in general liable to pay compensation even if the employee might have committed acts of faults or negligence when the 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 15 of the Employees' Compensation Ordinance, an employer must notify the Commissioner for Labour of any work accident by submitting Form 2 (within 14 days for general work accidents and within 7 days for fatal accidents), irrespective of whether the accident gives rise to any liability to pay compensation. If the happening of such accident was not brought to the notice of the employer or did not otherwise come to his knowledge within such periods of 7 or 14 days (as the case may be) then such notice shall be given not later than 7 days or, as may be appropriate, 14 days after the happening of the accident was first brought to the notice of the employer or otherwise came to his knowledge.

Under section 24 of the Employees' Compensation Ordinance, a main contractor shall be liable to pay compensation to subcontractors' employees who are injured in the course of their employment to the subcontractors. The main contractor is, nonetheless, entitled to be indemnified by the subcontractors 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 main contractor before making any claim or application against such main 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). Where a main contractor has undertaken to perform any construction work, it may take out an insurance policy for an amount not less than HK\$100 million per event (where the number of employees in relation to who the policy is in force does not exceed 200) and no less than HK\$200 million per event (where the number of employees in relation to whom the policy is in force exceeds 200) to cover its liability and that of its 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 at level 6, which is currently fixed at HK\$100,000, and to imprisonment for two years and on summary conviction to a fine at level 6 and imprisonment for one year.

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

A main contractor is subject to the provisions on subcontractor's employees' wages in the Employment Ordinance. Under section 43C of the Employment Ordinance, a main contractor or a main contractor and every superior subcontractor is/are jointly and severally liable to pay any wages that become due to an employee who is employed by a subcontractor on any work which the subcontractor has contracted to perform, and such



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wages are not paid within the period specified in the Employment Ordinance. The liability of a main contractor and superior subcontractor (where applicable) is limited (a) to the wages of an employee whose employment relates wholly to the work which the main contractor has contracted to perform and whose place of employment is wholly on the site of the building works; and (b) to the wages due to such an employee for two months (such months shall be the first two months of the period in respect of which the wages are due).

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

Upon receipt of such notice from the relevant employee, a main contractor shall, within 14 days after receipt of the notice, serve a copy of the notice on every superior subcontractor to that subcontractor (where applicable) of whom he is aware. A main contractor who without reasonable excuse fails to serve notice on the superior subcontractor(s) shall be guilty of an offence and shall be liable on conviction to a fine at level 5, which is currently fixed at HK\$50,000.

Pursuant to section 43F of the Employment Ordinance, if a main contractor or superior subcontractor pays to an employee any wages under section 43C of Employment Ordinance, the wages so paid shall be a debt due by the employer of that employee to the main contractor or superior subcontractor, as the case may be. The main contractor or superior subcontractor may either (1) claim contribution from every superior subcontractor to the employee's employer or from the main contractor and every other such superior subcontractor as the case may be, or (2) deduct by way of setoff 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.

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

The Occupiers Liability Ordinance regulates the obligations of a person occupying or having control of premises on injury resulting to persons or damage caused to goods or other property lawfully on the land.

The Occupiers Liability Ordinance imposes a common duty of care on an occupier of premises to take such care as in all the circumstances of the case is reasonable to see that the visitor will be reasonably safe in using the premises for the purposes for which he is invited or permitted by the occupier to be there.

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

Under section 38A of the Immigration Ordinance, a construction site controller (i.e. the principal or main contractor and includes a subcontractor, owner, occupier or other person who has control over or is in charge of a construction site) shall take all practicable steps to (i) prevent having illegal immigrants from being on site or (ii) prevent illegal workers who are not lawfully employable from taking employment on site.

Where it is proved that (i) an illegal immigrant was on a construction site or (ii) such illegal worker who is not lawfully employable took employment on a construction site, the construction site controller commits an offence and is liable to a fine of HK\$350,000.



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

Employers are required to enroll their regular employees (except for certain exempt persons) aged between at least 18 but under 65 years of age and employed for 60 days or more in an MPF scheme within the first 60 days of employment.

For both employees and employers, it is mandatory to make regular contributions into an MPF scheme. For an employee, subject to the maximum and minimum levels of income (HK\$25,000 and HK\$7,100 per month, respectively before 1 June 2014 or HK\$30,000 and HK\$7,100 per month, respectively on or after 1 June 2014), 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 of HK\$1,250 before 1 June 2014 or HK\$1,500 on or after 1 June 2014. An 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 (HK\$25,000 per month before 1 June 2014 or HK\$30,000 on or after 1 June 2014).

### *Industry Schemes*

Industry Schemes were established under the MPF system for employers in the construction and catering industries in view of the high labour mobility in these two industries, 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.

For the purpose of the Industry Schemes, the construction industry covers the following eight major categories:

- foundation and associated works;
- civil engineering and associated works;
- demolition and structural alteration works;
- refurbishment and maintenance works;
- general building construction works;
- fire services, mechanical, electrical and associated works;
- gas, plumbing, drainage and associated works; and
- interior fitting-out works.

The Mandatory Provident Fund Schemes Ordinance does not stipulate that employers in the construction and catering 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. This is convenient for scheme members and saves administrative costs.

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

The Minimum Wage Ordinance provides for a prescribed minimum hourly wage rate (currently set at HK\$32.5 per hour) during the wage period for every employee engaged under a contract of employment under the Employment Ordinance. Any provision of the employment contract which purports to extinguish or reduce the right, benefit or protection conferred on the employee by this Ordinance is void.

### **C. 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 managing air quality, comprising 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 (Smoke) Regulations (Chapter 311C of the Laws of Hong Kong), the Air Pollution Control (Open Burning) Regulation (Chapter 311O of the Laws of Hong Kong), the Air Pollution Control (Construction Dust) Regulation (Chapter 311R of the Laws of Hong Kong) and the NRMM Regulations. 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. Asbestos control provisions in the Air Pollution Control Ordinance require that building works involving asbestos must be conducted only by registered qualified personnel and under the supervision of a registered consultant.

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

Under the Air Pollution Control (Construction Dust) Regulation, “construction work” includes but not limited to the construction, demolition and reconstruction of the whole or any part of any building or other structure, site formation, piling and extraction from the earth of any matter whatsoever. 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 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 m of any exit to the open air, construction of the foundation of a building, construction of the superstructure of building or road construction work.

Under section 4 of the Air Pollution Control (Construction Dust) Regulation, the contractor responsible for a construction site where a notifiable work is being carried out shall ensure that the work is carried out in accordance with the Schedule of the Air Pollution Control (Construction Dust) Regulation.

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### *The NRMM Regulation*

The NRMM Regulation came into effect on 1 June 2015 to introduce regulatory control on the emissions of non-road mobile machinery (“NRMM”), comprising non-road vehicles and regulated machines such as crawler cranes, excavators and air compressors. Unless exempted, non-road mobile machinery which is regulated under this provision is required to comply with emissions standards prescribed under this regulation. From 1 September 2015, all regulated machines sold or leased for use in Hong Kong must be approved or exempted with a proper label in a prescribed format issued by the Environmental Protection Department pursuant to section 4 of the NRMM Regulation. Under section 5 of the NRMM Regulation, starting from 1 December 2015, only approved or exempted NRMMs with a proper label are allowed to be used in specified activities and locations including construction sites. Existing NRMMs which were already in Hong Kong on or before 30 November 2015 may be exempted from complying with the emission requirements pursuant to section 11 of the NRMM Regulation.

Any person who sells or leases a regulated machine for use in Hong Kong, or uses a regulated machine in specified activities or locations without (i) exemption or the Environmental Protection Department’s approval is liable to a fine of up to HK\$200,000 and imprisonment for up to six months; and (ii) a proper label is liable to a fine of up to HK\$50,000 and imprisonment for up to three months.

Pursuant to the Technical Circular (Works) No. 1/2015 issued by the WBDB on 8 February 2015, the WBDB plans to progressively phase out the use of four types of exempted NRMM, namely, generators, air compressors, excavators and crawler cranes in new capital works contracts of public works with an estimated contract sum exceeding HK\$200 million and tenders invited on or after 1 June 2015.

The implementation plan of the WBDB to phase out the use of exempted NRMMs is as follows:

	<b>Phase 1 (Tenders to be invited from 1 June 2015 to 31 May 2017)</b>	<b>Phase 2 (Tenders to be invited from 1 June 2017 to 31 May 2019)</b>	<b>Phase 3 (Tenders to be invited from 1 June 2019 onwards)</b>
Generators . . . . .		No exempted NRMM is allowed	
Air Compressors . . . . .		No exempted NRMM is allowed	
Excavators . . . . .	Exempted NRMM shall not exceed 50% of all units on site	Exempted NRMM shall not exceed 20% of all units on site	No exempted NRMM is allowed
Crawler Cranes . . . . .	Exempted NRMM shall not exceed 50% of all units on site	Exempted NRMM shall not exceed 20% of all units on site	No exempted NRMM is allowed

From 1 June 2019 onwards, certain exempted NRMM may still be permitted at the discretion of the architect or engineer if there is no feasible alternative.

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

The Noise Control Ordinance regulates, among others, the noise from construction, industrial and commercial activities. A contractor shall comply with the Noise Control Ordinance and its subsidiary regulations in carrying out construction works. For construction activities that are to be carried out during the restricted hours and for percussive piling during the daytime, not being a general holiday, construction noise permits are required from the Director of Environmental Protection Department in advance. The carrying out of percussive piling is prohibited between 7:00 p.m. and 7:00 a.m. or at any time on general holidays.

Under the Noise Control Ordinance, construction works that produce noise and the use of powered mechanical equipment (other than percussive piling) in populated areas is not allowed between 7:00 p.m. and 7:00 a.m. or at any time on general holidays, unless prior approval has been granted by the Director of Environmental Protection Department through the construction noise permit system. The use of certain equipment is also subject to restrictions. Hand-held percussive breakers and air compressors must comply with noise emissions standards and be issued with a noise emission label from the Director of Environmental Protection Department. Percussive pile driving is allowed on weekdays only with prior approval, in the form of a construction noise permit from the Director of Environmental Protection.

Any person who carries out any construction work except as permitted is liable on first conviction to a fine of HK\$100,000 and on subsequent convictions to a fine of HK\$200,000, and in any case to a fine of HK\$20,000 for each day during which the offence continues.

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

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

According to the Water Pollution Control Ordinance, unless being licensed under the Water Pollution Control Ordinance, a person who discharges any waste or polluting matter into the waters of Hong Kong in a water control zone or discharges any matter, other than domestic sewage and unpolluted water, into a communal sewer or communal drain in a water control zone commits an offence and is liable to imprisonment for six months and (a) for a first offence, a fine of HK\$200,000; and (b) for a second or subsequent offence, a fine of HK\$400,000, and in addition, if the offence is a continuing offence, to a fine of HK\$10,000 for each day during which it is proved to the satisfaction of the court that the offence has continued.

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

The Waste Disposal Ordinance controls the production, storage, collection, treatment, reprocessing, recycling and disposal of wastes. At present, livestock waste and chemical waste are subject to specific controls while unlawful deposition of waste is prohibited. Import and export of waste is generally controlled through a permit system.

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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) and the Waste Disposal (Chemical Waste) (General) Regulation (Chapter 354C of the Laws of Hong Kong).

Under the Waste Disposal (Charges for Disposal of Construction Waste) Regulation, construction waste can only be disposed of at designated prescribed facilities and a main contractor who undertakes construction work with a value of HK\$1 million or above will be required to, within 21 days after being awarded the contract, establish a billing account in respect of that particular contract with the Director of Environmental Protection Department to pay any disposal charges for 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 Department. 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 commits an offence and is liable to (i) a fine of HK\$200,000 and to imprisonment for six months for the first offence; (ii) a fine of HK\$500,000 and to imprisonment for six months for a second or subsequent offence; and (iii) in addition, if the offence is a continuing offence, to a fine of HK\$10,000 for each day during which it is proved to the satisfaction of the court that the offence has continued.

### *Dumping at Sea Ordinance (Chapter 466 of the Laws of Hong Kong)*

Under the Dumping at Sea Ordinance, anyone involved in marine dumping and related loading operations are required to obtain permits from the Director of Environmental Protection.

Under the Dumping at Sea Ordinance, a person who except under and in accordance with a permit, does anything or causes or allows another person to do anything for which a permit is needed commits an offence and is liable on conviction to a fine of HK\$200,000 and to imprisonment for six months on a first conviction; and to a fine of HK\$500,000 and to imprisonment for two years on a second or subsequent conviction; and in addition, to a further fine of HK\$10,000 for each day if the court is satisfied that the operation has continued.

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

The purpose of the Environmental Impact Assessment Ordinance is to avoid, minimise and control the adverse environmental impacts from designated projects as specified in Schedule 2 of the Environmental Impact Assessment Ordinance (for example, public utility facilities, certain large-scale industrial activities, community facilities, etc.) through the application of the environmental impact assessment process and the environmental permit system before their construction and operation (and decommissioning, if applicable), unless otherwise exempted.

Under the Environmental Impact Assessment Ordinance, a person commits an offence if he constructs or operates a designated project as listed in Part I of Schedule 2 of the Environmental Impact Assessment Ordinance (which includes roads, railways and depots, dredging operation, residential and other developments, etc.) or decommissions a designated project listed in Part II of Schedule 2 of the Ordinance without an environmental permit for the project; or contrary to the conditions, if any, set out in the permit. The offender is liable (a) on a first conviction on indictment to a fine of

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HK\$2,000,000 and to imprisonment for 6 months; (b) on a second or subsequent conviction on indictment to a fine of HK\$5,000,000 and to imprisonment for two years; (c) on a first summary conviction to a fine at level 6, which is currently fixed at HK\$100,000 and to imprisonment for six months; (d) 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, the court or magistrate may impose a fine of HK\$10,000 for each day on which he is satisfied the offence continued.

### *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 of 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.

Emission of dust from any building under construction or demolition in such manner as to be a nuisance is actionable under the Public Health and Municipal Services Ordinance. Maximum penalty is a fine at level 3, which is currently fixed at HK\$10,000, upon conviction with a daily fine of HK\$200.

Discharge of muddy water etc. from a construction site is actionable under the Public Health and Municipal Services Ordinance. Maximum fine is HK\$5,000 upon conviction.

Any accumulation of water on any premises found to contain mosquito larvae or pupae is actionable under the Public Health and Municipal Services Ordinance. Maximum penalty is a fine at level 4, which is currently fixed at HK\$25,000 upon conviction and a daily fine of HK\$450.

Any accumulation of refuse which is a nuisance or injurious to health is actionable under the Public Health and Municipal Services Ordinance. Maximum penalty is a fine at level 3, which is currently fixed at HK\$10,000 upon conviction and a daily fine of HK\$200.

Any premises in such a state as to a nuisance or injurious to health is actionable under the Public Health and Municipal Services Ordinance. Maximum penalty is a fine at level 2, which is currently fixed at HK\$10,000 upon conviction and a daily fine of HK\$200.

#### **D. Law and regulation in relation to Levy**

### *Construction Industry Council Ordinance (Chapter 587 of the Laws of Hong Kong) (“CICO”)*

According to section 32 of the CICO, construction industry levy (“**CIL**”) is payable by registered contractors appointed under section 9 of the Buildings Ordinance (Chapter 123 of the Laws of Hong Kong) or any persons who carry out construction operations in Hong Kong to the Construction Industry Council (“**CIC**”). “Construction operation” is exhaustively defined under Schedule 1 of the CICO, which includes building works and street works as defined in section 2(1) of the Buildings Ordinance, construction, alteration, repair, maintenance, extension, demolition or dismantling, external or internal cleaning and painting or decorating any external or internal surfaces or parts of any buildings, or other temporary or permanent structures forming part of land.



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The CIL chargeable is 0.5% of the total value of the construction operations (as defined under section 53 of the CICO). Pursuant to section 32 and Schedule 5 of the CICO, no CIL is chargeable for any construction operations not exceeding HK\$1,000,000.

According to section 34 of the CICO, the contractor and authorised person each are required to inform the CIC in a specified form (Form 1) in respect of the construction operations within 14 days after its commencement. It is an offence if a person without reasonable excuse failed to give such notice and liable to a fine at level 1, which is currently fixed at HK\$2,000. Notice is only required for term contract or if the reasonable estimation of the total value of construction operations exceeds HK\$1,000,000.

Pursuant to section 35 of the CICO, a contractor is required to give a Notice of Payment (“**NOP**”) in a specified form (Form 2) to the CIC within 14 days after the contractor receives a payment in respect of the construction operation. It is an offence if a person without reasonable excuse fails to give the NOP and is liable to a fine at level 3, which is currently fixed at HK\$10,000.

Pursuant to section 36 of the CICO, a contractor is required to give a Notice of Completion (“**NOC**”) in a specified form (Form 3) to the CIC within 14 days after the completion of the construction operation. It is an offence if a person without reasonable excuse fails to give the NOC and is liable to a fine at level 3, which is currently fixed at HK\$10,000.

The CIC shall assess the CIL payable upon receiving the NOP or NOC and give a Notice of Assessment (“**NOA**”) in writing specifying the amount of CIL. The CIC can also make the assessment notwithstanding no NOP or NOC has been given. According to section 41 of the CICO, if a contractor fails to give the NOP or NOC without a reasonable excuse, a surcharge not exceeding twice the amount of the CIL payable may be imposed and a Notice of Surcharge (“**NOS**”) in writing shall be given by the CIC.

According to section 46 of the CICO, if the contractor fails to pay in full the amount of levy or surcharge within 28 days after the NOA or NOS is given, a 5% penalty of the unpaid amount shall be imposed. If the contractor still fails to pay the unpaid amount within 3 months after the expiry of 28 days, a further 5% penalty of the unpaid amount shall be imposed.

CIL, surcharge, penalty or further penalty is recoverable by the CIC as civil debt under the jurisdiction of the District Court.

The time limits for the CIC to make the assessment or imposing the surcharge under sections 42 to 45 of the CICO are, whichever is the last of the following periods:

- (a) 2 years after the completion of all construction operations under the contract, or without term contract 2 years after the completion of the construction operations;
- (b) 2 years after the expiry of the period within which the contract stipulates that all such construction operations have to be completed; and
- (c) one year after evidence, sufficient in the opinion of the CIC to justify the making of the assessment, comes to its knowledge.



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## LAWS AND REGULATIONS

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*Pneumoconiosis and Mesothelioma (Compensation) Ordinance (Chapter 360 of the Laws of Hong Kong) (“PMCO”) and Pneumoconiosis and Mesothelioma (Compensation) (Assessment of Levy) Regulations (Chapter 360A of the Laws of Hong Kong) (“PMCALR”)*

According to section 35 of the PMCO, pneumoconiosis compensation fund levy (“PCFL”) is imposed in respect of construction operations carried out in Hong Kong. PCFL is rated at 0.15% of the value of the construction operations (0.25% before 2012) and not chargeable if the total value (as defined under section 39D of PMCO) do not exceed HK\$1,000,000. Pursuant to section 39A of the PMCO, PMCO does not apply to construction operations for domestic unit, or for the sole and principal purpose of renovation.

Pursuant to section 35(5) of the PMCO, the contractor is liable to make a payment of PCFL only if the Pneumoconiosis Compensation Fund Board (“PCFB”) serves a NOA. PCFL, surcharge, penalty or further penalty is recoverable by the PCFB as civil debt under the jurisdiction of the District Court. Fraudulent evasion of the payment of PCFL is liable for a fine of HK\$10,000 or 20 times the amount of PCFL, whichever is greater.

Contractors are required to:

- (a) in accordance with regulation 4 of the PMCALR, inform the PCFB the commencement of construction operations within 14 days thereafter by a notice of commencement (Form 1). Failure to comply without reasonable excuse is liable for a fine at level 2, which is currently fixed at HK\$5,000;
- (b) in accordance with regulation 5 of the PMCALR, inform the PCFB within 14 days after the contractor receives a payment in respect of the construction operation by a NOP (Form 2). Failure to comply without reasonable excuse is liable for a fine at level 2, which is currently fixed at HK\$5,000; and
- (c) in accordance with regulation 5A of the PMCALR, inform the PCFB the completion of the construction operations within 14 days by a NOC (Form 3). Failure to comply without reasonable excuse is liable for a fine at level 2, which is currently fixed at HK\$5,000.

According to regulation 6 of the PMCALR, the PCFB shall assess the PCFL payable upon receiving the NOP or NOC and give a NOA in writing specifying the amount of PCFL. The PCFB can make the assessment notwithstanding no NOP or NOC has been given. If a contractor fails to give the NOP or NOC, a surcharge not exceeding twice the amount of the PCFL payable may be imposed and a NOS in writing shall be given by the PCFB.

According to section 37 of the PMCO and regulation 11 of the PMCALR, if the contractor fails to pay in full the amount of levy or surcharge within 28 days after the NOA or NOS is given, a 5% penalty of the unpaid amount shall be imposed. If the contractor still fails to pay the unpaid amount within 3 months after the expiry of 28 days, a further 5% penalty of the unpaid amount or HK\$1,000 whichever is greater shall be imposed.

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## LAWS AND REGULATIONS

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The time limits for the PMFB to make the assessment or imposing the surcharge under regulations 6E to 6H of the PMCALR are, whichever is the last of the following periods:

- (a) 2 years after the completion of all construction operations under the contract, or without term contract 2 years after the completion of the construction operations;
- (b) 2 years after the expiry of the period within which the contract stipulates that all such construction operations have to be completed; and
- (c) one year after evidence, sufficient in the opinion of the PMFB to justify the making of the assessment, comes to its knowledge.

### **E. Competition Ordinance (Chapter 619 of the Laws of Hong Kong)**

The Competition Ordinance, entered into force on 14 December 2015, (i) prohibits conduct that prevents, restricts or distorts competition in Hong Kong, (ii) prohibits mergers that substantially lessen competition in Hong Kong; and (iii) provides for incidental and connected matters. The Competition Ordinance provides for the establishment of the Competition Commission with investigation powers and the Competition Tribunal with adjudicative powers. The Competition Ordinance includes, among other provisions, the First Conduct Rule, which prohibits anti-competitive conduct involving more than one party; and the Second Conduct Rule, which prohibits anti-competitive conduct by a party with substantial market power.

#### *The First Conduct Rule*

The First Conduct Rule provides that an undertaking must not (a) make or give effect to an agreement; (b) engage in a concerted practice; or (c) as a member of an association of undertakings, make or give effect to a decision of the association, if the object or effect of the agreement, concerted practice or decision is to prevent, restrict or distort competition in Hong Kong. Examples of serious anti-competitive conduct includes (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 or services; (iii) fixing, maintaining, controlling, preventing, limiting or eliminating the production or supply of goods or services; and (iv) bid-rigging practices.

#### *The Second Conduct Rule*

The Second Conduct Rule provides that an undertaking that has a substantial degree of market power in a market must not abuse that power by engaging in conduct that has as its object or effect the prevention, restriction or distortion of competition in Hong Kong. Factors which may be taken into account when determining whether an undertaking has such power includes the market share of the undertaking, the undertaking's power to make pricing and other decisions; and any barriers to entry to competitors into the relevant market.

The Competition Ordinance prohibits the abuse of a substantial degree of market power and provides two examples of abusive conduct. An undertaking with a substantial degree of market power may commit an abuse by engaging in "predatory behaviour towards competitors" or by "limiting production, markets or technical development to the prejudice of consumers".

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## LAWS AND REGULATIONS

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### *Consequences of non-compliance with the Competition Ordinance*

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

### **F. Security of Payment Legislation for the Construction Industry (“SOPL”)**

The Hong Kong Government has completed a public consultation on a new legislation for the construction industry to address unfair payment terms, payment delays and disputes. SOPL is intended to encourage fair payment, rapid dispute resolution and increase cash flow in the contractual chain.

When it comes into force, SOPL will apply to all written and oral contracts where construction works or plant and materials are being supplied for works in Hong Kong. All public sector construction contracts will be caught by the legislation, whereas only construction and supply contracts relating to a “new building” (as defined by the Buildings Ordinance) which has an original value in excess of HK\$5 million will be caught in private sector. However, where SOPL applies to the main contract, it will automatically apply to all subcontracts in the contractual chain.

The new legislation will:

- prohibit “pay when paid” and similar clauses in contracts. Payers will not be able to rely on such clauses in dispute resolution forums;
- prohibit payment periods of more than 60 calendar days for interim payments or 120 calendar days for final payments;
- enable amounts due for construction work or materials or plant supplies to be claimed as statutory payment claims, upon receipt of which the payer has 30 calendar days to serve a payment response, and either party has a statutory right to refer the matter to adjudication for decision (typically a 60-day process); and
- give parties who have not been paid amounts admitted as due the right to suspend works until payment is made.

It is probable that some of our contracts will be caught by the new SOPL legislation and where such contracts are subject to SOPL we will have to ensure that their terms comply with the legislation in this regard. SOPL is designed to assist contractors throughout the contractual chain to ensure cash-flow and access to a swift dispute resolution process and therefore it is generally considered that where SOPL applies, this will have a positive impact on ensuring that we get paid in a timely manner.

As we generally pay our subcontractors within 60 days upon receipt of their payment applications, our Directors consider that our payment pattern does not deviate from the SOPL and our payment practice and cash management will not be materially affected by the SOPL if it becomes effective.

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Under the scope of the proposed SOPL, the parties will retain a large degree of freedom to agree payment terms, such as when claims for payment can be made for works, services or supplies and how payments are valued. The adjudication model under the proposed SOPL that provides a means to resolve payment disputes expediently is available not only to subcontractors but also to main contractors, which allows main contractors to be entitled to adjudicate against its customer for payment.

The proposed SOPL is subject to the finalisation of the legislation framework and the legislative process by the Hong Kong Government. Therefore, the actual scope of application of the proposed SOPL and its impact on our Group's future operations remain uncertain.

### **G. Compliance with relevant requirements**

Our Directors confirm that our Group has obtained all relevant permits/registrations for its existing operations in Hong Kong during the Track Record Period and up to the Latest Practicable Date.

In addition, WWW Construction has complied with the requirements for retention on the Approved Specialist List during the Track Record Period and up to the Latest Practicable Date.

To ensure the ongoing compliance with the applicable requirements, laws and regulations, our administration department is responsible for the followings:

- (i) to identify and review any approvals, permits, licences and certificates required for our Group's operations and to ensure compliance with relevant laws and regulations periodically;
- (ii) to check relevant requirements and to make necessary submission to upkeep our Group's licensing status;
- (iii) to identify any information which shall be provided for application/submission such as company profile, job experience, resources, financial information, management systems and certificates, technical proposal, schedule, customer satisfaction, etc.;
- (iv) to keep update those information mentioned in (iii) above to our clients when necessary;
- (v) to designate suitable personnel/department to follow up the submission of the financial information to Development Bureau and Housing Authority within the time stipulated under the prevailing laws and regulations;
- (vi) to identify the new requirements, operation and control procedures under statutory and regulations; and
- (vii) to brief the senior management for the news/update/revised requirements to ensure senior management keep update of the industry characteristic.

In addition, Mr. SM Lee (being our executive Director) and Mr. Cheng Wai Hei (being our company secretary), are responsible for the supervision of the ongoing compliance with applicable requirements, laws and regulations of our Group and we may also seek consultation from our legal advisers as when required and necessary.

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Apart from preparation of financial statements on a yearly basis for submission to WBDB to demonstrate that WWW Construction has sufficient employed capital and working capital for retention on the Approved Specialist List, our Group will also assess its level of employed capital and working capital every time before the submission of a tender for new project.

### **CNMI LAWS**

The CNMI, an archipelago of islands north of Guam in the western Pacific Ocean, consists of 14 islands including Saipan, Tinian and Rota. After the Second World War, the islands in Micronesia, including the Northern Mariana Islands, came under the administration of the United States. The Northern Mariana Islands distinguished themselves from the rest of the islands and negotiated a permanent political union with the United States, which resulted in the signing of the Covenant to Establish a Commonwealth of the Northern Mariana Islands in Political Union with the United States of America on 15 February 1975 and coming into force on 24 March 1976. The Covenant was fully implemented on 3 November 1986 and conferred United States citizenship on legally qualified residents of the CNMI. The Covenant establishes the United States' sovereignty over the CNMI, and complete authority over matters related to the CNMI's foreign affairs and defense. The CNMI still maintains its powers of self-government, which means that the people of the CNMI have control over its internal affairs. For example, the CNMI maintains a high degree of autonomy with respect to its politics, local laws and judicial systems.

The Covenant governs the relations between the United States and the CNMI, and the Covenant is the source of laws for the CNMI. In addition to certain provisions of the Constitution of the United States, there are certain United States federal laws that are applicable in the CNMI including, among others, foreign affairs and defense affecting the CNMI, federal services and financial assistance programs, federal banking laws, laws regarding coastal shipments, laws relating to conditions of employment (including wages and hours of employees), income tax, export duties and excise taxes and immigration laws.

Our Group has operations in Saipan through its operating subsidiaries, WWW Construction and WWW Construction (Saipan). During the Track Record Period and as at the Latest Practicable Date, WWW Quarry (Saipan) and WWW Concrete (Saipan) were not conducting any business activities.

This section sets forth a summary of the material laws and regulations applicable to our business in Saipan.

#### **A. Business regulations**

Under the Northern Mariana Islands Administrative Code ("**NMIAC**") section 70-40.1-101, our Group is required to obtain a business license before engaging in commerce in Saipan. The requirement for all businesses operating in the CNMI to obtain a business license applies to all businesses that operate for profit. The CNMI Department of Finance confers new or renewed business licenses annually. The requirements for renewal of a business license include payment of the business license fee, a CNMI taxpayer identification number, the latest annual corporation report which has been filed with the CNMI Registrar of Corporations, and a certification from the Workmen Compensation Commission regarding the applicant's compliance with the workmen's compensation laws and regulations.

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## LAWS AND REGULATIONS

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### **B. Lease and renewal of land**

#### *Lease and renewal of publicly owned land*

Public lands in the CNMI, defined in Article XI, Section 1 of the CNMI Constitution, are the public lands held by the government of the CNMI, and the submerged lands off the coast of the CNMI for the people of the CNMI who are of Northern Marianas descent. Under the Public Land Act of 2006, the Department of Public Land (the “**DPL**”) may lease public lands for private commercial for a term of up to 25 years. Such term may be extended for an additional 15 years with the approval of the Northern Marianas Commonwealth Legislature (the “**Legislature**”). There are no express conditions or prerequisites to be satisfied before the Legislature approves a 15 year extension and approval is by granted by discretion of three-fourths of the members of the Legislature. To qualify for a lease, the DPL requires all applicants to be current and in good standing with CNMI taxes, with all licensing and regulatory authorities and with DPL. Business applicants must be duly formed, in good standing and authorised to do business, and must confirm such status through documentation. Applicants must also demonstrate credit worthiness, the ability to pay rent to the DPL, and the ability to fund the proposed development, and to comply with all the conditions and covenants of the lease agreement.

#### *Lease and renewal of privately owned land*

Article XII, Section 1 of the CNMI Constitution restricts the alienation of permanent and long term interests in land within the CNMI to persons of Northern Mariana descent. This means that land transactions by a person of non-Northern Marianas descent is restricted to a leasehold of not more than 55 years.

### **C. Operation of Construction Management Company**

#### *Mandatory Preservation of historical and cultural artifacts*

Section 3 of Article XIV of the Constitution emphasizes and requires the protection and preservation of the CNMI’s “culture, traditions, and history of the people of the Northern Mariana Islands...” and “artifacts and other things of cultural or historical significance...” The Historic Preservation Office (“**HPO**”) was created by Public Law (PL) 3–39, codified at 1 CMC § 2381, which is guided by the policy to promote, preserve and regulate access to places, artifacts and things of historical significance as required by the Constitution. The HPO has broad authority to prohibit use of public lands if the proposed use will damage historic or cultural property. If the HPO determines that historical or cultural property may be damaged by a project, there is a month-long process whereby the party seeking the HPO permit will engage with the CNMI governor, the public, and the legislature to develop an acceptable plan for the development of the proposed activity site without damaging the historical or cultural artifacts on the property.

The regulations which govern development activities on public and private lands with historical significance must comply with the regulations in Part 600 of Chapter 55–10 of the NMIAC. The HPO issues permits before the removal of historically or culturally significant artifacts. The required permits are for archaeological excavation, for work involving field research in cultural anthropology and for the removal of artifacts.



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## LAWS AND REGULATIONS

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### *Building Safety*

Every new building requires a building permit under section 7131 in Chapter 2 of the CNMI law, which is granted by the Building Safety Division of Public Works. An application for a building permit shall be made by the owner or lessee of the property, or agent of either, or by a CNMI licensed engineer or architect employed in connection with the proposed work. An applicant is required to comply with relevant regulations including the Building Safety Code Rules, Flood Damage Prevention Regulations, Building and Energy Codes and other technical building requirements under CNMI law and regulations before a building permit is granted. Under the International Building Code (“**IBC**”) of 2009, including its energy codes, which was adopted by the International Code Council as the Commonwealth Building Safety Code, a contractor is required to provide safety measures during construction and in particular, observe the requirements relating to height and area limitations; fire resistance and protection; evacuation; use and access for persons with disabilities; building systems, such as lighting, heating, ventilation, and air conditioning, plumbing fixtures, elevators, and storage and placement of construction equipment and materials. In the CNMI, the construction project owner is responsible to obtain necessary permits from the relevant departments of the CNMI, and the contractor is required to meet the requirements specified in such permits.

### *Workers’ Safety and Health*

The U.S. Department of Labor’s Occupational Safety and Health regulations are found in the Code of Federal Regulations and are recognised as the minimum standards required of every employer in the CNMI. Under the U.S. Department of Labour’s Occupational Safety and Health regulations and the CNMI regulations governing workplace safety, every employer is required to provide safe workplace conditions for all employees. This includes requirements that employers furnish and ensure the use of such safety devices and safeguards (such as machine guarding, electrical protection, scaffolding, safe walking and working surfaces, means of egress in case of emergency or fire, ventilation, smoke exposure protection, personal protective equipment for eyes, face, head, and feet, fire protection, and sanitation) for all its employees.

### *Land Usage*

All land in Saipan belongs to a land use district and changes to zoning requires approval of the CNMI Zoning Board or the act of the legislative delegation of the affected senatorial district under section 7242 in Chapter 2 of the CNMI law. The mentioned zoning changes require public hearings and the Saipan Zoning Board has established its own rules and regulations for this process under section 7251 in Chapter 2 of the CNMI law. All new construction projects will require zoning approval. To obtain approval for construction, the owner or lessee or developer of the property under construction must submit a major site plan application as required. A major site plan application requirements include the following information: the proposed name, location and description of the property; the stamp of a licensed engineer or surveyor; the current use of the property; a description of the number of dwelling or commercial units; height in feet, number of floors, and the size of the structure; the proposed building materials and type of construction; a list of other permit applications, if any. The application also requires consent be given for the CNMI zoning office or hearing officer to inspect, post, maintain and remove any legally required notices. The public land currently occupied by the Group for setting up of equipment and warehouse has been authorised for such use. No land usage approval is required for the use of the private land currently leased by the Group as staff quarters.



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## LAWS AND REGULATIONS

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### *Environmental Protection*

Saipan is under an extensive amount of environmental regulations and the major statutes governing the protection includes sections 3101–3801 in Chapter 2 of the CNMI Code (Laws). Any grading, filling, or clearing of vegetation requires a permit to be obtained beforehand from the Division of Environmental Quality (“**DEQ**”). Applicants must provide an informational report, which is a report prepared by an individual qualified by training and experience to have knowledge of the subject. The report requires a temporary erosion and sediment control plan, a permanent storm water control plan for the project after the construction is complete, and a long-term stormwater maintenance plan; an application fee; proof of title or lease to the land authorizing the applicant to conduct such activities; proof of the ability to hook up to the Commonwealth Utilities Corporation (“**CUC**”) sewer system or a completed individual wastewater disposal system (“**IWDS**”) application; and proposed public safety measure for the construction area, such as fences and barricades. DEQ may also request additional engineering, geologic, and ownership reports, plans or surveys, and other material necessary to determine and evaluate site conditions and the effect of the proposed work on public welfare and safety.

### **D. Employment law**

Our Group is subject to the rules and regulations published by the CNMI Department of Labour (“**DOL**”). Since 31 January 2014, the DOL requires employers in the CNMI who intend to hire foreign labor to post job vacancy announcements on the DOL website. The DOL requires that employers give preferences to residents of the CNMI in both public and private sector work under sections 4521–4530 in Chapter 2 of the CNMI law. The U.S. Department of Labour enforces the Fair Labour Standards Act (“**FLSA**”) in the CNMI in the same manner that the relevant Act is enforced in the U.S. mainland. The following are established by the Fair Labour Standards Act: minimum wage, overtime pay, recordkeeping, and youth employment standards. The CNMI minimum wage is \$6.55 per hour effective from 30 September 2016. In the CNMI, employees who are covered by the FLSA receive overtime pay for hours worked over a 40 hour workweek at a rate of one and one-half times the regular rate of pay. There is no limit on the number of hours employees 16 years or older may work in any workweek. Under the FLSA, employers must display an official poster outlining the requirements of the FLSA, and employees must keep employee time and pay records.

### **E. Immigration law**

In 2008, the U.S. Congress enacted Title VII of the Consolidated Natural Resources Act of 2008 (“**CNRA**”). Title VII of the CNRA applies federal immigration laws to the CNMI beginning on the “transition program effective date” (28 November 2009) up to 31 December 2019, and that federal law, including the CNRA’s transitional provisions, shall at that time “supersede and replace all laws, provisions, or programs of the Commonwealth relating to the admission of aliens and the removal of aliens from the Commonwealth”. The CNRA also specifies that during the transition period, the Secretary of Homeland Security, in consultation with the Secretary of State, the Attorney General, the Secretary of Labor, and the Secretary of the Interior, shall establish, administer, and enforce a transition program to regulate immigration to the Commonwealth. In the CNMI, up through 31 December 2019, the Department of Homeland Security (“**DHS**”) is authorised to issue so-called “CNMI-only” permits to foreign workers. These CNMI-only permits will not allow recipients to enter the United States, but they will allow permit holders to live and work in the CNMI subject to the terms of the transition program. The DHS’ CNMI-only permit system must “provide for a reduction in the allocation of CNMI-only permits on an annual basis to zero up through 31 December 2019”. In other words, the “CNMI-only” permits will not be effective after the transition period.

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## LAWS AND REGULATIONS

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In the CNMI, an employer who wishes to hire foreign labor to work in the CNMI must petition the alien's admission in a non-immigrant classification, such as the "CNMI-only" permits, by submitting a petition to the United States Citizenship and Immigration Services ("USCIS"). Each non-immigrant classification has its own requirements for work permits being granted and renewed, and are carefully outlined by USCIS. Before any foreign labor enters the United States, the employer must attest to USCIS that there are no available qualified U.S. workers. After the alien is admitted as a non-immigrant worker, they enjoy the same rights and privileges as U.S. workers, such as laws against discrimination, the FLSA, and the minimum wage. Therefore, an employer treats his alien workers no better or worse than U.S. workers under the law. Any restrictions to foreign labor are governed by the non-immigrant classification under which the foreign worker enters the CNMI. For example, the "CNMI-only" work permits do not permit foreign workers to work anywhere else except the CNMI. Any non-compliance with the work permits could lead to the employee's admission into the CNMI being revoked.

### F. Taxation

Generally, a Saipan company does not pay United States income tax, unless (1) less than 25% of equity in the company is owned by foreign persons, and (2) 20% or more of the company's gross income is derived from sources within the CNMI for a three-year period. Further, an employee of a Saipan company generally would not pay United States income tax on his/her salary from the company if he/she is a "bona fide resident" of the CNMI.

A bona fide resident of the CNMI is generally someone who has presence there for at least 183 days that year, who does not have another home outside the islands during the taxable year, and who does not have a closer connection to the United States or another country. In general, taxation in the CNMI is largely based on a local tax system and the CNMI has its own independent tax department.

#### *Business gross revenue tax*

Business Gross Revenue Tax ("**BGRT**") is imposed on a business' gross revenues that are CNMI sourced. The BGRT does not allow for the deduction of any costs in calculating the tax due. The rate of tax for BGRT is based on the business annual revenue and is up to 5% of its gross revenue.

#### *Excise tax*

The CNMI imposes an excise, or import, tax on goods imported for use in the CNMI. The rate of tax varies depending on the type of item brought in to the CNMI. The tax is imposed on the cost of the item, excluding any shipping costs or insurance. The tax is assessed at the point of entry into the CNMI, whether it is by ship, by airplane, or through the postal system. Construction materials that are imported are taxed at 3.0%. There are various rates of import tax depending on the type of item. If an item is not specified, the import tax rate is 5.0%.

If a foreign company sends equipment to Saipan to be used in Saipan by a subsidiary, the foreign company would be liable for the excise tax. The tax could be paid by the subsidiary, but remains the obligation of the parent company. If a piece of equipment is brought into the CNMI for a project, and is exported when the project is complete, the importer can apply for a refund of the excise tax paid.

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## LAWS AND REGULATIONS

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### *Beautification tax*

The beautification tax is an additional 0.42% tax that is added to the excise tax. The method of assessment and the deadline for payment is the same as for excise tax.

### *Income tax*

The CNMI adopted most sections of the United States Internal Revenue Code (“**IRC**”) as the territorial income tax law, known as the Northern Marianas Territorial Income Tax (“**NMTIT**”). Under the NMTIT, corporations operating in the CNMI determine their income tax liability using the provisions of the IRC, with a few modifications.

The BGRT mentioned above is not taken as a deduction on a corporate income tax return. Instead, it is treated as a non-refundable credit against income tax calculated under the IRC. The rates for corporate income taxes are based on the corporate’s income and up to 35% of the corporate’s income. There is a rebate of income taxes allowed in the CNMI. Corporations first calculate their income tax liability in accordance with the IRC. Next, they reduce the calculated income tax by the BGRT paid for the fiscal year. The result is called a rebate base. The rebate is 90% of the first US\$20,000 of rebate base, 70% of the next US\$80,000 of rebate base, and 50% if any rebate base that is more than US\$100,000.

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## HISTORY AND CORPORATE STRUCTURE

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### HISTORY AND BUSINESS DEVELOPMENT

Our Company was incorporated in the Cayman Islands on 5 October 2015 and as part of the Reorganisation, became the holding company of our Group. Our Company conducts its business through our principal operating subsidiaries, namely WWW Construction, WWW Materials and Smart City Engineering. Our history can be traced back to 1999, when Mr. Wong established WWW Construction to carry out foundation works and ancillary services. In 2000 and 2004, Mr. SM Lee and Dr. Kan joined our Group respectively and were appointed as the directors of WWW Construction. Before the incorporation of WWW Construction, Dr. Kan, Mr. SM Lee and Mr. Wong had over 10 years of experience in the construction industry. Mr. KL Lee, our Chairman and executive Director, joined our Group on 6 May 2016. Before joining our Group, Mr. KL Lee has provided consultancy service to our Group through KLDL Consultants and has contributed to the success of our business. For further details of their experience and qualification, please see the section headed “Directors, Senior Management and Employees” in this prospectus.

Leveraging our experience in the foundation industry, we expanded our scope of service to include general building works in 2009.

Throughout the years, WWW Construction has successfully obtained a number of licences and qualifications as approved specialist contractor. We are currently registered with the Buildings Department as a specialist contractor in the categories of foundation, demolition and site formation and as a general building contractor. We are also listed on the Development Bureau’s List of Approved Suppliers of Materials and Specialist Contractors for Public Works in the category of land piling (Group II) for the “Minipile” piling system, the “Rock-socketed Steel H-pile in Steel Hole” piling system and the “Steel H Pile” piling system.

In 2014, we further expanded our foundation works and ancillary services and general building works business to Saipan. Through our subsidiary, WWW Construction, we were awarded a contract to carry out foundation works and ancillary services and general building works for a proposed hotel development in Saipan. The foundation works and ancillary services and general building works are carried out by WWW Construction while WWW Construction (Saipan) primarily provides human resources, administration and management service relating to the Saipan Project. For further details on the Saipan Project, please see the paragraph headed “Business — Construction Projects” in this prospectus.

#### Business development milestones

The following events are the key business milestones of our Group since our establishment:

<u>Year</u>	<u>Business development</u>
1999 . . . .	Establishment of WWW Construction, the first operating subsidiary of our Group in Hong Kong to engage in foundation works and ancillary services
2004 . . . .	WWW Construction was registered as a specialist contractor in the categories of foundation, site formation and demolition and as general building contractor with the Buildings Department in Hong Kong  The quality management system of WWW Construction for design and construction of mini pile, steel H-pile and pile cap was accredited with ISO 9001:2000
2009 . . . .	We have expanded our scope of service to include general building works

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## HISTORY AND CORPORATE STRUCTURE

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<u>Year</u>	<u>Business development</u>
2011 . . . .	WWW Construction's status under the List of Approved Suppliers of Materials and Specialist Contractors for Public Works has been upgraded to Group II under the "Land Piling" category for the "Minipile" piling system
2013 . . . .	<p>The quality management system of WWW Construction for the design and construction of mini pile, rock-socketed steel H-pile in pre-bored hole, steel H-pile and pile cap, construction of precast prestressed tubular piles was accredited with ISO9001:2008</p> <p>Smart City Engineering was registered on the list of registered subcontractor with the Construction Industry Council (建造業議會) with trade specialty in foundation, demolition and other general civil works</p>
2014 . . . .	<p>WWW Construction's status under Group II of the Land Piling category in the List of Approved Suppliers of Materials and Specialist Contractors for Public Works has been extended to include the "Rock-socketed Steel H-pile in Pre-bored Hole" piling system</p> <p>Our Group was awarded a contract to carry out foundation works and ancillary services and general building works for a proposed hotel development in Saipan</p>
2016 . . . .	WWW Construction's status under Group II of the Land Piling category in the Listed Approved Suppliers of Materials and Specialist Contractors for Public Works has been extended to include the "Steel H-Pile" piling system

### OUR CORPORATE HISTORY

#### Our Company

Our Company was incorporated in the Cayman Islands with limited liability on 5 October 2015. For details of changes in the share capital of our Company, please see the paragraph headed "Statutory and General Information — Further Information about our Company — 2. Changes in the share capital of our Company" in Appendix IV to this prospectus. As a result of the Reorganisation, our Company became the holding company of our Group.

#### Our major operating subsidiaries

##### *WWW Construction*

WWW Construction was incorporated on 7 May 1999 as a limited liability company in Hong Kong. WWW Construction principally provides foundation works and ancillary services, as well as general building works. As at the date of incorporation, the authorised share capital of WWW Construction was HK\$10,000 divided into 10,000 ordinary shares of HK\$1.00 each, of which WWW Construction allotted 1 ordinary share to each of the two initial subscribers, namely Wiseland Secretarial Services Limited ("**Wiseland**") and Kenson Management Limited ("**Kenson**"), both of which are Independent Third Parties.

On 23 June 1999, Mr. Wong acquired one ordinary share from Wiseland at the consideration HK\$1.00 (which was equivalent to the par value of the share transferred). On the same date, Ms. Ho Lai Kuen, spouse of Mr. Wong, acquired one ordinary share from Kenson at the consideration HK\$1.00 (which was equivalent to the par value of the share transferred).

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## HISTORY AND CORPORATE STRUCTURE

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On 24 June 1999, WWW Construction allotted and issued 9,899 ordinary shares and 99 ordinary shares of WWW Construction at par value to Mr. Wong and Ms. Ho Lai Kuen respectively.

On 16 June 2000, Mr. Wong and Ms. Ho Lai Kuen transferred 4,900 ordinary shares and 100 ordinary shares to Mr. SM Lee at the consideration of HK\$4,900 and HK\$100 respectively.

On 3 February 2004, WWW Construction allotted and issued 3,000,000 ordinary shares at par value to each of Mr. Wong and Mr. SM Lee.

On 15 March 2006, WWW Construction allotted and issued 713,000 ordinary shares at par value to each of Mr. Wong and Mr. SM Lee.

On 6 July 2006, WWW Construction allotted and issued 100,000 ordinary shares at par value to each of Mr. Wong and Mr. SM Lee.

Upon completion of the above share transfers and allotment of shares, Mr. Wong and Mr. SM Lee each owned 50% of the shares in WWW Construction.

On 2 November 2009, each of Mr. Wong and Mr. SM Lee transferred 3,818,000 ordinary shares, being their entire shareholding interest in WWW Construction to WWW Holdings at the consideration of HK\$3,818,000 and HK\$3,818,000 respectively.

On 4 March 2011, 11 January 2013 and 22 July 2014, WWW Construction allotted and issued 2,000,000 ordinary shares, 10,000,000 ordinary shares and 22,000,000 ordinary shares at par value to WWW Holdings respectively.

On 31 December 2014, WWW Construction Holdings acquired 41,636,000 ordinary shares from WWW Holdings, being its entire shareholding interest in WWW Construction at the consideration of HK\$41,636,000. Immediately after the above acquisition, WWW Construction became a wholly-owned subsidiary of WWW Construction Holdings.

### *WWW Materials*

WWW Materials was incorporated on 20 October 2004 as a limited liability company in Hong Kong. WWW Materials principally trades piles. As at the date of incorporation, the authorised share capital of WWW Materials was HK\$10,000 divided into 10,000 shares of HK\$1.00 each, of which WWW Materials allotted 5,000 ordinary shares to each of the two initial subscribers, namely K LW Consulting Geotechnical Engineers Limited (“**KLW**”) (a private company then owned as to 99% by Ms. Poon Man Yee, spouse of Dr. Kan, and 1% by Ms. Poon Siu Ying, sister-in-law of Dr. Kan) and Hong Kong Jiantong PHC Piles Company Limited (“**Jiantong**”) (a private company then owned as to 50% by Mr. SM Lee and 50% by Mr. Wong).

On 15 January 2009, Mr. SM Lee acquired 5,000 ordinary shares from Jiantong at the consideration of HK\$5,000 (which was equivalent to the par value of the shares transferred).

On 2 November 2009, WWW Holdings acquired 5,000 ordinary shares from KLW at the consideration of HK\$5,000 (which was equivalent to the par value of the shares transferred). On the same date, Mr. SM Lee transferred 5,000 ordinary shares to WWW Holdings at the consideration of HK\$5,000 (which was equivalent to the par value of the shares transferred).

On 31 December 2014, WWW Holdings transferred 10,000 ordinary shares to WWW Materials Holdings at the consideration of HK\$10,000 (which was equivalent to the par value of the shares transferred). Immediately after the above share transfer, WWW Materials became a wholly-owned subsidiary of WWW Materials Holdings.



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## HISTORY AND CORPORATE STRUCTURE

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### *Smart City Engineering*

Smart City Engineering was incorporated on 19 January 2006 as a limited liability company in Hong Kong. Smart City Engineering principally provides construction services. As at the date of incorporation, the authorised share capital of Smart City Engineering was HK\$10,000 divided into 10,000 shares of HK\$1.00 each, of which Smart City Engineering allotted 1 ordinary share to the initial subscriber, namely GNL06 Limited, an Independent Third Party. On 10 March 2006, GNL06 Limited transferred 1 ordinary share to Mr. Wong.

On 7 March 2006, Smart City Engineering allotted and issued 9,999 ordinary shares at par value to Mr. Wong. On 31 December 2014, Mr. Wong transferred 10,000 ordinary shares, being his entire shareholding in Smart City Engineering to Smart City Engineering Holdings at the consideration of HK\$10,000. Immediately after the above share transfer, Smart City Engineering became a wholly-owned subsidiary of Smart City Engineering Holdings.

### **DEED OF CONFIRMATION**

On 21 December 2015, Dr. Kan, Mr. SM Lee and Mr. Wong entered into the Deed of Confirmation, pursuant to which, each of Dr. Kan, Mr. SM Lee and Mr. Wong confirmed that, among other things, for the entire duration when they were/are contemporaneously the shareholders of our Company, Smart City Engineering, Smart City Engineering Holdings, WWW Concrete (Saipan), WWW Construction, WWW Construction Holdings, WWW Construction (Saipan), WWW Investment Holdings, WWW Materials, WWW Materials Holdings and WWW Quarry (Saipan) (together the “**Relevant Companies**”):

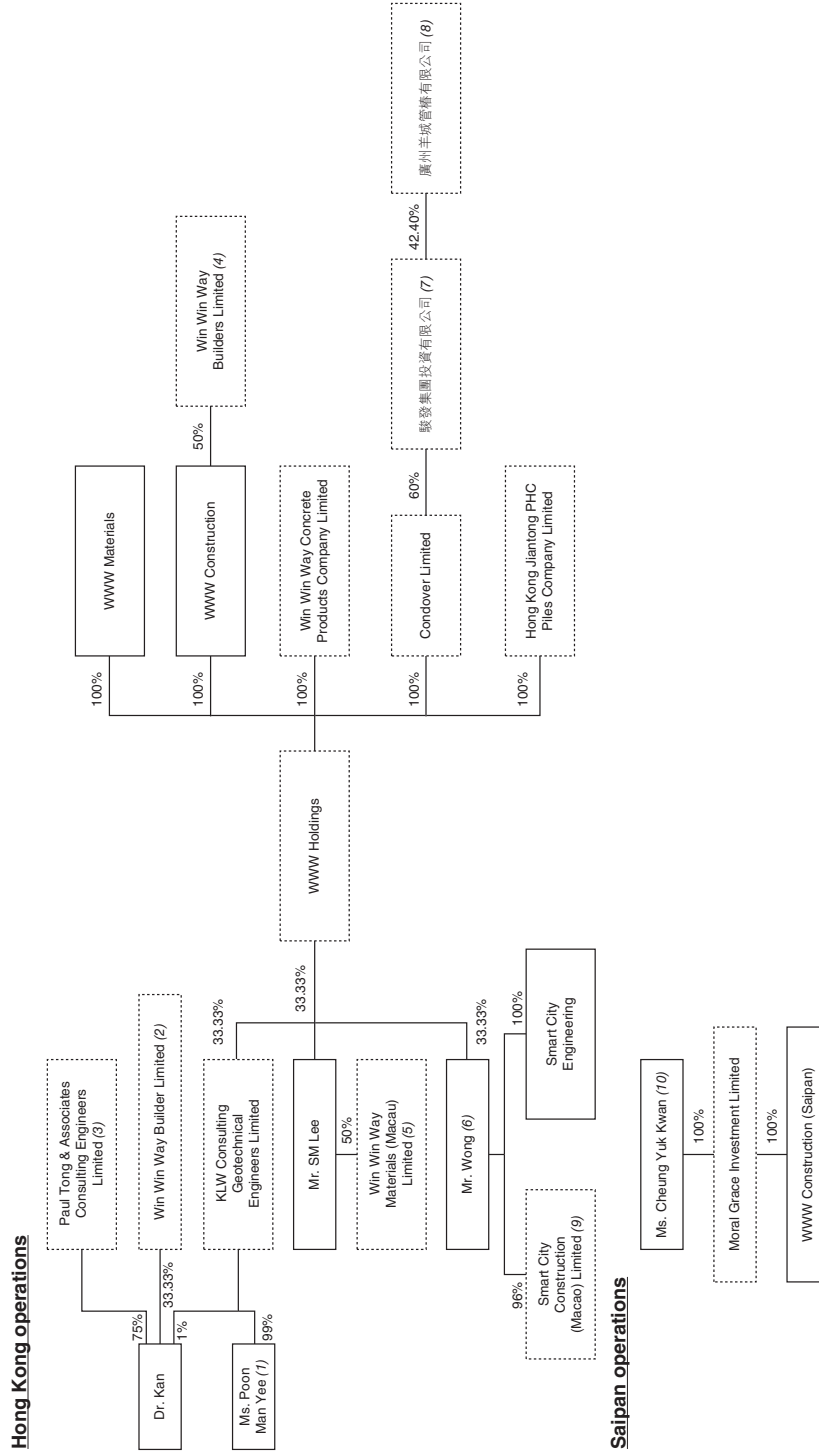
- (i) they have agreed to, and shall continue until the termination of the Deed of Confirmation to, consult each other and reach a unanimous consensus among themselves on such matters being the subject matters of any shareholders’ and board of directors’ resolution, including financial and operational matters, before putting forward such resolution to be passed at any shareholders’ and board of directors’ meeting of the Relevant Companies, and have historically voted on such resolutions in the same way;
- (ii) they have centralised, and shall continue until the termination of the Deed of Confirmation to centralise, the ultimate control and right to make final decisions with respect to their interests in the businesses and projects of the Relevant Companies; and
- (iii) they have operated, and shall continue until the termination of the Deed of Confirmation to operate, the Relevant Companies as a single business venture.

Accordingly, Dr. Kan, Mr. SM Lee and Mr. Wong are acting together as a group of Controlling Shareholders.



**REORGANISATION**

The following chart shows the shareholding structure of our Group immediately before the Reorganisation:



Notes:

1. By a declaration of trust dated 15 September 2000, Ms. Poon Man Yee declared that she held all her shares in K LW Consulting Geotechnical Engineers Limited on trust for Dr. Kan. Ms. Poon Man Yee is the wife of Dr. Kan.
2. The remaining equity interest in Win Win Way Builder Limited was owned by Mr. Wong as to approximately 33.33% and Mr. SM Lee as to approximately 33.33%.
3. The remaining 25% equity interest in Paul Tong & Associates Consulting Engineers Limited is held by Mr. Yeung Nai Cheong, a senior management of our Company.
4. The remaining 50% equity interest in Win Win Way Builders Limited was owned by an Independent Third Party.
5. The remaining 50% equity interest in Win Win Way Materials (Macao) Limited was owned by Mr. Yeung Nai Cheong, a senior management of our Company.
6. By a declaration of trust dated 10 March 2006, Smart City Engineering is held by Mr. Wong on trust for Dr. Kan as to approximately 33.33% and Mr. SM Lee as to approximately 33.33%.
7. The remaining 40% equity interest in 駿發集團投資有限公司 was owned by an Independent Third Party.
8. The remaining 57.60% equity interest in 廣州羊城管樁有限公司 was owned by an Independent Third Party.
9. The remaining 4% equity interest in Smart City Construction (Macao) Limited was owned by an Independent Third Party.
10. By a declaration of trust dated 15 August 2014, Moral Grace Investment Limited is held by Cheung Yuk Kwan on trust for Dr. Kan as to approximately 33.33%, Mr. SM Lee as to approximately 33.33% and Mr. Wong as to approximately 33.33%.
11.   indicates company which has been excluded from our Group as part of the Reorganisation.

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## HISTORY AND CORPORATE STRUCTURE

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Our Group underwent the Reorganisation in preparation for the Listing. The principal steps involved in the Reorganisation are summarised below:

### **Stage 1: Reorganisation of WWW Investment, Smart City Engineering, WWW Construction and WWW Materials**

#### *(a) Incorporation of WWW Investment*

WWW Investment was incorporated with limited liability on 29 October 2014 in the BVI. The authorised share capital of WWW Investment, on incorporation, was US\$50,000 divided into 50,000 ordinary shares of US\$1.00 each. On the same day, WWW Investment issued and allotted 10,000 nil-paid shares in WWW Investment, to each of Dr. Kan, Mr. SM Lee and Mr. Wong. WWW Construction (Samoa) was incorporated in Samoa on 24 June 2014 and was held by Dr. Kan, Mr. Wong and Mr. SM Lee as to 3,000 shares each for hotel investment. On 24 March 2015, Dr. Kan, Mr. Wong and Mr. SM Lee transferred the entire interest held by them in WWW Construction (Samoa) to WWW Investment.

#### *(b) Incorporation of Smart City Engineering Holdings*

Smart City Engineering Holdings was incorporated with limited liability on 29 October 2014 in the BVI. The authorised share capital of Smart City Engineering Holdings, on incorporation, was US\$50,000 divided into 50,000 ordinary shares of US\$1.00 each. On the same day, Smart City Engineering Holdings issued and allotted 10,000 nil-paid shares in Smart City Engineering Holdings to WWW Investment.

#### *(c) Incorporation of WWW Construction Holdings*

WWW Construction Holdings was incorporated with limited liability on 29 October 2014 in the BVI. The authorised share capital of WWW Construction Holdings, on incorporation, was US\$50,000 divided into 50,000 ordinary shares of US\$1.00 each. On the same day, WWW Construction Holdings issued and allotted 10,000 nil-paid shares in WWW Construction Holdings to WWW Investment.

#### *(d) Incorporation of WWW Materials Holdings*

WWW Materials Holdings was incorporated with limited liability on 29 October 2014 in the BVI. The authorised share capital of WWW Materials Holdings, on incorporation, was US\$50,000 divided into 50,000 ordinary shares of US\$1.00 each. On the same day, WWW Materials Holdings issued and allotted 10,000 nil-paid shares in WWW Materials Holdings to WWW Investment.

#### *(e) Transfer of interest in Smart City Engineering by Mr. Wong to Smart City Engineering Holdings*

On 31 December 2014, Mr. Wong transferred 10,000 shares in Smart City Engineering, being the total issued share capital of Smart City Engineering, to Smart City Engineering Holdings at the consideration of HK\$10,000, representing the nominal value of the total issued shares in Smart City Engineering, the receipt of which was waived by Mr. Wong.

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## HISTORY AND CORPORATE STRUCTURE

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*(f) Transfer of interest in WWW Construction by WWW Holdings to WWW Construction Holdings*

On 31 December 2014, WWW Holdings transferred 41,636,000 shares in WWW Construction, being the total issued share capital of WWW Construction, to WWW Construction Holdings at the consideration of HK\$41,636,000, representing the nominal value of the total issued shares in WWW Construction, the receipt of which was waived by WWW Holdings.

*(g) Transfer of interest in WWW Materials by WWW Holdings to WWW Materials Holdings*

On 31 December 2014, WWW Holdings transferred 10,000 shares in WWW Materials, being the total issued share capital of WWW Materials, to WWW Materials Holdings at the consideration of HK\$10,000, representing the nominal value of the total issued shares in WWW Materials, the receipt of which was waived by WWW Holdings.

*(h) Transfer of interests in WWW Construction (Saipan) by Moral Grace Investment Limited to WWW Construction*

On 25 March 2015, Moral Grace Investment Limited transferred 2,000 shares in WWW Construction (Saipan), being the total issued share capital of WWW Construction (Saipan), to WWW Construction at the consideration of US\$200,000, representing the nominal value of the total issued shares in WWW Construction (Saipan).

### **Stage 2: Incorporation of WWW Investment Holdings**

WWW Investment Holdings was incorporated with limited liability on 31 July 2015 in the BVI. The authorised share capital of WWW Investment Holdings, on incorporation, was US\$50,000 divided into 50,000 ordinary shares of US\$1.00 each. On the same day, WWW Investment Holdings issued and allotted 10,000 nil-paid shares in WWW Investment Holdings to each of Dr. Kan, Mr. SM Lee and Mr. Wong, respectively.

### **Stage 3: Incorporation of intermediate holding companies**

Each of K LW Holdings, Condo ver Assets and SKW Global was incorporated with limited liability on 25 August 2015 in the BVI. The authorised share capital of each such company, on incorporation, was US\$50,000 divided into 50,000 ordinary shares of US\$1.00 each. On the same day, K LW Holdings issued, allotted, credited as fully paid, 10,000 shares in K LW Holdings to Dr. Kan, Condo ver Assets issued, allotted, credited as fully paid, 10,000 shares in Condo ver Assets to Mr. SM Lee and SKW Global issued, allotted, credited as fully paid, 10,000 shares in SKW Global to Mr. Wong.

### **Stage 4: Incorporation of our Company**

Our Company was incorporated with limited liability on 5 October 2015 in the Cayman Islands. The authorised share capital of our Company, on incorporation, was HK\$380,000 divided into 3,800,000 Shares of HK\$0.1 each. On the same day, our Company issued, allotted, credited as fully paid, 1 Share, 999 Shares, 1,000 Shares and 1,000 Shares to Reid Services Limited, K LW Holdings, Condo ver Assets and SKW Global, respectively. On 5 October 2015, Reid Services Limited transferred 1 Share to K LW Holdings at the consideration of HK\$0.1.

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## HISTORY AND CORPORATE STRUCTURE

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On 3 February 2016, our Company divided each of the issued and unissued Shares of par value HK\$0.10 each in the share capital of our Company into 10 Shares of par value HK\$0.01 each, resulting in the authorised share capital of our Company to be HK\$380,000 divided into 38,000,000 Shares of par value HK\$0.01 each.

**Stage 5: Repayment of debts between (i) Dr. Kan, Mr. SM Lee, Mr. Wong and WWW Holdings; and (ii) WWW Construction, WWW Materials, Smart City Engineering and WWW Construction (Saipan)**

As at 28 June 2016, WWW Holdings and Dr. Kan were indebted to WWW Materials in the amounts of approximately HK\$9,631,000 and HK\$200,000, respectively. On 30 June 2016, WWW Materials, WWW Construction, WWW Holdings and Dr. Kan entered into a deed of assignment of debts pursuant to which WWW Materials assigned to WWW Construction all its rights, title and benefits in respect of the debts in the amounts of approximately HK\$9,631,000 and HK\$200,000 advanced to WWW Holdings and Dr. Kan respectively with effect on 28 June 2016 as part of the reorganisation for the Listing.

As at 28 June 2016, Smart City Engineering was indebted to WWW Holdings and Mr. Wong in the amounts of approximately HK\$8,164,000 and HK\$4,600,000, respectively. On 30 June 2016, WWW Holdings, Mr. Wong, WWW Construction and Smart City Engineering entered into a deed of novation pursuant to which, as part of the reorganisation for the Listing, WWW Construction assumed all of Smart City Engineering's obligations and liabilities to repay to WWW Holdings and Mr. Wong the debts in the amounts of approximately HK\$8,164,000 and HK\$4,600,000, respectively with effect on 28 June 2016.

As at 28 June 2016, Dr. Kan was indebted to WWW Construction (Saipan) in the amount of approximately HK\$334,000. On 30 June 2016, WWW Construction (Saipan), WWW Construction and Dr. Kan entered into a deed of assignment of debt pursuant to which WWW Construction (Saipan) assigned to WWW Construction all its rights, title and benefits in respect of the debt in the amounts of approximately HK\$334,000 advanced to Dr. Kan with effect on 28 June 2016 as part of the reorganisation for the Listing.

As at 28 June 2016, WWW Construction was indebted to Mr. Wong in the amount of approximately HK\$5,346,000. On 30 June 2016, Mr. Wong, WWW Holdings and WWW Construction entered into a deed of novation pursuant to which, as part of the reorganisation for the Listing, WWW Holdings assumed all of WWW Construction's obligations and liabilities to repay to Mr. Wong the debt in the amount of approximately HK\$5,346,000 with effect on 28 June 2016.

As at 28 June 2016, Dr. Kan and Mr. SM Lee were indebted to WWW Construction in the amounts of approximately HK\$54,015,000 and HK\$6,224,000, respectively. On 30 June 2016, WWW Construction, WWW Holdings, Dr. Kan and Mr. SM Lee entered into a deed of assignment of debts pursuant to which WWW Construction assigned to WWW Holdings all its rights, title and benefits in respect of the debts in the amounts of approximately HK\$54,015,000 and HK\$6,224,000 advanced to Dr. Kan and Mr. SM Lee respectively with effect on 28 June 2016 as part of the reorganisation for the Listing.

On 28 June 2016, WWW Construction declared an interim dividend of approximately HK\$143,644,000 to WWW Holdings at the instruction of WWW Construction Holdings, out of which approximately HK\$107,256,000 was applied to set off the amount of the debts due from WWW Construction to WWW Holdings (the "Set-off").

As a result of the Set-off, the above debt between WWW Holdings and WWW Construction was fully settled.

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## HISTORY AND CORPORATE STRUCTURE

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### **Stage 6: Transfer of interests in our Company by SKW Global and KLW Holdings to Condover Assets**

On 4 August 2016, SKW Global and KLW Holdings (as vendors) and Condover Assets (as purchaser) entered into a sale and purchase agreement, pursuant to which Condover Assets acquired 10,000 Shares from each of SKW Global and KLW Holdings (the “**Condover Assets Acquisition**”). In consideration of the Condover Assets Acquisition, 10,000 shares in the share capital of Condover Assets were issued to each of Mr. Wong and Dr. Kan at the direction of SKW Global and KLW Holdings respectively.

Upon completion of Stage 6, our Company became a direct wholly-owned subsidiary of Condover Assets and Condover Assets would be owned as to one-third by Dr. Kan, one-third by Mr. SM Lee and one-third by Mr. Wong.

### **Stage 7: Transfer of interests in Smart City Engineering Holdings, WWW Construction Holdings and WWW Materials Holdings by WWW Investment to WWW Investment Holdings**

On 30 December 2016, WWW Investment (as vendor) and WWW Investment Holdings (as purchaser) entered into a sale and purchase agreement, pursuant to which WWW Investment Holdings acquired the entire issued share capital of each of Smart City Engineering Holdings, WWW Construction Holdings and WWW Materials Holdings held by WWW Investment at the consideration of US\$30,000, which is equivalent to the nominal value of the shares held by WWW Investment in each of Smart City Engineering Holdings, WWW Construction Holdings and WWW Materials Holdings as at the date of the transfer.

Upon completion of Stage 7, Smart City Engineering Holdings, WWW Construction Holdings and WWW Materials Holdings became direct wholly-owned subsidiaries of WWW Investment Holdings, and WWW Investment and WWW Construction (Samoa) will not form part of the Group.

### **Step 8: Transfer of interests in WWW Investment Holdings by Dr. Kan, Mr. SM Lee and Mr. Wong to our Company**

On 23 June 2017, Dr. Kan, Mr. SM Lee and Mr. Wong (as vendors) and our Company (as purchaser) entered into a sale and purchase agreement, pursuant to which our Company acquired the entire issued share capital of WWW Investment Holdings held by Dr. Kan, Mr. SM Lee and Mr. Wong (the “**Transfer**”). In consideration of the Transfer, our Company issued a total of 23,400,000 Shares to Condover Assets at the direction of Dr. Kan, Mr. SM Lee and Mr. Wong.

Upon completion of Stage 8, WWW Investment Holdings became a direct wholly-owned subsidiary of our Company.

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## HISTORY AND CORPORATE STRUCTURE

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### **Stage 9: Increase in share capital**

On 23 June 2017, the authorised share capital of our Company was increased from HK\$380,000 divided into 38,000,000 Shares of par value of HK\$0.01 each to HK\$10,000,000 divided into 1,000,000,000 Shares of par value of HK\$0.01 each by the creation of an additional 962,000,000 Shares of par value of HK\$0.01 each.

### **Capitalisation Issue**

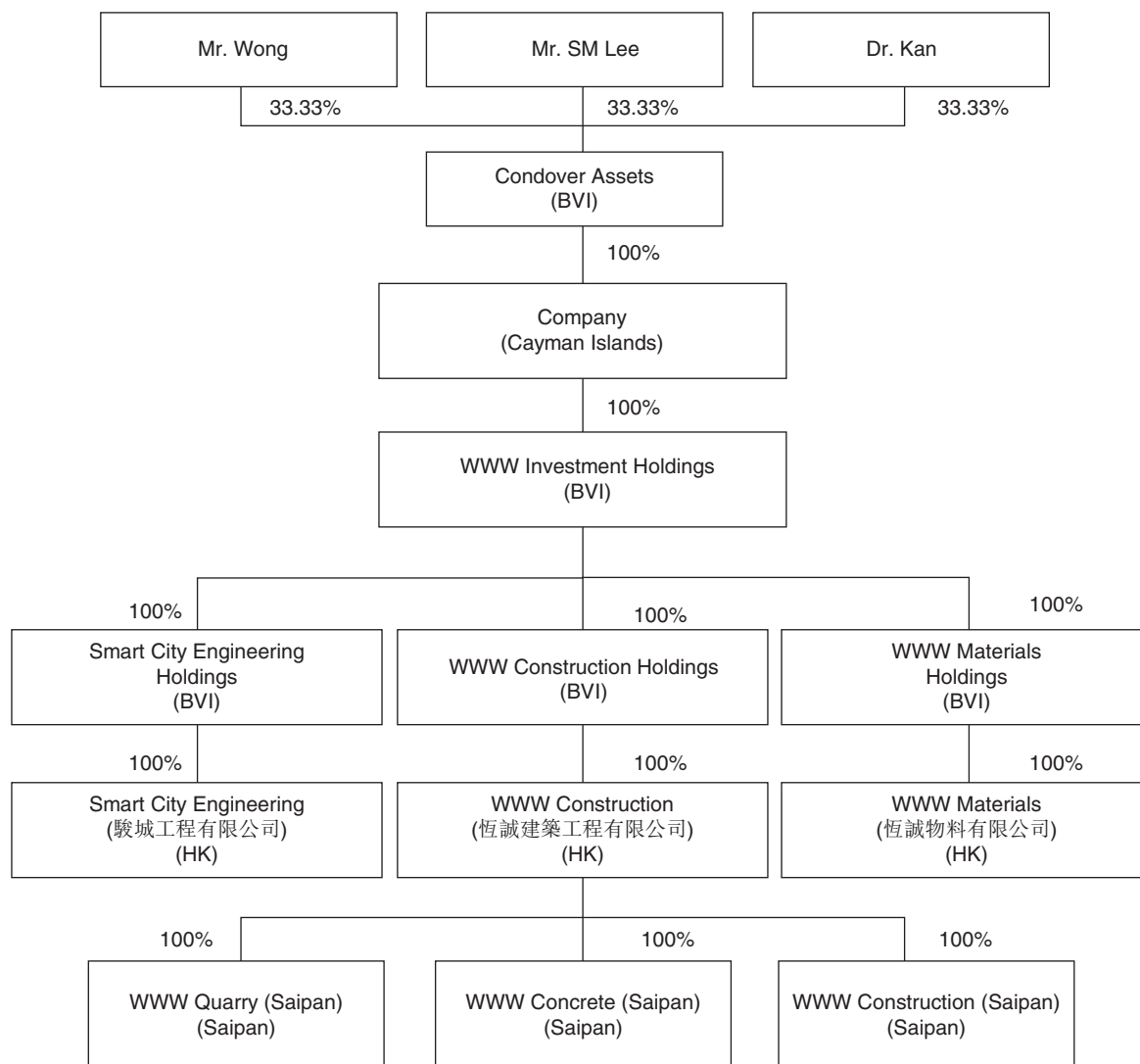
Pursuant to the written resolutions of our sole Shareholder passed on 23 June 2017 and subject to the share premium account of our Company being credited as a result of the Global Offering, our Directors were authorised to capitalise HK\$3,605,700 standing to the credit of the share premium account of our Company by applying such sum in paying up in full at par 360,570,000 Shares for allotment and issue to holders of Shares whose names appear on the register of members of our Company in proportion (as near as possible without involving fractions so that no fraction of a share shall be allotted and issued) to their then existing respective shareholdings in our Company and so that the Shares to be allotted and issued pursuant to this resolution shall carry the same rights in all respects with the then existing issued Shares.

Details of the written resolutions of our sole Shareholder passed on 23 June 2017 are set out in the paragraph headed “Statutory and General Information — Further Information about Our Company — 5. Written Resolutions of our sole Shareholder Passed on 23 June 2017” in Appendix IV to this prospectus.



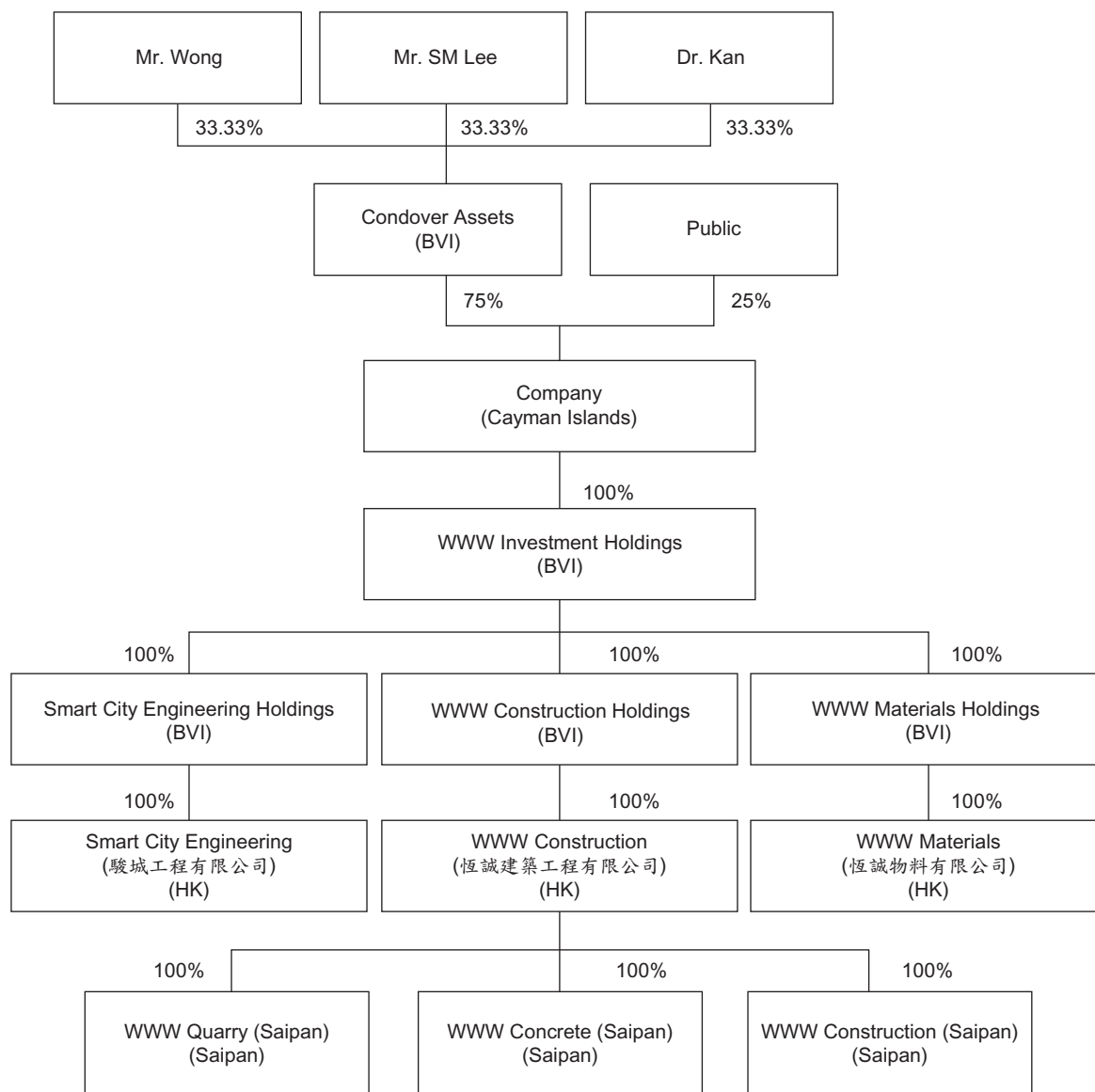
## HISTORY AND CORPORATE STRUCTURE

Upon completion of the Reorganisation, our Company became the holding company of our Group. The following chart sets out the shareholding structure of our Group immediately after the Reorganisation but before completion of the Global Offering and the Capitalisation Issue:



## HISTORY AND CORPORATE STRUCTURE

The following chart sets out the shareholding structure of our Group after the Reorganisation and immediately following the Global Offering and the Capitalisation Issue (assuming the Over-allotment Option is not exercised):



During the Track Record Period, Dr. Kan, Mr. SM Lee and/or Mr. Wong were interested in a number of companies which have been excluded from our Group but may compete with our Group's business. For further details, please see the paragraph headed "Relationship with Controlling Shareholders — Controlling Shareholders of our Company" in this prospectus.

### OVERVIEW

Established in 1999, we are a construction company principally providing foundation works and ancillary services, as well as general building works in Hong Kong. We are registered as specialist contractor in the categories of foundation, site formation and demolition and as registered general building contractor with the Buildings Department in Hong Kong. We are also on the list of approved suppliers of materials and specialist contractors for public works (Group II of the “Land Piling” category for minipile, steel H-pile and rock-socketed steel H-pile in pre-bored hole) with the Development Bureau. In addition, we are on the list of registered subcontractor with the Construction Industry Council (建造業議會) with trade specialty in foundation, demolition and other general civil works.

We pride ourselves on our environmental-friendly piling technical knowhow. According to the CIC Report, as at 31 December 2016, we were one of the two foundation companies which were capable of performing frictional pre-bored H-piling works in Hong Kong. This piling technology is more environmental-friendly compared to others as it generates less vibration and noise during operation. We applied this piling technology in a number of our projects in Hong Kong, including the Former Police Married Quarters (known as the PMQ) on Hollywood Road and the foundation and ELS works for Central Police Station conservation and revitalisation project. We pride ourselves for our self-owned foundation machinery and our in-house modification capability.

We have established connections through over 17 years of experience in the Hong Kong construction industry. During the Track Record Period, we primarily act as the main contractor in our projects, and to a lesser extent, served our customers as subcontractor. We generally act as a main contractor in general building projects. Unlike our role as a main contractor in a foundation works and ancillary services project, where we are responsible for most of the core operation process, as a main contractor in general building projects, we focus on the overall management of the projects and we delegate to and coordinate with our subcontractors to perform relevant general building works.

We mainly serve customers in Hong Kong from the private sector but we also serve customers from the public sector. During the Track Record Period, we completed 61 projects involving foundation works and ancillary services, and three project involving general building works. During the Track Record Period, our total revenue from these two types of construction works amounted to approximately HK\$1,182.1 million and HK\$610.3 million, respectively. Our customers in the private sector include major property developers, construction companies and commercial enterprises and our customers in the public sector are general works main contractors undertaking construction projects from the Hong Kong Government or public body. For the years ended 31 December 2014, 2015 and 2016 respectively, our five largest customers by affiliated group accounted for approximately 64.7%, 58.6% and 57.8% of our revenue, respectively.

We source our projects mainly by tenders where we act as a main contractor, and by direct approach by the main contractor where we act as a subcontractor. We generally adopt a cost-plus pricing model and determine the tender price taking into consideration of various factors.

Historically and up until October 2014, our Group undertook construction projects in Hong Kong only. In October 2014, our Group entered into a construction contract in Saipan as a main contractor, providing foundation works and ancillary services and general building works for the Saipan Project, which consists of a designed capacity of 300-room hotel, with the total contract sum of approximately US\$96.4 million (equivalent to approximately HK\$751.9 million). The foundation works lasted from May 2015 to October 2015. The general building works commenced in May 2016 and is expected to complete in or around February 2018. During the

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## BUSINESS

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Track Record Period, we have recognised revenue of nil, approximately HK\$115.7 million and HK\$58.3 million for the Saipan Project, respectively, representing 0%, approximately 18.4% and 8.2% of our total revenue, respectively.

According to the CIC Report, the gross output value of Hong Kong's foundation industry increased at a CAGR of 0.6% from HK\$16.8 billion in 2012 to HK\$17.3 billion in 2016 while the gross output value of Hong Kong's general building works industry increased at a CAGR of 17.0% from HK\$44.7 billion in 2012 to HK\$83.9 billion in 2016. With the addition of the Saipan Project, as well as the continued growth from both foundation and general building works in Hong Kong, our revenue from construction works has increased significantly from approximately HK\$448.7 million for the year ended 31 December 2014 to approximately HK\$715.0 million for the year ended 31 December 2016.

Driven by mega public infrastructure projects, the continued growth in residential property development and the rebuilding of old buildings in Hong Kong, according to the CIC Report, the gross output value of Hong Kong's foundation industry will grow at a CAGR of 6.8% from 2016 and reach HK\$24.0 billion in 2021 and the gross output value of Hong Kong's general building works industry will grow at a CAGR of 10.1% from 2016 to reach HK\$135.5 billion in 2021. Our Directors believe that our technical expertise, relationship with customers, reputation in the industry and past track record enable us to secure future projects.

### Principal business activities

Our construction works are generally categorised into two types:

- (a) foundation works and ancillary services: foundation works mainly include minipiling, percussive piling, rock socketed in steel H-pile and bored pile, together with pile cap. Ancillary services mainly include site formation and demolition works, for example, clearance of the site, excavation, demolition of a building or any substantial part of a building. We generally focus on foundation projects in the private sector but we also undertake such projects in the public sector.

We act as both main contractor and subcontractor in foundation projects. As a main contractor, we are responsible for most of the core operation process of foundation works, as well as the overall management of the foundation project which involves delegation to and coordination of subcontractors to perform other relevant foundation works. As a subcontractor, we undertake specific parts of foundation works designated by the main contractor; and

- (b) general building works: general building works mainly include structural alteration and addition works, development of superstructures such as entire dwellings, office buildings, stores, public utility buildings, farm buildings, etc. We mainly undertake general building works in the private sector.

We generally act as a main contractor in general building works projects. Unlike our role as a main contractor in foundation projects, we generally focus on the overall management of the general building works projects.

We also trade piles in Hong Kong besides our business segment of foundation works and ancillary services, as well as general building works.

## BUSINESS

### Revenue by different business activities

The table below sets out a breakdown of our Group's revenue by business segments during the Track Record Period:

Segments	Year ended 31 December					
	2014		2015		2016	
	(HK\$ million)	%	(HK\$ million)	%	(HK\$ million)	%
<b>Construction works</b>						
Foundation works and ancillary services . . . . .	385.4	85.9	426.3	67.8	370.4	51.8
General building works . . . . .	63.3	14.1	202.4	32.2	344.6	48.2
Sub-total . . . . .	448.7	100.0	628.7	100.0	715.0	100.0
Trading of piles . . . . .	—	—	—	—	0.1	—
Total . . . . .	448.7	100.0	628.7	100.0	715.1	100.0

### Revenue from construction contracts by sector

The table below sets out a breakdown of our Group's revenue from construction contracts by sector during the Track Record Period:

Sector	Year ended 31 December					
	2014		2015		2016	
	(HK\$ million)	%	(HK\$ million)	%	(HK\$ million)	%
Private sector . . . . .	384.2	85.6	543.5	86.4	569.0	79.6
Public sector . . . . .	64.5	14.4	85.2	13.6	146.0	20.4
Total . . . . .	448.7	100.0	628.7	100.0	715.0	100.0

### Construction projects as main contractor and subcontractor

The table below sets out a breakdown of our Group's revenue by reference to our role in the projects during the Track Record Period:

Role	Year ended 31 December					
	2014		2015		2016	
	(HK\$ million)	%	(HK\$ million)	%	(HK\$ million)	%
Main contractor . . . . .	337.0	75.1	505.9	80.5	553.2	77.4
Subcontractor . . . . .	111.7	24.9	122.8	19.5	161.8	22.6
Total . . . . .	448.7	100.0	628.7	100.0	715.0	100.0

### Revenue from construction contracts by geographical location

The table below sets out a breakdown of our Group's revenue from construction contracts by geographical location during the Track Record Period:

Geographical location	Year ended 31 December					
	2014		2015		2016	
	(HK\$ million)	%	(HK\$ million)	%	(HK\$ million)	%
Hong Kong . . . . .	448.7	100.0	513.0	81.6	656.7	91.8
Saipan . . . . .	—	—	115.7	18.4	58.3	8.2
Total . . . . .	448.7	100.0	628.7	100.0	715.0	100.0

### COMPETITIVE STRENGTHS

#### **We have well-established reputation and proven track record**

Founded in 1999, our Group has more than 17 years of experience in the construction industry in Hong Kong. We undertook a number of foundation works and ancillary services and general building works projects of various nature, including commercial complexes, hospitals, hotels, housing estates, schools, industrial buildings and private residential buildings in Hong Kong. Some projects we completed over the years include (i) the Former Police Married Quarters (known as the PMQ) on Hollywood Road; (ii) the Central Police Station conservation and revitalisation projects; (iii) a shopping and hotel complex re-modelling project in Tsim Sha Tsui; (iv) a redevelopment of school in Wan Chai; and (v) a residential development in Kennedy Road. During the Track Record Period, we completed 61 projects involving foundation works and ancillary services, and three projects involving general building works. During the Track Record Period, our total revenue from these two types of construction works amounted to approximately HK\$1,182.1 million and HK\$610.3 million, respectively. As at the Latest Practicable Date, the aggregate contract sum for our contracts on hand (including contracts in progress and contracts of which our work has yet to commence) amounted to approximately HK\$2,035.3 million.

Our Directors believe that our well-established reputation, together with our long term presence in the construction industry in Hong Kong, have earned the trust of our customers in our ability to deliver quality works in a timely and satisfactory manner.

#### **We possess a wide range of qualifications to capture business opportunities**

We were first registered as specialist contractor in the categories of foundation, site formation and demolition and as general building contractor with the Buildings Department in Hong Kong in 2004. We are also on the list of approved suppliers of materials and specialist contractors for public works (Group II of the “Land Piling” category for minipile, steel H-pile and rock-socketed steel H-pile in pre-bored hole) with the Development Bureau. In addition, we are on the list of registered subcontractor with the Construction Industry Council (建造業議會) with trade specialty in foundation, demolition and other general civil works. For further details on the registrations and certifications we hold from other Government bodies/public organisations, please see the paragraph headed “Major Qualifications, Certifications, Awards and Recognition” in this section.

Our Directors believe that our wide range of qualifications in the construction industry allow us to provide a wide range of construction services to our customers, giving us competitive edge in bidding for projects covering the range of services offered by our Group. Our Directors believe that in some projects, our customers engaged us for our one-stop services, which may relieve our customers’ management from having to place extra effort to coordinate with multiple contractors. As such, our Directors believe that our wide range of qualifications allow us to capture business opportunities from both our existing customers and potential customers.

### **We possess advanced and environmental-friendly piling technical knowhow**

According to the CIC Report, as at 31 December 2016, we were one of the two foundation companies which were capable of performing frictional pre-bored H-piling works in Hong Kong. This piling technology is more environmental-friendly compared to others as it generates less vibration and noise during operation. During the Track Record Period, we completed four out of the five foundation projects which involved frictional pre-bored H-piling works in Hong Kong, namely the Former Police Married Quarters (known as the PMQ) on Hollywood Road, the foundation and ELS work for Central Police Station conservation and revitalisation project, a hotel redevelopment project in Wong Nai Chung Road and a hotel project in Staunton Street.

While our revenue from foundation projects involving frictional pre-bored H-piling works amounted to approximately HK\$127.8 million, representing approximately 7.1% of our total revenue during the Track Record Period, our Directors believe that such new piling technique is suitable for foundation projects in certain designated areas in Hong Kong. To the extent that such a demand arises in the market, given that we are one of the only two market players in Hong Kong with such capability, we have a high chance of being invited to participate in the tendering process and such projects may be awarded to us. In addition, our Directors believe that as the industry becomes increasingly concerned with environmental protection, our capability of performing frictional pre-bored H-piling works will contribute to the growth of our business. For further details about the characteristics of frictional pre-bored H-piling and the application in these projects, please see the paragraph headed “Description of Our Construction Works — Foundation works — Frictional pre-bored H-pile” in this section.

### **We have self-owned machinery with in-house modification capability**

Most of the works involved in our construction projects require the use of specialised machinery and equipment. We have been investing in acquiring a broad range of machinery and equipment. As at 31 December 2016, our Group had over 100 pieces of machinery in use, consisting of air compressors, crawler cranes, excavators, hydraulic casing oscillators, piling rigs, reverse circulation drills and others. For the years ended 31 December 2014, 2015 and 2016, respectively, we acquired machinery in the amount of approximately HK\$32.5 million, HK\$11.9 million and HK\$0.8 million, respectively. As at 31 December 2016, the aggregate net book value of our plant and machinery amounted to approximately HK\$14.5 million, while the aggregate net book value of our total property, plant and equipment amounted to approximately HK\$16.5 million, as recorded in the combined statement of financial position of our Group. Please see the paragraph headed “Machinery” in this section for further details. Our Directors believe that our investment in such machinery and equipment has placed us in a strong position to proactively exploit market opportunities with more flexibility and to compete cost-effectively for foundation projects of different sizes. Our direct control over our machinery and equipment also allows us to act more quickly when opportunities arise without having to rely on leasing from external parties.

Benefiting from our experience accumulated over the years and our strong technical knowhow, our in-house engineers are able to modify our equipment, matching special needs of our projects and different geological conditions. The safe working order of such modified equipment is examined and certified by third party surveyors before they are put in operation. For example, some of the projects we completed, including a shopping and hotel complex remodelling project in Tsim Sha Tsui and the Central Police Station conservation and revitalisation projects, require certain modification of plants and machineries to suit the conditions of the project site. With such capability, our Directors believe that we enjoy greater flexibility in resource coordination and machine utilisation, allowing us to devise flexible construction plans and apply suitable machinery for different projects. Furthermore, our Directors believe that having the capability to modify machinery has contributed to the success



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of our bidding for projects of different nature and in different geological conditions. We believe that in some projects, our customers engaged us for our practical experience in all aspects of construction works as well as our ability to modify our equipment to deliver practical solution for our customers.

### **We have established long-term relationships with diversified customers, subcontractors and suppliers**

We have established stable business relationships with our major customers and our longest standing customer has over seven years of business relationship with us. Among our five largest customers during the Track Record Period, most of them are active market participants in the construction industry in Hong Kong, and we have been providing services to them for an average period of over four years. Our Directors believe that our long-term relationships with some of our major customers reinforce our Group as the preferred working party for their projects. For some of our projects, our Directors believe that we received letters of invitation or express of interest for tenders because our customers or the architects appointed by them were confident in our capabilities and had thorough understanding and assessment of our performance over the years.

We have also established a diversified customer base in both private and public sectors. Our customers in the private sector include major property developers, construction companies and commercial enterprises and our customers in the public sector are general works main contractors undertaking construction projects from the Hong Kong Government or public body. For further details of how we classify our customers, please see the paragraph headed "Customers" in this section.

We believe that our relationship with our major subcontractors are stable during the Track Record Period. This enables us to have a thorough understanding and assessment of their performance over the years, which in turn allows us to ensure their quality of works. As at the Latest Practicable Date, we had approximately 40 subcontractors on our approved list of subcontractors and the longest standing subcontractor has over nine years of business relationship with us.

We have also established a stable business relationship with our major suppliers and our longest standing supplier has over 13 years of business relationship with us. These suppliers supplied a wide range of construction materials to us. We have been working with our five largest suppliers during the Track Record Period for an average period of over five years. Our Directors believe that our long-term business relationships with our major suppliers strengthen our corporate image and ensure the stable supply of construction materials.

### **We have an experienced management team and long-serving staff**

We have an experienced and dedicated management team with many years of operational expertise and in-depth understanding of the construction industry in Hong Kong, which allows us to anticipate and capture market opportunities when formulating our positioning and development strategies. Most of our executive Directors have been with us for more than ten years and they comprise a group of highly experienced individuals, all of whom have more than 20 years of experience in the construction industry in Hong Kong. Our executive Directors have established close business relationships with our customers, subcontractors and suppliers. In addition, our technical senior staff are equipped with technical knowhow and practical skills and experience, with a majority of them having worked for more than 20 years in the construction industry in Hong Kong. Their experience, coupled with extensive knowledge of the construction industry in Hong Kong, enables us to understand the market dynamics and industry practice for foundation works and ancillary services and general building works.

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Our experienced management team is supported by a team of long-serving staff. A majority of our technical staff possesses the relevant engineering training and/or academic qualifications to supervise and handle construction works. As at 31 May 2017, we had 193 technical staff, machine operators and project management staff, which in aggregate accounted for approximately 51.1% of our total staff. All of our staff had been generally working with us for over two years on average. Our Directors believe that the combination of a capable and experienced management team and staff would reinforce our competitiveness in the construction industry in Hong Kong.

For further details about our Directors and senior management, please see the section headed “Directors, senior management and employees” in this prospectus.

### **BUSINESS STRATEGIES**

Our principal business objective is to achieve sustainable growth in our current business and to strengthen our capability to capture more business opportunities by executing the following strategies:

#### **Strengthen our Hong Kong market position to capture more sizeable and profitable projects**

According to the CIC Report, in addition to the continued growth in the demand of hotels in Hong Kong as an international financial center and tourism destination and the major infrastructure projects announced by the Hong Kong Government since 2007, the Hong Kong Government plans to increase the supply of residential land for public and private housing to meet the increasing demand for housing units and to stabilise the overheated properties market. The Hong Kong Government has set out a five-year plan to allocate more land for residential property development. Under this plan, the Hong Kong Government would rezone around 150 sites for approximately 210,000 public and private units. The Hong Kong Government would provide public land for projects launched by the Urban Renewal Authority and the MTR Corporation. These policies will drive the construction industry in Hong Kong, and thus the demand for foundation works and ancillary services as well as general building works is expected to continue to increase in the next five years.

In view of the growth prospects for both public and private development projects, we intend to expand our business capacity and scale to strengthen our market position in Hong Kong and to capture more sizeable and profitable projects. With our proven track record and wide range of qualifications, our Directors believe that we can capture such opportunities and take an active part in the foundation works and ancillary services, as well as the general building works required for such projects. We intend to strengthen our Hong Kong market position and further diversify our customer base by attracting works from more private residential developers.

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Our Directors also intend to proactively undertake more general building works projects, as a main contractor, from both private and public sectors in the future, and we have implemented such a strategy since 2012. Our Directors believe that such strategy will bring the following benefits to our Group:

- the relatively longer term of general building works projects ensures that there will be more steady income to our Group during the project period;
- the relatively larger contract sums of general building works projects helps to enhance our corporate image and project confidence to our customers; and
- the participation in more general building works projects diversifies our business spectrum and lessens our reliance on foundation works and ancillary services.

The capacity of our Group in undertaking contracting projects depends on the amount of available working capital and cash flow. It is common in the construction industry that we incur advance payments to our Group's subcontractors and suppliers before we receive payments from our customers. Our Directors believe that the net proceeds from the Global Offering will strengthen our Group's available financial resources and allow our Group to undertake more sizeable and profitable projects.

### **Acquire additional machinery and equipment to upgrade and replace some of our aged machinery**

Our capacity to serve our customers depends largely on the availability of our machinery. We believe that our investment in machinery in the past and in future will place us in a good position to cater for construction projects of larger scales and more complexity. We intend to acquire additional machinery and equipment, while upgrading and replacing some of our aged machinery including pumps, crawler cranes and piling rigs, to enhance our technical ability and to strengthen our capability to cope with different needs and requirements of different customers and different project conditions.

Our Directors believe that acquiring additional machinery and upgrading and replacing some of our aged machinery will enable us to achieve higher efficiency and capability, allowing us to undertake more complex projects in the future, for both of foundation works and ancillary services and general building works.

### **Strengthen our capital base for the issue of surety bonds**

We intend to strengthen our capital base to support more capital intensive projects. It is common practice for construction projects in Hong Kong that contractors are required to take out surety bonds which usually amount to 10.0% of the total contract sum. We intend to use a portion of our net proceeds from the Global Offering to satisfy the amount of bank deposits required for the issue of surety bonds for future contracts. This will enable us to undertake more projects and projects of larger contract sum. We also believe that by expanding our capacity and scale, our Group will be able to undertake projects of more sizeable scale and broaden our customer base by meeting the pre-qualifications of tenders prescribed by potential customers.

For further details in relation to our use of proceeds to implement the plans set out above, please see the section headed "Future Plans and Use of Proceeds" in this prospectus.

### **BUSINESS OVERVIEW**

We principally provide foundation works and ancillary services, as well as general building works in Hong Kong.

#### **Foundation works and ancillary services**

We act as both main contractor and subcontractor in foundation and ancillary services works. During the Track Record Period, we undertook 92 foundation and ancillary services works projects.

Foundation works form the lowest and supporting parts of most construction works. Quality of foundation works is essential to the safety of buildings, as superstructure works are constructed over and performed on top of the foundation works. Please see the paragraph headed “Description of Our Construction Works — Foundation works” in this section for a detailed description of our foundation works and ancillary services.

Our Group delivers foundation works which consist of minipiling, percussive piling, rock socketed in steel H-pile and bored pile, together with pile cap work. We select different foundation works depending on the superstructure to be constructed (e.g. high-rise buildings against small structures), nature and occurrence of rocks and soils at the construction site, environmental protection consideration, neighborhood of the construction site, costs and other features.

We also provide ancillary services such as site formation and demolition works.

#### *Site formation*

Site formation works are performed to prepare a construction site for subsequent works for foundation and superstructure. They generally involve the clearance of construction site, demolition of existing structures, excavation to the design formation and/or basement level, reduction and stabilisation of existing slopes, and associated infrastructure works (which include construction of road, drainage, sewage and water works).

#### *Demolition*

Demolition means dismantling, razing, destroying or wrecking any building or structure or any part thereof by pre-planned and controlled methods. Demolition works generally involve the clearance of construction site, demolition of existing structures to prepare the site for foundation works that follow. There are different methods of demolition, including to top down manually; top down by machines; mechanical method by hydraulic crusher with long boom arm; wrecking ball; and implosion. The choice of demolition method depends on the project conditions, site constraints, and sensitivity of the neighbourhood and availability of equipment.

#### **General building works**

We generally act as main contractor in general building projects. During the Track Record Period, we undertook 8 general building projects.

As main contractor, we are responsible for the overall management of the construction project as well as construction surveying. We delegate to our subcontractors to carry out some of the construction works such as steel fixing, concreting, plastering work and painting. Please see the section headed “Description of Our Construction Works — General building works” in this section for detail description of our general building works.

### Trading of piles

We also trade piles in Hong Kong besides our business segments of foundation works and ancillary services, as well as general building works. The piles are manufactured and supplied by 廣州羊城管樁有限公司 (“GZYC”), our related party during the Track Record Period and our connected person upon Listing. We have been granted the exclusive distribution right by GZYC for its piles product in Hong Kong from August 2010 to July 2020. We adopt a cost-plus pricing model to determine the price of the piles. For further details of GZYC, please see the section headed “Relationship with Controlling Shareholders” in this prospectus.

The piles we source from GZYC are “YANGCHENG” precast prestressed concrete piles (commonly known as PHC piles) (the “PHC Piles”). We only source such piles from GZYC at the request of our customers, who are Independent Third Parties, based on their needs. The PHC Piles are sourced through our subsidiary, WWW Materials. During the Track Record Period, we have also purchased such piles from GZYC for the foundation works in the Saipan Project.

During the Track Record Period, we have only recorded revenue of HK\$0.1 million from trading of piles. On 1 March 2017 and 24 June 2017, WWW Materials entered into a purchase agreement and a supplemental purchase agreement, respectively, with GZYC pursuant to which we have agreed to make a one-off purchase of a total of 164,000 meters of PHC Piles of four different specifications and 4,500 units of steel cross shoes from GZYC to satisfy our Hong Kong customers’ demand. For further details, please refer to the section headed “Connected Transactions”.

### CONSTRUCTION PROJECTS

During the Track Record Period, the construction works undertaken by us were mainly in private sector, covering foundation projects, site formation and demolition projects as well as general building projects. We have also undertaken foundation works and ancillary services in public sector. Our Group classifies public sector works as those contracts in which the ultimate employer is a government department, statutory body or related organisations, or institutional body, and private sector works as those contracts where ultimate employer(s) are other than those mentioned above.

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### Projects completed

We treat our projects as completed when (i) the certificates of practical completion have been issued by the consultant or architect appointed by our customers; or (ii) we have agreed with our customers on practical completion by exchange of correspondence; or (iii) we have handed over the project site to our customer. For further details of how we assess the percentage of works done, please see the paragraph headed “Operation — 3. Implementation phase” in this section. The following tables set out the details of the Major Projects completed by us during the Track Record Period and up to the Latest Practicable Date:

*Our Group as main contractor:*

Name of project	Sector	Main category of works	Project start date	Project period <sup>(1)</sup> (months)	Contract sum <sup>(2)</sup> (HK\$ million)	Revenue recognised during the Track Record Period (HK\$ million)
A residential development at Wong Nai Chung Road . . . . .	Private	Foundation	08/2012	53	67.7	41.6 <sup>(5)</sup>
ELS work phase one for a shopping and hotel complex re-modelling project in Tsim Sha Tsui . . . . .	Private	Foundation	07/2013	11	91.9	48.1 <sup>(4)</sup>
A hotel project in Staunton Street. . . . .	Private	Foundation	07/2013	15	52.8	40.2 <sup>(5)</sup>
A residential development at Castle Peak Road . . . . .	Private	General building work	08/2013	36	117.4	109.6 <sup>(5)</sup>
A residential development at Peng Chau . . . . .	Private	Foundation	09/2013	33	31.1	28.8 <sup>(4)</sup>
A hotel development in Queen's Road West . . . . .	Private	Foundation	11/2013	38	37.0	37.0
ELS work phase two for a shopping and hotel complex re-modelling project in Tsim Sha Tsui . . . . .	Private	Foundation	03/2014	20	75.0	72.7 <sup>(3)</sup>
A residential development in Peng Chau . . . . .	Private	General building work	10/2014	24	182.5	170.4 <sup>(3)</sup>
A residential development in Peng Chau . . . . .	Private	General building work	07/2015	18	80.7	72.9 <sup>(3)</sup>
A composite building development at Caine Road. . . . .	Private	Foundation	05/2015	30	44.5	38.4 <sup>(3)</sup>
A residential development in Tuen Mun	Private	Foundation	12/2015	17	86.8	63.2 <sup>(3)</sup>
				<b>Total</b>	<u>867.4</u>	<u>722.9</u>

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*Our Group as subcontractor:*

Name of project	Sector	Main category of works	Project start date	Project period <sup>(1)</sup> <i>(months)</i>	Contract sum <sup>(2)</sup> <i>(HK\$ million)</i>	Revenue recognised during the Track Record Period <i>(HK\$ million)</i>
Former Police Married Quarters (known as the PMQ) . . . . .	Private	Foundation	01/2012	17	18.1	0.8 <sup>(4)</sup>
Foundation and ELS work for Central Police Station conservation and revitalisation project . . . . .	Public	Foundation	03/2012	22	185.0	45.1 <sup>(4)</sup>
A redevelopment of school in Wan Chai. . . . .	Public	Foundation	03/2012	22	46.0	0.7 <sup>(4)</sup>
ELS work for Central Police Station conservation and revitalisation project. . . . .	Public	Foundation	11/2013	18	37.7	37.7
				<b>Total</b>	<u>286.8</u>	<u>84.3</u>

*Notes:*

1. The project period means the period of works undertaken by us.
2. The contract sum takes into account the additional works or variation orders (if any) certified by the architect appointed by our customers.
3. The final accounts of the relevant projects had not been issued as at the Latest Practicable Date. Therefore, the payment certificates for the remaining portion of the revenue had not been received by us and the entire contract sum was not fully recognised during the Track Record Period.
4. The works of the relevant projects were commenced before the Track Record Period and certain portion of the revenue had already been recognised before. Thus the revenue recognised during the Track Record Period for these projects was less than their respective contract sums. As at 31 December 2016, the contract sums have been fully recognised.
5. The works of the relevant projects were commenced before the Track Record Period and certain portion of the revenue had already been recognised before.

The final accounts of the relevant projects had not been issued as at the Latest Practicable Date. Therefore, the payment certificates for the remaining portion of the revenue had not been received by us and the entire contract sum was not fully recognised during the Track Record Period.



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### Project backlog during the Track Record Period

The following table sets out the movement of the number of our projects during the Track Record Period:

	Year ended 31 December		
	2014	2015	2016
<b>Opening number of projects</b> <sup>(1)</sup>			
Foundation works and ancillary services . . . . .	24	38	31
General building works . . . . .	1	3	5
<b>Number of new projects</b> <sup>(2)</sup>			
Foundation works and ancillary services . . . . .	31	15	11
General building works . . . . .	2 <sup>(5)</sup>	2	7
<b>Number of completed projects</b> <sup>(3)</sup>			
Foundation works and ancillary services . . . . .	17	22	22
General building works . . . . .	—	—	3
<b>Ending number of projects</b> <sup>(4)</sup>			
Foundation works and ancillary services . . . . .	38	31	20
General building works . . . . .	3	5	9

*Notes:*

1. Opening number of projects means the number of awarded projects which were not completed as of the beginning of the relevant year or period indicated.
2. Number of new projects means the number of new projects awarded to us during the relevant year or period indicated, including those projects tendered in preceding year, which are awarded in the relevant year or period.
3. Number of completed projects means the number of projects (i) where the certificates of practical completion have been issued by the consultant or architect appointed by our customers; or (ii) we have agreed with our customers on practical completion by exchange of correspondence; or (iii) we have handed over the project site to our customer during the relevant year or period indicated.
4. Ending number of projects equals to the opening number of projects plus number of new projects minus number of completed projects during the relevant year or period indicated.
5. The Saipan Project was categorised as a project of general building works only in calculating our project backlog as the majority of works involved are general building works.

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The following table sets out the movement of backlog of our projects during the Track Record Period:

	Year ended 31 December		
	2014	2015	2016
	<i>(HK\$ million)</i>	<i>(HK\$ million)</i>	<i>(HK\$ million)</i>
<b>Opening value of backlog</b>			
Foundation works and ancillary services . . .	410.0	562.1	421.5
General building works . . . . .	112.9	847.4	895.2
<b>Contract sum of new projects<sup>(1)</sup></b>			
Foundation works and ancillary services . . .	537.5 <sup>(3)</sup>	285.7	65.2
General building works . . . . .	797.8 <sup>(3)</sup>	250.2	654.9
<b>Revenue recognised</b>			
Foundation works and ancillary services . . .	385.4	426.3	370.4
General building works . . . . .	63.3	202.4	344.6
<b>Ending value of backlog<sup>(2)</sup></b>			
Foundation works and ancillary services . . .	562.1	421.5	116.3
General building works . . . . .	847.4	895.2	1,205.5

*Notes:*

1. Contract sum of new projects represents the total contract sum of new projects awarded to us during the relevant year or period indicated, including contract sum of those projects tendered in preceding year which are awarded in the relevant year or period. The contract sum takes into account the additional works or variation orders (if any) certified by the architect appointed by our customers.
2. Ending value of backlog equals to the opening value of backlog plus contract sum of new projects minus revenue recognised during the relevant year or period indicated.
3. The total contract sum of approximately US\$96.4 million of the Saipan Project was divided into approximately HK\$115.7 million as foundation works and ancillary services and approximately HK\$636.2 million as general building works, as the work process of the Saipan Project was divided into these two parts.

We expect to recognise revenue of approximately HK\$1,126.6 million for the year ending 31 December 2017 from our projects in backlog as of 31 December 2016, of which approximately HK\$465.8 million or 41.3% will be derived from the Saipan Project.

Backlog represents our estimate of the contract value of work that has been awarded to us and remains to be completed as of a certain date from signed and legally-binding contracts. Contract sum of new projects represents the aggregate value of the contracts that we entered into during a specified period. The contract value of a project represents the amount that we expect to receive under the terms of the contract assuming the contract is performed in accordance with its terms. To the extent work on these contracts advances, amounts are progressively removed from backlog. Backlog is not an audited measure defined by HKFRSs and our methodology in determining backlog may not be comparable to the methodology used by other companies.

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Backlog might not be indicative of our future operating results and difficulties in contract performance could lead to inaccuracies with respect to the ultimate revenue from incompleting contracts. Not all of our revenue is recorded in backlog for a variety of reasons, including the fact that some projects begin and end within a short-term period. The contracts we entered into with our customers are normally fixed price contracts but they are subject to additional works or variation orders required by our customers. Further, the termination or modification of any one or more sizeable contracts or the addition of other contracts could have a substantial and immediate effect on the amount of our backlog and the revenue and profits we may earn from such contracts, and could have a material adverse effect on our profitability and financial condition. As a result, our backlog information presented in this prospectus should not be relied on as an indicator of our future earnings.

### Projects in progress based on information available as at 31 December 2016

As at 31 December 2016, the aggregate contract sums of our Major Projects in progress amounted to approximately HK\$1,853.0 million. We have a total of 11 Major Projects in progress. The following tables set out brief details of such Major Projects in progress based on information available as at 31 December 2016.

*Our Group as main contractor:*

Name of project	Sector	Main category of works	Project start date	Expected completion date <sup>(1)</sup>	Expected project period (months)	Percentage of works certified based on information available as at	Contract sum	Amount of contract sum yet to be recognised as at
						31 December 2016		31 December 2016
							(HK\$ million)	(HK\$ million)
A hotel development at Prince Edward Road West . . . . .	Private	Foundation	06/2011	07/2017	72	80.9%	55.5	10.6
A residential development at Shau Kei Wan Main Street East . . . . .	Private	General building works	05/2015	09/2017	25	67.6%	169.5	54.9
The Saipan Project . . . . .	Private	Foundation and general building works	05/2015	02/2018 <sup>(2)</sup>	34	23.1%	751.9	577.8
A residential development in Tuen Mun . . . . .	Private	Foundation	12/2015	04/2017	17	72.8%	86.8	23.6
A residential development in Peng Chau . . . . .	Private	General building works	05/2016	10/2017	15	27.1%	188.0	137.1
A commercial development at Nathan Road . . . . .	Private	General building works	08/2016	11/2017	16	7.0%	93.5	87.0
A residential development at Sha Tau Kok . . . . .	Private	General building works	09/2016	01/2018	17	16.5%	141.8	118.4
A residential development at Mei Tin Road . . . . .	Private	General building works	12/2016	08/2018	21	0%	129.8	129.8
						<b>Total</b>	<b>1,616.8</b>	<b>1,139.2</b>

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*Notes:*

- The expected completion date for the projects are 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.
- According to the contract of the Saipan Project, the general building works was scheduled to be completed by February 2017. However, due to (i) delay in completion of the design packages for superstructure by the employer; (ii) unpleasant weather (i.e. heavy rain and typhoon) recorded in Saipan; and (iii) change in design as instructed by the employer, the progress of the Saipan Project was hindered and resulted in a low percentage of works certified as at 31 December 2016. Please see the paragraph headed "Progress of the Saipan Project" below for details of the actual and expected work progress of the works completed and to be completed in the Saipan Project.

Since the delay was not due to factors attributable to the fault of our Group, we have applied for extension of time with the employer. On 28 December 2016, the employer has issued a letter to us indicating its agreement to our application for extension of time and the completion date of the Saipan Project was extended to the end of February 2018. Under the contract of the Saipan Project, if we fail to complete the works by the specified completion date, the architect shall issue a certificate confirming all claims for extensions of time have been addressed and stating the date by which the works ought to have been completed. If the architect issues such a certificate and if required by notice from our customer, we shall pay liquidated damages to our customer for the period between the completion date specified under the contract and the date of substantial completion as determined by the architect. If the architect allows extension of time and fixes a later completion date, our customer shall refund to us the amount of liquidated damages paid or allowed by us to our customer from the original completion date up to the later completion date. Therefore, given that the customer granted us the full extension of time for 369 calendar days, which was the full amount of what we applied, our Directors are of the view that we will not be subject to liquidated damages for the delayed period under the contract of the Saipan Project and such delay would not have a material adverse impact on our Group's financial performance. Furthermore, under the contract of the Saipan Project, we may claim additional payment for our direct loss and/or expense due to delay in progress for which our customer is responsible. Since the superstructure works in the Saipan Project has not progressed as originally anticipated due to the delay as explained above, our additional costs incurred in the Saipan Project due to the delay as at the Latest Practicable Date was not significant and we will make an application to our customer to claim such additional costs. Therefore, our Directors estimate that the profitability of the Saipan Project will not be materially affected notwithstanding the delay.

*Our Group as subcontractor:*

Name of project	Sector	Main category of works	Project start date	Expected completion date <sup>(1)</sup>	Expected project period (months)	Percentage of works certified based on information available as at	Amount of contract sum yet to be recognised as at	
						31 December 2016	Contract sum	31 December 2016
Liantang/Heung Yuen Wai Boundary Control Point	Public	Foundation	06/2014	11/2017	41	47.7%	(HK\$ million)	(HK\$ million)
A redevelopment of school in the Mid-Levels area	Public	Foundation	08/2014	08/2017	36	79.4%	139.8	28.9
A commercial development at Queen's Road Central . . . . .	Private	Foundation	03/2015	08/2017	27	46.5%	53.9	28.9
<b>Total</b>							<u>236.2</u>	<u>80.0</u>

*Note:*

- The expected completion date for the projects are 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.

### *Saipan Project*

We carry out our business principally in Hong Kong. In October 2014, our Group entered into a construction contract in Saipan as main contractor, for the foundation works and ancillary services and general building works of the Saipan Project, which consists of a designed capacity of 300-room hotel and resort, with a total contract sum of approximately US\$96.4 million. The hotel and resort is located at a beachside at San Antonio, Saipan, CNMI and upon completion, it will have facilities such as swimming pool, restaurants and car parks. The Saipan Project does not include a casino.

The Saipan Project was awarded by Honest Profit to WWW Construction, as main contractor for foundation works and ancillary services and general building works. Honest Profit was introduced to our Group via the business connection of Dr. Kan, one of our executive Directors. After preliminary negotiation and discussion, we were invited by Honest Profit to tender for the Saipan Project in May 2014. We have conducted site visits and evaluated the commercial viability of the Saipan Project before we officially submitted the tender in July 2014. Our Directors confirm that the operational procedures of the Saipan Project, including tender phase, planning and administration phase, implementation phase and completion phase, are similar to those of our construction projects in Hong Kong, except that in the CNMI, our employer is responsible for preparation and design submission for approval by the relevant building authority in the CNMI, and we are responsible for execution of the design supplied by the consultant or architect employed by our employer after approval is granted by the relevant building authority in the CNMI. Our employer being the construction project owner, is responsible to obtain necessary environmental permits from the relevant departments of the CNMI and we, the contractor, are required to meet the requirements specified in such permits. After (i) having considered our capability to carry out the Saipan Project according to the requirements of our customer and the regulatory authority in the CNMI based on our site visits, our commercial viability evaluation of the Saipan Project and our understanding of the operational procedures of construction project in the CNMI, and (ii) balancing the risks of operating in a new market outside of Hong Kong against the benefits including the higher profit margin expected to be brought by the Saipan Project, our Directors believe that we have the capability to execute the Saipan Project and the risks of the Saipan Project is manageable while it would generate higher profit margin compared to our construction projects in Hong Kong. Therefore we have decided to undertake the Saipan Project.

The foundation works were carried out by WWW Construction since May 2015 and was completed in October 2015. The general building works were subcontracted by WWW Construction to a subcontractor and started in May 2016 and is expected to complete at or around February 2018. WWW Construction (Saipan) primarily provides human resources, administration and management service relating to the Saipan Project. During the Track Record Period, our Group also employed approximately 61 contract workers from China and four permanent employees in Saipan for carrying out works for the Saipan Project in Saipan. Those contract workers were provided by our subcontractor for construction works involved in the Saipan Project and we assisted them to apply for necessary working visa in the CNMI in accordance with relevant laws and regulations in the CNMI. The six employees were directly employed by our Group for safety, supervision and administrative works involved in the Saipan Project. We consider that the employment of contract workers from China to carry out construction works through our subcontractor would allow us to focus our resources on management of the Saipan Project, enhance flexibility in staffing and is in line with market practice for carrying out of general building works contracts. Our Group also employed several third party logistics companies to ship the required machinery and construction materials to Saipan on usual customary international shipment terms. Such shipping costs were included and reflected in the total contract sum of the Saipan Project.

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### Key contract terms of the Saipan Project

Set out below are the key contract terms under the Saipan Project:

Contract period:	Foundation works to be completed within 260 calendar days from the date of possession (which shall be within 30 days of written notice from the architect) (" <b>Date of Possession</b> "), or any extended times which may be authorised under the contract  General building works to be completed within 360 calendar days from the completion of foundation works or within 620 calendar days from the Date of Possession, or any extended times which may be authorised under the contract
Payment terms:	Payment shall be made within 14 days from the issue of the certificates by the architect stating the amount due to our Group from the employer
Liquidated damages:	If we fail to complete the contractual work within the specified contract period without a new completion date being fixed, we shall, if required by the employer, pay liquidated damages according to the following rates:  Foundation works: USD2,000 per calendar day  General building works: USD10,000 per calendar day
Retention money:	10% of the certified value of the work, subject to a maximum retention of 5% of the contract sum
Performance bond:	We shall provide a 5% performance bond which is secured by plant on site <sup>(1)</sup>
Default:	Our Group may give notice of default to the employer if it (i) fails to pay an amount certified due to us; or (ii) interferes with or obstructs the issue of a certificate
Defect liability period:	Foundation works: 6 months  General building works: 12 months
Insurance:	Our Group shall maintain employees' compensation insurance against our employees or subcontractors whereas the employer shall effect and maintain builder's risk insurance
Termination:	We may give notice of determination to the employer if, among other things, it becomes bankrupt, makes a composition or arrangement with its creditors; or enters into compulsory or voluntary liquidation except for the purpose of reconstruction
Governing law:	The contract shall be governed by and construed according to the laws of the CNMI

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*Note:*

1. The 5% performance bond as required under the contract of the Saipan Project has not been provided by us. According to the mutual understanding between both parties and as confirmed in writing by Honest Profit, Honest Profit (a) is aware that such performance bond has never been provided; and (b) agrees that such non-performance will not constitute a breach of the contract by WWW Construction and Honest Profit will not take any actions or bring any claims against WWW Construction for such non-performance having taken into consideration the working relationship and performance of WWW Construction and the construction progress of the Saipan Project.

Our Directors believe that (i) we have the necessary experience, machinery, human resources and expertise to take on the Saipan Project; (ii) the Saipan Project would be profitable after evaluation of the estimated costs and our financial conditions; (iii) the Saipan Project would enhance our corporate image and market influence in the CNMI and Hong Kong given its scale and sizeable contract sum; (iv) the economic, regulatory and political conditions in Saipan are stable and tourism industry in Saipan would grow in the near future; (v) the Saipan Project would improve our project management skills as it would be a project involving foundation works and ancillary services and general building works. Please see the section headed “Industry Overview — Overview of Foundation and General Building Works Industry in Saipan” in this prospectus for more details.

Dr. Kan, Mr. SM Lee and Mr. Wong jointly and indirectly through WWW Construction (Samoa) and WWW Investment hold approximately 10% effective interest in Honest Profit. The remaining 90% effective interest in Honest Profit is held by Independent Third Parties. For further details, please see the section headed “Relationship with Controlling Shareholders” in this prospectus. Honest Profit is a wholly owned subsidiary of Trittech Holdings Limited (“**Trittech**”). It holds 100% of the issued share capital of HPIL Limited which in turn holds the land in Saipan for the development of the Saipan Project. As of the Latest Practicable Date, other than the development of the Saipan Project, Honest Profit is not involved in any other business. There were only 2 shareholders of Trittech before August 2014. As stated in its shareholders’ agreement, Trittech intended to raise further capital and/or finance in order to develop the Saipan Project. After we officially submitted the tender in July 2014, we were invited to Saipan to discuss our tender and clarify the scope of works and specifications in August 2014 and during the course of our discussion about the Saipan Project, Dr. Kan, Mr. SM Lee and Mr. Wong were invited to subscribe for a 10% effective interest in Honest Profit through Trittech. As confirmed by Trittech, they invited Dr. Kan, Mr. SM Lee and Mr. Wong to invest in Honest Profit through Trittech in order to raise further capital for the development of the Saipan Project as well as to diversify its shareholder base and such invitation was not related to the tender. Since Dr. Kan, Mr. SM Lee and Mr. Wong believed the prospect of Saipan to be favourable, they decided to seize the investment opportunity and subscribed for a 10% effective interest in Honest Profit at a consideration of HK\$23,250,000. As confirmed by Saipan Legal Advisers, (i) neither the Commonwealth Business Corporation Regulation Act, codified at 4 CMC §§ 4251–4705, nor the Commonwealth Business Corporation Regulation the only relevant CNMI laws and regulations in this connection, prohibits the subscription of equity interest in the owner of a project by a tenderer or its related parties such as its owner(s) and its directors during the tender process; and (ii) there is therefore no non-compliance with any relevant CNMI laws or regulations with respect to the subscription of the 10% interest in Honest Profit by the ultimate owners of WWW construction and the ultimate owners and executive directors of our Company. Further, under the shareholders’ agreement of Trittech, the approval of the award of tender and the entering into of the construction contract relating to the Saipan Project does not fall under the matters which require approval from the shareholders of Trittech and can be approved by the directors of Trittech. As WWW Construction (Samoa) does not have any right to appoint, and has never appointed, its representative to the board of Trittech, none of Dr. Kan, Mr. SM Lee or Mr. Wong was involved in the approval of Trittech’s award of the Saipan Project to us. The Saipan Project was subsequently awarded to us in a competitive tender.



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To the best knowledge of our Directors based on (i) our understanding from Honest Profit that (a) the subscription for 10% effective interest was not a pre-condition to the award of the Saipan Project to our Group; (b) other than our Group, there were two tender submissions for the Saipan Project; and (c) the main factors taken into account during the selection process were the potential contractor's capability, pricing, quality of work, estimated time of completion and reputation; (ii) there is no requirement requiring Dr. Kan, Mr. SM Lee or Mr. Wong to maintain their interest in Honest Profit during the course of the Saipan Project; (iii) our Group had already submitted the tender (which included the tender price) in July 2014 before Dr. Kan, Mr. SM Lee and Mr. Wong were invited to subscribe for the 10% effective interest in Honest Profit in August 2014; and (iv) our Group does not have representation in the board or management team of Honest Profit, our Directors confirm that (i) the award of the Saipan Project was not conditional upon the subscription for 10% effective interest in Honest Profit; (ii) the Saipan Project was awarded to our Group after a competitive tendering process; and (iii) we were not involved in the selection of tender by Honest Profit, save as to the involvement in tender interview to discuss our tender and clarify the scope of works and specifications.

While our Group only had previous construction work experience in Hong Kong, due to the low construction activity in Saipan, we believe that very few of our peers possess relevant construction work experience in Saipan. As described in the CIC Report, according to the Department of Commerce of the CNMI, the annual total value of building permits in CNMI has been staying at a low level for the past 15 years. Furthermore, large scale construction projects in Saipan, such as hotels with more than 200 rooms, were all finished prior to 1998. Thus, very few construction companies would have previous construction work experience in Saipan in the past 15 years. Property developers who have construction projects in Saipan generally would not require previous construction work experience in Saipan as a main criteria. We believe that we were awarded the Saipan Project due to (i) our established reputation through over 17 years of experience in Hong Kong; and (ii) our competitive tender price.

During the Track Record Period, we have completed the design and foundation work and commenced the general building works in May 2016 of the Saipan Project and recognised revenue of nil, approximately HK\$115.7 million and HK\$58.3 million from the Saipan Project, respectively, representing 0%, approximately 18.4% and 8.2% of our total revenue, respectively. As the majority of the superstructure construction work is expected to complete in the financial year ending 31 December 2017, we expect to recognise a substantial portion of our revenue from the Saipan Project in 2017. Please see table below for more details.

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### Progress of the Saipan Project

	Amount		Revenue recognized or to be recognized in the period indicated (HKD'000)								
	HKD'000	% of total contract	Start	Finish	Duration (days)	FY2014	FY2015	FY2016	1 Jan 2017	Latest	1H2018
									Practicable Date	Practicable Date to 31 Dec 2017	
<b>Saipan Project</b>	<b>751,759</b>	<b>100.0%</b>	<b>30 Sep 2014</b>	<b>18 Feb 2018</b>	<b>1,238</b>						
<b>Foundation</b>	<b>115,723</b>	<b>15.4%</b>									
Preliminary, design and build	115,723	15.4%	13 May 15	26 Oct 15	187	—	115,723	—	—	—	—
Total revenue from foundation work:						—	115,723	—	—	—	—
<b>Superstructure</b>	<b>636,036</b>	<b>84.6%</b>									
Preliminary	28,964	3.9%	9 May 2016	18 Feb 2018	651	—	—	5,796	5,220	14,586	3,362
Concrete work	56,481	7.5%	26 Jul 2016	17 Oct 2017	449	—	—	18,815	8,858	28,808	—
Brickwork and blockwork	3,120	0.4%	28 Jul 2017	17 Nov 2017	113	—	—	—	—	3,120	—
Roofing and waterroofer	12,589	1.7%	6 Sep 2017	21 Nov 2017	77	—	—	—	—	12,589	—
Roof Tiling	4,680	0.6%	6 Oct 2017	21 Dec 2017	77	—	—	—	—	4,680	—
Joinery	49,381	6.6%	9 Jul 2017	15 Feb 2018	222	—	—	—	—	39,093	10,288
Ironmongery	3,502	0.4%	9 Jul 2017	15 Feb 2018	222	—	—	—	—	2,777	725
Steel and metal work	149,268	19.9%	26 Jun 2016	15 Feb 2018	570	—	—	28,548	22,471	80,863	17,386
Plastering and paving	97,773	13.0%	9 Jul 2017	15 Feb 2018	222	—	—	—	—	77,423	20,350
Glazing	12,691	1.7%	14 Jun 2017	15 Feb 2018	247	—	—	—	—	10,359	2,332
Plainting	16,738	2.2%	9 Jul 2017	15 Feb 2018	222	—	—	—	—	13,251	3,487
Landscaping	31,200	4.1%	20 Aug 2017	15 Feb 2018	180	—	—	—	—	23,356	7,844
Mechanical and electrical systems	147,809	19.7%	26 Jul 2016	15 Feb 2018	570	—	—	5,109	5,133	113,230	24,337
Miscellaneous provisions	21,840	2.9%	1 Jan 2018	18 Feb 2018	49	—	—	—	—	—	21,840
Total revenue from superstructure work:						—	—	58,268	41,682	424,135	111,951

Our Saipan Legal Adviser confirmed that, save as disclosed in the paragraphs headed “Properties — Saipan” and “Legal Proceedings and Legal Compliance — Legal compliance” in this section, during the Track Record Period and up to the Latest Practicable Date, (i) we were in compliance in all material aspects with all applicable laws and regulations in CNMI; and (ii) we have obtained and maintained all necessary licences to carry out the Saipan Project.

Going forward, we intend to focus our business in Hong Kong and our Group currently does not have any intention to operate outside Hong Kong after completion of the Saipan Project.

### Projects awarded but not commenced as at the Latest Practicable Date

As at the Latest Practicable Date, the aggregate contract sums of the projects awarded to us but not commenced amounted to approximately HK\$12.6 million. The following tables set out brief details of our projects awarded but not commenced as at the Latest Practicable Date:

*Our Group as main contractor:*

<u>Name of project</u>	<u>Sector</u>	<u>Main category of works</u>	<u>Expected project start date</u>	<u>Expected project period</u>	<u>Contract sum</u>
				<i>(months)</i>	<i>(HK\$ million)</i>
A residential project in Percival Street	Private	General building works	09/2017	6	12.6
<b>Total</b>					<b>12.6</b>

**Loss-making projects**

During the Track Record Period, we have recognised losses in one, three and nil of our projects, respectively. The total accumulated losses amounted to approximately HK\$36.4 million. The table below sets out details of these loss making projects during the Track Record Period and details as at the Latest Practicable Date:

Name of project	Sector	Main category of works	Project start date	Expected project period (months)	Revised completion date	Contract sum (HK\$ million)	Total accumulated loss during the Track Record Period (HK\$ million)	Reason for the loss	Status as at the Latest Practicable Date
An industrial project in the Yuen Long Industrial Estate . . .	Private	Foundation	10/2012	Original: 12 Delayed period: 8	5/2014	3.0 <sup>(1)</sup>	7.5	The project was terminated in May 2014 for technical difficulties after ground investigation based on parties' mutual agreement. Our losses consisted of additional work done, liquidated damages for delayed period and other miscellaneous expenses.	Terminated
A residential development project in Castle Peak Road . . . . .	Private	General Building Works	08/2013	Original: 27 Delayed period: 9	07/2016	117.4	20.3 <sup>(2)</sup>	We incurred additional costs to complete the project due to dispute with a subcontractor.	Completed <sup>(3)</sup>
A composite building development project in Des Voeux Road West . . . . .	Private	Foundation	12/2013	Original: 11 Delayed period: 10	09/2015	23.2	5.3	The project progress was delayed because of substantial change of design requested by the architect; as a result, additional costs were incurred for the allocation of extra workforce to catch up with the scheduled completion date.	Completed <sup>(3)</sup>
A commercial development project in Kings Road . . . . .	Private	Foundation	04/2014	Original: 9 Delayed period: 9	08/2015	8.0	3.3	The project progress was delayed because of substantial change of design requested by the customer; as a result, additional costs were incurred for the allocation of extra workforce to catch up with the scheduled completion date.	Completed <sup>(3)</sup>
<b>Total</b> . . . . .						<u>151.6</u>	<u>36.4</u>		

**Notes:**

- The original contract sum of this project was HK\$40.0 million. Since this project was terminated before its completion, the contract sum certified by the architect appointed by the customer was HK\$3.0 million.
- In respect of the project delay, the architect appointed by our customer indicated that, as at the Latest Practicable Date, our customer claimed that it was entitled to deduct a sum of approximately HK\$21.1 million for liquidated damages ("LD Claim"), in addition to the liquidated damages of approximately HK\$2.0 million already deducted by our customer. The LD Claim was incurred because completion of the project was delayed, which was mainly due to our dispute with a subcontractor. For further details, please refer to the paragraph headed "Business — Legal Proceedings and Legal Compliance" in this section. We have engaged an external contract consultant to assess the exposure of the potential LD Claim. Based on the opinion of the external contract consultant, our Directors consider that the likelihood of us being liable to such LD Claim is highly unlikely. As we are still negotiating the final account with our customer, the amount of accumulated loss may be adjusted pending the outcome of the negotiation.
- In respect of these projects: (i) we had applied for extension of time in completing the projects with our customers but approval had yet been granted by our customers; (ii) as at the relevant revised completion date, we had handed over the project sites to our customers; (iii) although we treated these projects as completed, as at the Latest Practicable Date, certain percentage of work was not yet certified by the architects appointed by our customers pending issuance of final account; and (iv) we would negotiate the final account with our customers in accordance with the terms of the contracts to recover costs incurred for additional works and/or variation orders.

As at the Latest Practicable Date, our Directors were not certain whether the losses could be recovered in full or at all.

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In our future projects, to minimise the financial impact for any remedial works and/or project suspension, we have reinforced our internal measures during project implementation phase. We hold regular (bi-weekly), and if necessary ad-hoc, progress meeting internally and with customers. Project management team and executive Directors are notified with the latest progress update and whenever construction progress does not meet the planned timeline. The project management team is also required to:

- (i) review method statements to identify any material deficiency which causes the slow progress or deviation in the actual activities and then propose amendments or corrective action;
- (ii) rearrange labour and reallocate resources such as machinery and materials to speed up the progress; or
- (iii) strengthen communication with our subcontractors and will obtain written confirmation on any customer's verbal instruction before commencing substantial additional construction works to facilitate measurement of value of work done and minimise chance of future dispute.

Mr. SM Lee, one of our executive Directors, is responsible for monitoring the effectiveness of the internal measures. Please see paragraph headed "Risk Management and Internal Controls System" in this section for further details.

**DESCRIPTION OF OUR CONSTRUCTION WORKS**

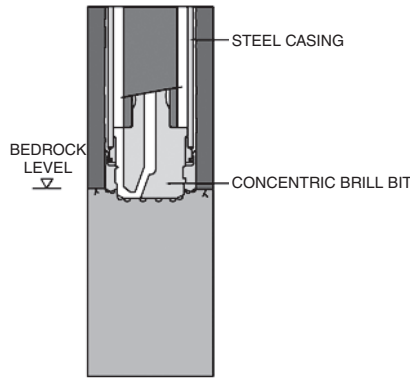
We principally provide construction works, which can be categorised as (i) foundation works and ancillary services, including site formation and demolition works; and (ii) general building works. The major types of construction works undertaken by us (with illustrative diagram, where applicable) are set out below:

**Foundation works**

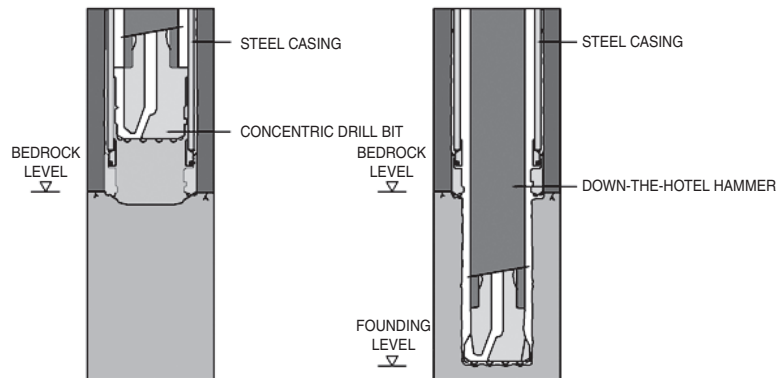
*Minipile*

A minipile is not exceeding 400 mm in diameter. It usually consists of four or more steel bars encased by grout. They are normally designed to be socketed into rock and construction of them can be carried out to about 60 m depth or more. Minipile can be used on sites with difficult access and sloping grounds. During drilling operation, steel casing is provided for the support of the pre-drilled hole within the soil and/or fractured rock. In general, they can overcome large or numerous obstructions in the ground. It is formed as follows:

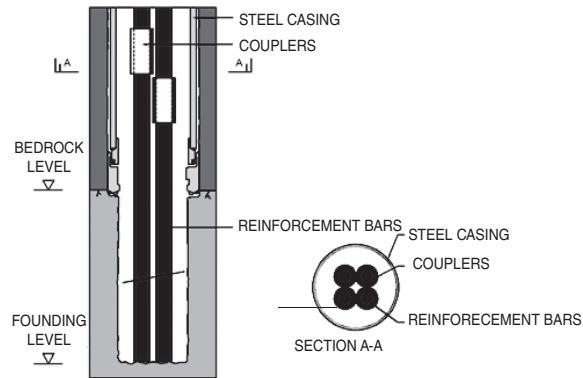
- (a) A hole of various diameter was drilled down to the bedrock level using concentric drilling method with ring bit to prevent overbreak. Simultaneously, install steel casing to the bedrock level.



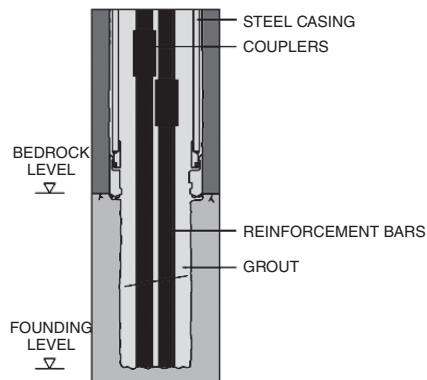
- (b) Withdraw the concentric drill bit and replace this drill bit with down-the-hole hammer. Continue drilling into the bedrock for a required rock socket length (commonly about five metres) to the founding level.



- (c) Install reinforcement bars into the drilled hole. Splicing shall be carried by using couplers.



- (d) The steel hole shall be tremie grouted under water in a continuous operation. Cement grout is pumped by pressure from the top of the hole and displacing water upward from bottom to ground level.



*Rock socketed steel H-pile in pre-bored hole*

A rock socketed steel H-pile is designed to be socketed into rock. It is installed by excavating (with a steel casing) a pre-bored hole in the ground (including the rock socket), placing a steel H-pile into the hole and subsequently filling with cement grout.

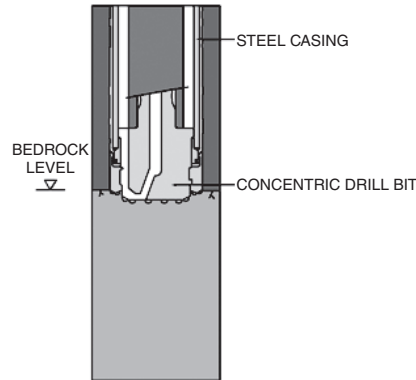
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## BUSINESS

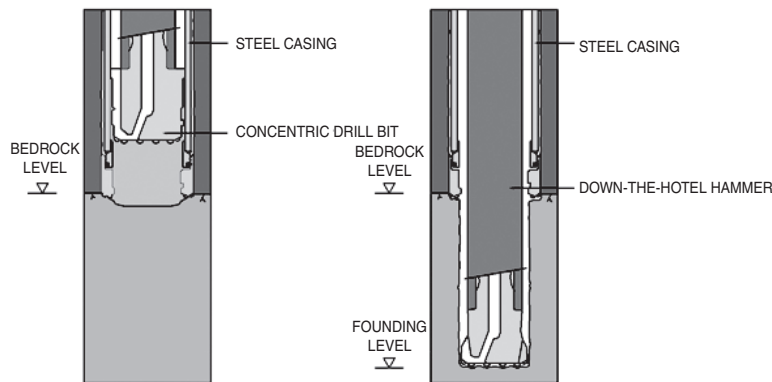
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Rock socketed steel H-piles are used to support superstructures because of its ability to accommodate sloping and congested sites. The piles are embedded in rock socket, where shaft resistance is mobilised to support the foundation loads. It is formed as follows:

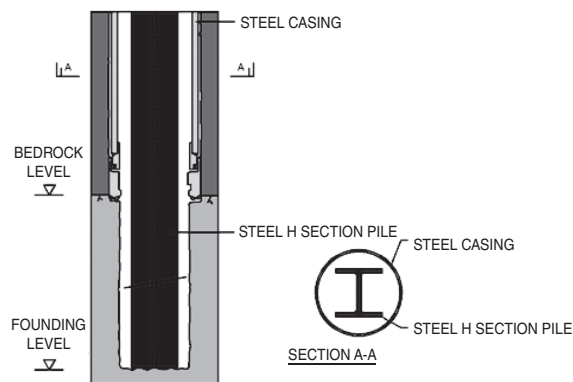
- (a) A hole of various diameter was drilled down to the bedrock level using concentric drilling method with ring bit to prevent overbreak. Simultaneously, install steel casing to the bedrock level.



- (b) Withdraw the concentric drill bit and replace this drill bit with down-the-hole hammer. Continue drilling into the bedrock for a required rock socket length (commonly about five metres) to the founding level.

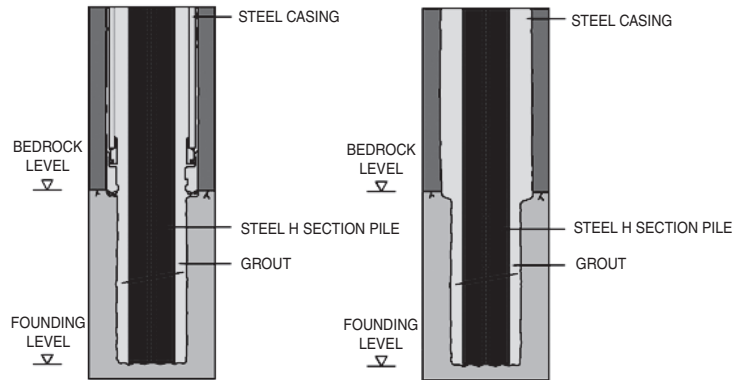


- (c) Install steel H section pile into the drilled hole. Splicing shall be used to extend H section to cut-off level.





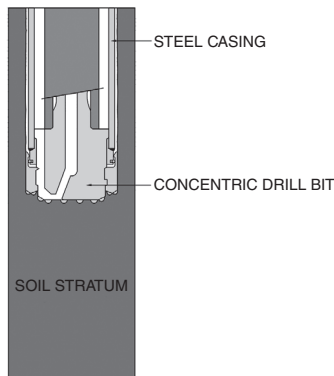
- (d) The pre-bored hole shall be tremie grouted under water in a continuous operation. Cement grout is pumped by pressure from the top of the hole and displacing water upward from bottom to ground level. Simultaneously, withdraw the temporary steel casing gradually from the bedrock level to the ground level.



*Frictional pre-bored H-pile*

Frictional pre-bored H-pile is new type of pile. It is formed as follows:

- (a) a 610 mm diameter hole is drilled to the proposed founding level using concentric drilling method with ring bit to prevent overbreak. Simultaneously, install steel casing to the founding level;

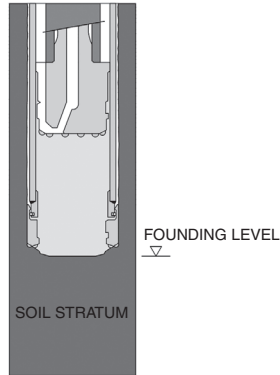


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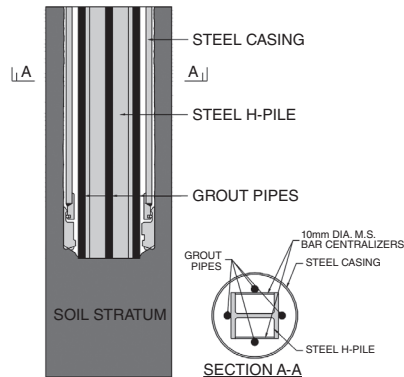
## BUSINESS

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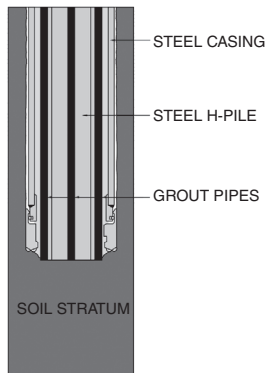
- (b) a constant water head inside the bored hole shall be maintained at least two metres above the existing groundwater level at all times to prevent piping;



- (c) install four tube-a-manchettes with sleeve at a nominal spacing of 500 mm to the edge of the steel H section into the hole. The H section shall be placed centrally in the hole. Splicing shall be used to extend H section to cut off level;



- (d) the pre-bored hole shall be tremie grouted under water in a continuous operation. Cement grout is pumped by pressure from the top of the hole and displacing water upwards from bottom to ground level;

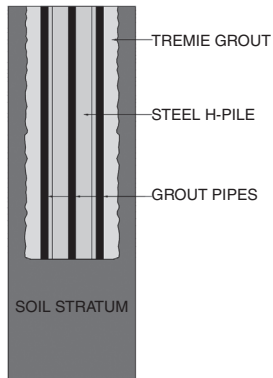


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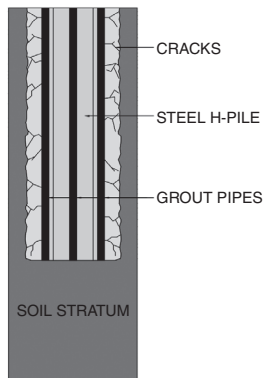
## BUSINESS

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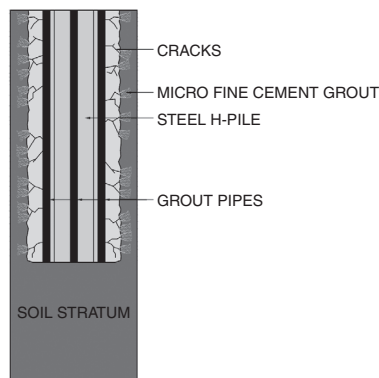
- (e) the steel casing shall be withdrawn gradually after completion of tremie grouting by hydraulic jacking method;



- (f) ensure the entire shaft be filled with grout; and



- (g) the grouting tubes shall be flushed and manchettes “cracked” with water under pressure within certain time limit after tremie grouting of the pre-bored H-pile. Shaft grouting operation shall be applied through manchettes at a nominal spacing.



According to the Technical Memorandum on Noise by Environmental Protection Department drilling equipment (which is used as the force for frictional pre-bored H-pile) generates approximately 100 dB of noise, which is significantly lower than that of percussive H piling, which is approximately 129 dB.

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Our Directors also believe that the use of frictional pre-bored H pile has the following benefits as compared to traditional percussive piling:

- (a) reduce vibration: the use of frictional pre-bored H-pile induces vibration of approximately less than 3.5 mm/m<sup>2</sup>, which is also significantly lower than that of traditional percussive piling, which is approximately less than 7.5 mm/m<sup>2</sup>; and
- (b) same carrying capacity: frictional pre-bored H-pile has the same carrying capacity as the traditional rock socketed steel H pile.

For those areas in Hong Kong where the bedrock stratum is deeper than 100m below existing ground level, such as the Mid-Levels area on Hong Kong Island, our Directors believe that it is better to use this new pile technique instead of traditional pre-bored H-pile, as the required pile length for frictional pre-bored H-pile will be shorter (approximately 70m below ground level as compared to more than 100m for traditional pre-bored H-pile). This provides a more economical solution to the foundation works and the foundation works can also be completed in a shorter period. For our projects which used the frictional pre-bored H-piling, namely the Former Police Married Quarters (known as the PMQ) on Hollywood Road, the foundation and ELS work for Central Police Station conservation and revitalisation project, a hotel redevelopment project in Wong Nai Chung Road and a hotel project in Staunton Street, they are all located in areas on Hong Kong Island where the geological conditions or the design of the projects require the use of such piling techniques.

The table below sets out a detailed comparison of traditional percussive pile and the different piles used by our Group:

Type of pile	Advantages	Disadvantages	Application	Limitation	Cost feature
<b>Percussive pile</b>	<ul style="list-style-type: none"> <li>1. Conventional;</li> <li>2. Low cost;</li> <li>3. Short duration.</li> </ul>	<ul style="list-style-type: none"> <li>1. High vibration;</li> <li>2. High noise.</li> </ul>	High-rise buildings and podium structures.	<ul style="list-style-type: none"> <li>1. Vibration damage to surrounding buildings;</li> <li>2. Noise disturbance to the surrounding community;</li> <li>3. Extensive public relationship work because of the high vibration and noise;</li> <li>4. Not cost effective as compared to large diameter bored piles which can support heavier load.</li> </ul>	Lowest plant costs and labour costs.
<b>Minipile</b>	<ul style="list-style-type: none"> <li>1. Non percussive pile: low noise, low vibration and hence less disturbance to the surrounding community;</li> <li>2. The size of plant is small which can be used in small project sites;</li> <li>3. Only bamboo platform is required to support plant for pile construction on slopes.</li> </ul>	<ul style="list-style-type: none"> <li>1. Low load bearing capacity;</li> <li>2. Support from designated grade of rock is necessary, which can be steep and deep, and in turn increases costs.</li> </ul>	Small structures e.g. footbridge and temporary working platform on slopes.	Not suitable for large structures as its load bearing capacity is relatively low.	Relatively low plant and material costs.

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Type of pile	Advantages	Disadvantages	Application	Limitation	Cost feature
<b>Rock socketed steel H-pile</b>	<ol style="list-style-type: none"> <li>1. Non percussive pile: low noise, low vibration and hence less disturbance to the surrounding community;</li> <li>2. Lower plant costs as compared to bored piles.</li> </ol>	<ol style="list-style-type: none"> <li>1. Support from designated grade of rock is necessary, which can be steep and deep, and in turn increases costs;</li> <li>2. Higher plant costs as compared to percussive piles;</li> <li>3. Risk of soil loosening, ground loss and settlement during pile excavation.</li> </ol>	High-rise buildings and podium structures.	Not cost effective as compared to large diameter bored piles which can support heavier loads.	<ol style="list-style-type: none"> <li>1. Lower plant costs as compared to bored piles but higher than percussive piles;</li> <li>2. Higher material costs as compared to percussive piles.</li> </ol>
<b>Frictional pre-bored H-pile</b>	<ol style="list-style-type: none"> <li>1. Non percussive pile: low noise, low vibration and hence less disturbance to the surrounding community;</li> <li>2. Lower plant costs as compared to bored piles.</li> </ol>	<ol style="list-style-type: none"> <li>1. Higher plant costs as compared to percussive piles;</li> <li>2. Risk of soil loosening, ground loss and settlement during pile excavation;</li> <li>3. Technical demanding and expensive grouting operation.</li> </ol>	<ol style="list-style-type: none"> <li>1. High-rise buildings and podium structures;</li> <li>2. Most suitable for bedrock deeper than 100 m.</li> </ol>	<ol style="list-style-type: none"> <li>1. Not cost effective as compared to large diameter bored piles which can support heavier loads;</li> <li>2. Most costs effective if used for bedrock deeper than 100 m.</li> </ol>	Higher material costs as compared to percussive piles.

### *Pile cap*

Pile caps are concrete structures built on the head of a pile or a group of piles to transmit the building loads to the pile or group of piles, so that the load can be shared between the piles. Pile caps also serve the function of accommodating deviations from the intended positions of piles. The difference between footings and pile caps is that footings transfer the load directly to the bedrock while pile caps transfer the load onto piles.

### **Ancillary services: site formation works**

Site formation works serve the following functions in construction works:

- (a) to prepare a construction site for subsequent works for foundation and superstructure;
- (b) to accommodate buildings or other facilities which will be placed within the area;
- (c) to form the land to the required orientation, shape or levels to accommodate such facilities; and
- (d) to provide the required back-up facilities.

They may involve excavation to the design formation and/or basement level, reduction and stabilisation of existing slopes, and associated infrastructure works (which may include construction of road, drainage, sewage and water works). Site formation works in Hong Kong include the clearance of the site comprising the removal of buildings or unwanted structures, shrubs and trees, surface soil and debris; excavation by cutting into slope or other land area to get the required or extra land; leveling of the land by necessary cutting or filling to get a piece of flat or terraced land, stabilization of natural or new slope within the site; and forming of access road and drainage system.

### **Ancillary services: demolition works**

Demolition means dismantling, razing, destroying or wrecking any building or structure or any part thereof by pre-planned and controlled methods. Demolition works generally involve the clearance of construction site, demolition of existing structures to prepare the site for foundation works that follow. There are different methods of demolition, including:

- (a) top down manually;
- (b) top down by machines;
- (c) mechanical method by hydraulic crusher with long boom arm;
- (d) wrecking ball; and
- (e) implosion.

The choice of demolition method depends on the project conditions, site constraints, sensitivity of the neighbourhood and availability of equipment.

### **General building works**

General building works cover a wide range of services, including building of superstructures, alteration, renovation and fitting-out of existing buildings, as well as the building of minor works such as the building of pathways, flyovers, footbridges, etc.

We generally act as a main contractor in general building projects. Unlike our role as a main contractor in a foundation works and ancillary services project, where we are responsible for most of the core operation process, as a main contractor in general building projects, we focus on the overall management of the projects and we delegate to and coordinate with our subcontractors to perform relevant general building works.

Because the competition in the foundation industry in Hong Kong is intense, we have implemented a strategy since 2012 to proactively undertake more general building works projects from both private and public sectors, as a main contractor. We consider general building works as a vertical expansion of our established foundation works and ancillary services and we can rely on our experience built from prior foundation projects. Please see the paragraph headed “Business Strategies — Strengthen our Hong Kong market position to capture more sizeable and profitable projects” in this section for further details of our reasons to undertake more general building works projects.

In connection with such a strategy, since 2012, we have recruited and assigned staff for a specialised project management team of general building works, with relevant industrial and technical background, as well as project management skills for such projects.

Depending on the nature of the general building works and the negotiation between the parties, we may have arrangements other than subcontracting. During the Track Record Period, we were engaged by a customer for the general building works involved in a residential development project in Cheung Sha, the Lantau Island, with a contract sum of HK\$304.7 million. The project started in March 2013 and was completed in October 2014.

Given the scale of the project, the complexity of the general building works involved and our relationship with the customer, we entered into an arrangement with an Independent Third Party (which also possesses the relevant licences to serve as a main contractor for the general

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building works involved), under which both parties were jointly responsible for the management of the project, and the Independent Third Party was also responsible for construction works. Out of the total contract sum of HK\$304.7 million, we received our return in the form of management fees of approximately HK\$1.0 million, nil and nil during the Track Record Period.

Further, under this arrangement, the Independent Third Party and we entered into an agreement with our customer to jointly and severally guarantee the performance of the project and thus we had contingent liabilities in this respect as at 31 December 2014, 2015 and 2016. The project was completed in October 2014 and its defect liability period expired in October 2015. As at 31 December 2016, we were negotiating with our customer for its final account. Please see the section headed “Financial Information — Contractual Commitments — Contingent liabilities” in this prospectus for further details.

Since the defect liability period for the above project expired in October 2015, our Directors do not consider any probable claim would be made against us and no provision had been made at the end of the relevant reporting periods.

### MAJOR QUALIFICATIONS, CERTIFICATIONS, AWARDS AND RECOGNITION

#### Registrations and qualifications in Hong Kong

We hold various licences and qualifications in respect of our operation. As at the Latest Practicable Date, our Group had the following major registrations and/or qualifications in respect of our business in Hong Kong:

Relevant Hong Kong Government department/organisation	Description	Category	Registrations/qualifications	Holder	Expiry date	Authorised contract sum
Buildings Department . . .	Private sector works	Foundation works	Registered Specialist Contractor	WWW Construction	18 June 2019	Not applicable
		Site Formation works	Registered Specialist Contractor	WWW Construction	30 August 2017	Not applicable
		Demolition works	Registered Specialist Contractor	WWW Construction	17 June 2019	Not applicable
		General building works	Registered General Building Contractor	WWW Construction	17 June 2019	Not applicable
Development Bureau . . . . .	Approved Specialist List	Land piling	Group II — Minipile — Steel H-pile — Rock-socketed steel H-pile in pre-bored hole	WWW Construction	— <sup>(1)</sup>	Unlimited value

*Note:*

- Registration or qualification with WBDB is not subject to periodic renewal condition except for capital requirement. Please see the paragraph headed “Laws and Regulations — Hong Kong Law — A. Laws and regulations in relation to the contractor licensing regime — Public sector foundation projects” in this prospectus for further details.

Some of these registrations or qualifications are subject to annual review and renewal. The expected time to complete the renewal process is generally around one to three months. We have successfully renewed the registrations with the Buildings Department for foundation works, demolition works and general building works in June 2016. Our Group will renew all existing registrations and qualifications accordingly before their respective expiry dates.



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In August 2013, we were temporarily suspended by the Development Bureau from tendering for public works contracts under the category of “Land Piling (Group II) — minipile” for one month. For further details, please see the paragraph headed “Legal Proceedings and Legal Compliance — Legal Compliance” in this section. Save as disclosed above, we have not experienced any refusal of renewal of the registrations or qualifications for our daily operations or any non-compliance with relevant rules and regulations of Hong Kong which has caused material disruption to our operations during the Track Record Period.

### Registrations and qualifications in Saipan

WWW Construction (Saipan) has obtained CNMI business licenses from the CNMI Department of Finance, for “construction”, “retail of construction materials” and “wholesale of construction materials” since 2014. It also obtained CNMI business license of “heavy equipment rental” in September 2016. A business license is a legal requirement to conduct business in the CNMI and it is renewed each year. In October 2014, when WWW Construction entered into the construction contract for the Saipan Project, it did not obtain a business license. For further details, please see the paragraph headed “Legal Proceedings and Legal Compliance — Legal compliance” in this section.

As advised by our Saipan Legal Adviser, as at the Latest Practicable Date, we have obtained and maintained all necessary licences to carry out the Saipan Project.

### Certification

As at the Latest Practicable Date, we hold the following certification in respect of our quality management system applicable to “design and construction of mini pile, rock-socketed steel H-pile in pre-bored hole, steel H pile and pile cap; construction of precast prestressed tubular piles”:

<u>Nature</u>	<u>Certification</u>	<u>Awarding organisation or authority</u>	<u>Holder</u>	<u>Period of validity</u>
Quality Management System Accreditation . . . . .	ISO 9001: 2008	Hong Kong Quality Assurance Agency	WWW Construction	26 July 2016– 14 September 2018

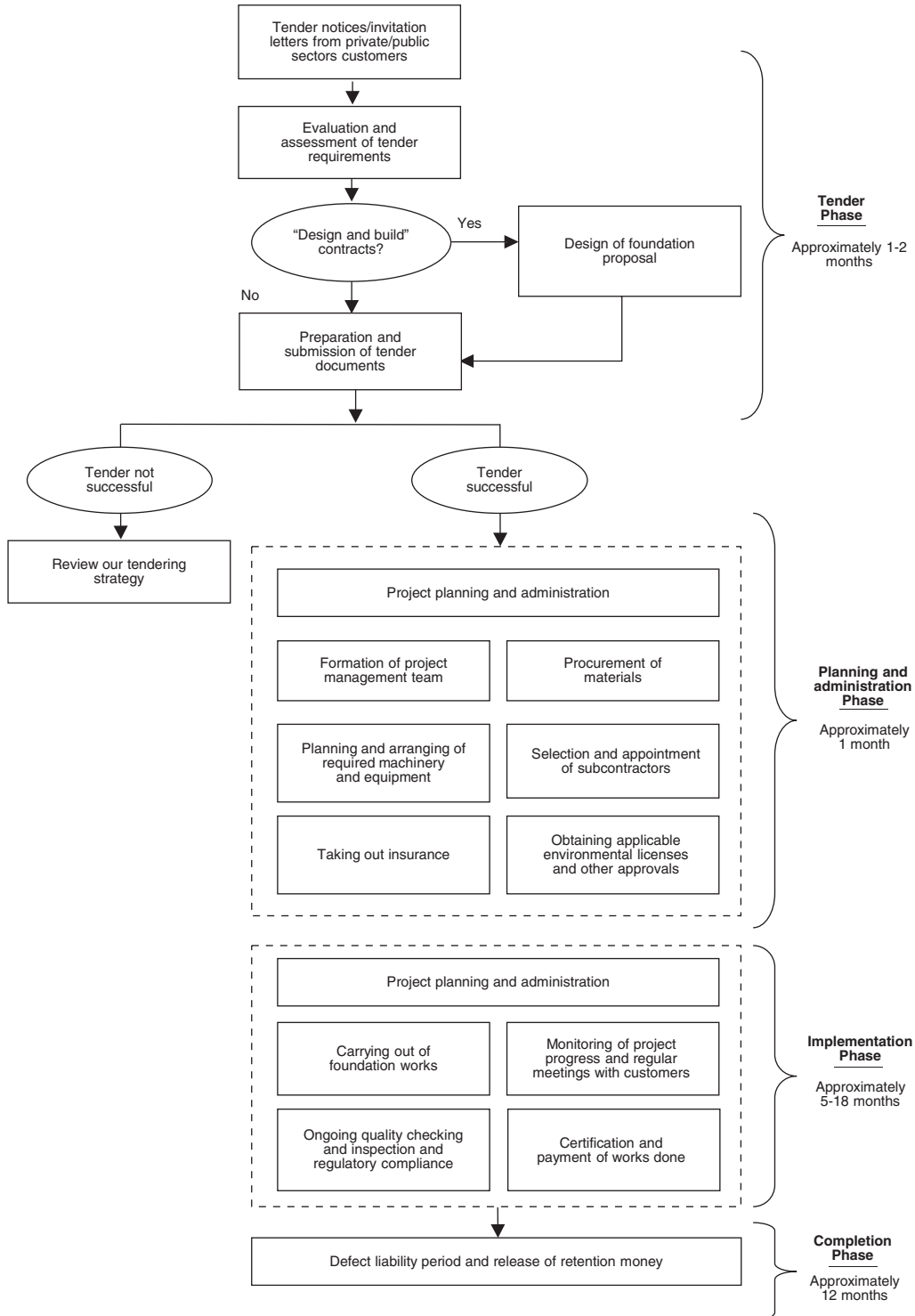
### Award

We have been awarded as Safest Subcontractor in 2015 jointly by China Zhejiang Construction Group (H.K.) Ltd. and CR Construction Co. Ltd. on 31 March 2016.

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## OPERATION

For illustration purpose, a simplified flow diagram of the operational procedures of our construction projects is outlined below:



### 1. Tender phase

#### *Projects which we act as main contractor*

The majority of the construction projects which we act as main contractor are from private sector. For these projects, the ultimate employers (such as property owners, developers or their professional consultants) typically maintain their lists of approved contractors and will send them letters to invite for tender or pre-qualification or letters to express interest for tender. They may sometimes require their approved contractors to make pre-qualification submissions to assess their qualification and eligibility to submit tenders. Apart from such invitations, we also identify private sector projects through our management's business associations in the construction industry or notices of open tenders from the market. Letters of invitation or express of interest for tender and open tender documents normally include brief description of the works required, specifications, schedule of rates, drawings, contact details of the office (from which forms of tender and further particulars of the projects may be obtained) and the closing time and date of the tender.

#### *Projects which we act as subcontractor*

From time to time, we are approached by main contractors of construction projects who request us to provide an indication of our interest or quotation to act as their subcontractor in the subject projects after obtaining the preliminary specifications from them. Main contractors approach our Group due to our Directors' business associations, previous working relationship, and referral from other customers/main contractors or our information being listed under the Approved Specialist List. These main contractors determine the selection criteria and process for subcontracting.

#### *Evaluation and assessment of projects*

Our tender team is led by one of our executive Directors, Mr. SM Lee, who is responsible for reviewing and evaluating tender documents and preparing tender submissions. Generally, we review and evaluate the commercial viability of potential projects based on factors including the scope, complexity, technicality and particular specifications of the projects, site conditions, achievability of the specified timetable, prior experience, availability of machinery, human resources and expertise, prevailing market conditions, estimated costs of the project and our current competitiveness and financial conditions. When we decide that a potential project is commercially viable, our tender department will proceed to prepare the tender proposal.

#### *Price strategy*

The contracts we entered into with our customers are normally fixed price contracts. We exercise great care in formulating our tender price and in the preparation of our tender documents. We generally adopt a cost-plus pricing model. We determine the tender price at the desired profit margin by taking into account factors comprising the scope and complexity of the project, the site conditions, project time frame, estimated construction materials costs, the labour and machinery requirement, extent of subcontracted works required, our relationship with the potential customers, and the prevailing market conditions. Other factors which would affect the tender price, including geographical conditions, proximity to concrete plants, proximity to schools and residential properties and proximity to old tenements, would also be considered. The contract sum may be adjusted by the value of the variation orders issued by our customers subsequently. We may obtain preliminary quotations from our construction materials suppliers, subcontractors and insurers to facilitate our estimation.

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### *Preparation and submission of tender documents*

Our Directors believe that tender review procedure is crucial to our business because our projects are secured through competitive tendering, and such review procedure allows us to budget for a project efficiently and accurately. When we prepare the tender proposal we will also consider various factors, such as our ability to secure availability of machinery and manpower resources, select the appropriate subcontractors and availability of necessary construction materials. Our tender team prepares the bill of quantities or schedule of rates which sets out a breakdown of quotation by items based on the scope of works and specifications set out in the tender documents. Site inspection may also be conducted where necessary to assess the site conditions.

Upon finalising the bill of quantities or schedule of rates and other documents according to the tender requirements, which may include our job references, proposed work programme and the alternative proposal for design and build contracts, our Group will submit the tender documents to the potential customers. After tender submission, our construction manager will also follow up with the potential customers on our tender. Customers may also invite us to attend tender interview to discuss our tender and clarify the scope of works and specifications.

### *Tenders submitted during the Track Record Period*

The table below sets out the number of projects tendered for and awarded to our Group in Hong Kong during the Track Record Period by nature:

Year ended 31 December	Foundation works and ancillary services	Average contract sum <sup>(1)</sup> <i>(HK\$ million)</i>	General building works	Average contract sum <sup>(1)</sup> <i>(HK\$ million)</i>	Total	Average contract sum <sup>(1)</sup> <i>(HK\$ million)</i>
<b>2014</b>						
Total number of projects tendered for . . . .	110	23.6	4	108.5	114	26.6
Total number of projects awarded <sup>(2)</sup> . . . . .	15	6.7	1	155.9	16	16.0
Success rate . . . . .	13.6%		25.0%		14.0%	
<b>2015</b>						
Total number of projects tendered for . . . .	94	47.9	10	117.0	104	54.6
Total number of projects awarded <sup>(2)</sup> . . . . .	9	19.7	1	80.7	10	25.8
Success rate . . . . .	9.6%		10.0%		9.6%	
<b>2016</b>						
Total number of projects tendered for . . . .	60	19.2	15	263.6	75	68.1
Total number of projects awarded <sup>(2)</sup> . . . . .	7	2.7	5	122.8	12	52.8
Success rate . . . . .	11.7%		33.3%		16.0%	

**Notes:**

1. Average contract sum is the total contract sum of new projects awarded divided by the number of new projects awarded during the relevant period.
2. Not all of our constructions projects were awarded to us through tendering. The total number of projects awarded represents number of those projects awarded to us after tendering, which may differ from those disclosed in the paragraph headed "Project backlog during the Track Record Period" in this section. And the total number of projects awarded does not include projects tendered in preceding year which are awarded in current year.

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During the Track Record Period, the percentage of our revenue derived from construction contracts was approximately 100%, 100% and 100%, respectively.

During the Track Record Period, our tender success rates have been fluctuating. Our Directors believe that:

- (i) as described in the CIC Report, competition in the construction industry in Hong Kong is intense, especially starting from mid 2014 to 2015. More competitors have entered into the industry. During 2014 to 2015, several construction industry market players have completed their listing application on the Stock Exchange, therefore enhancing their corporate image and expanding their service scale and scope via the proceeds obtained in the listing process. The surging of small contractors has also intensified the competition. Competitive prices are offered by small contractors to win work tenders, while proposed budget for projects have been set at a competitive level;
- (ii) despite the intense competition, our Directors confirm that it is our general strategy to submit tenders when we are invited to do so by our customers. This serves to maintain good relationships with our customers, to build up our market presence and to explore potential business opportunities;
- (iii) because the competition in the foundation industry in Hong Kong is intense, we have implemented a strategy since 2012 to proactively undertake more general building works projects from both private and public sectors, as a main contractor, which may have an effect of lowering our tender success rate in such type of construction work. For the benefits of such a strategy, please see the paragraph headed “Business Strategies — Strengthen our Hong Kong market position to capture more sizeable and profitable projects” in this section;
- (iv) working period and the contract sum for general building works projects are generally longer and bigger than those of foundation works projects. Once we are awarded a general construction project, we need to match the time frame of the projects, arrange funds for construction material cost and labour cost, and arrange manpower accordingly; as we have been awarded more general building works projects in the year ended 31 December 2016, we have tendered for less foundation works and ancillary services projects in the same period;
- (v) notwithstanding the fluctuation of tender success rate, our overall revenue, in particular that generated from general building works, demonstrated a consecutive growth during the Track Record Period. For the years ended 31 December 2014, 2015 and 2016, there were 2, 4 and 9 general building works projects contributing revenue of approximately HK\$63.3 million, HK\$202.4 million and HK\$344.6 million respectively to this type of construction work, at a year-on-year growth rate of approximately 219.7% and 70.3% for the years ended 31 December 2015 and 2016, respectively;
- (vi) notwithstanding the declining of tender success rate for the years ended 31 December 2014 and 2015, the numbers and progress of our projects have been steady during the Track Record Period, and a sign of recovery was shown for the year ended 31 December 2016, in terms of the movement of the number and backlog of our projects during the Track Period. Please see the paragraph headed “Project backlog during the Track Record Period” in this section for further details.

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Based on the above, our Directors believe that our historical tender success rates do not necessarily imply that we have difficulty to maintain our business growth in future.

The table below sets out the breakdown of new contracts entered into during the Track Record Period by range of contract sum:

<b>Contract sum</b>	<b>Year ended 31 December</b>		
	<b>2014</b>	<b>2015</b>	<b>2016</b>
<i>Foundation works and ancillary services</i>			
Under HK\$10,000,000 . . . . .	19	7	7
HK\$10,000,000–30,000,000 . . . . .	9	6	4
HK\$30,000,000–60,000,000 . . . . .	1	1	—
HK\$60,000,000–90,000,000 . . . . .	1	1	—
Over HK\$90,000,000 . . . . .	1	—	—
	<u>31</u>	<u>15</u>	<u>11</u>
<i>General building works</i>			
Under HK\$10,000,000 . . . . .	—	—	—
HK\$10,000,000–30,000,000 . . . . .	—	—	2
HK\$30,000,000–60,000,000 . . . . .	—	—	—
HK\$60,000,000–90,000,000 . . . . .	—	1	1
Over HK\$90,000,000 . . . . .	2 <sup>(2)</sup>	1	4
	<u>2<sup>(2)</sup></u>	<u>2</u>	<u>7</u>
<b>Total . . . . .</b>	<b><u>33</u></b>	<b><u>17</u></b>	<b><u>18</u></b>

*Notes:*

1. The number of new contracts entered into represents the number of new contracts awarded to us during the relevant year or period indicated, including those projects tendered in the preceding year which are awarded in the relevant year or period.
2. The Saipan Project was categorised as a project of general building works only in calculating our number of new contracts as the majority of works involved are general building works.

**2. Planning and administration phase**

Generally, once our customer accepts our tender proposal, it will issue a letter of award or letter of acceptance to us, which forms part of the contract. We will commence the implementation of the project which includes formation of a project management team, procurement of materials, planning and arranging the required equipment to be delivered to the site and selection and appointment of subcontractors (if necessary).

*Formation of a project management team*

Our project management team generally includes the following key members: project manager in-charge, Technical Director, design engineer, purchasing officer, safety officer and foreman.

Our execution panel, which comprises our executive Directors, Mr. KL Lee, Dr. Kan, Mr. SM Lee and Mr. Wong, will closely monitor the progress of each project on a continuous basis and, in particular, will ensure that statutory requirements are complied with. Our project management team will oversee the project on site and will, on a biweekly basis, report to our execution panel on the project status and identify any issues that need to be resolved. In addition, our execution panel will hold biweekly meetings to review the financial performance of each project and to determine if there should be any revision of the budget for variation in costs.

Set out below are the respective responsibilities of the key members of a typical project management team:

<b>Position</b>	<b>Responsibilities</b>
Project manager . . . . .	Assurance of project works quality and operation in accordance with quality management system, staff training, monitor and control works progress, liaise with customer, provide subcontractor supervision, attend progress meeting and prepare progress report, etc.
Senior design engineer/ Technical Director. . . . .	Responsible for design matters, decide on foundation type, provide technical supports, approve on design preparation and submission, etc.
Design engineer. . . . .	Carry out design works under supervision of senior design engineer, coordinate with outside consultants in preparation of design submission, etc.
Purchasing officer . . . . .	Identify potential and recommend selection of suppliers and subcontractors, perform purchasing functions, ensure timely ordering and delivery of materials, plants and equipment to site, etc.
Safety officer . . . . .	Responsible for initiating, coordinating and managing all safety related tasks and duties, conduct full training and induction procedures, ensure Group's policies and safety guidelines are issued and adhered to and all documentation is up to date, etc.
Foreman . . . . .	Responsible for the operations on a work site, supervise and report daily operations, etc.



### *Obtaining necessary permits and approvals*

As a main contractor, we are required to comply with the applicable environmental laws and regulations in carrying out the project. Our project management team is responsible for perusing the specifications set out in the contract and if necessary, apply to the relevant government departments to obtain the requisite permits and approvals in relation to air pollution, waste disposal, noise pollution and others pursuant to environmental protection requirements before commencement of the construction works. For further details, please see the section headed “Laws and Regulations” in this prospectus.

### *Procurement of materials*

The construction materials that we use for our projects consist mainly of concrete, steel bar, diesel and other metal materials. As at the Latest Practicable Date, we source all major construction materials on our own in Hong Kong, unless otherwise specified by our customers. In line with our tenders accepted, our procurement department will place orders with our suppliers and purchase the required materials.

### *Planning and arranging the required equipment*

Most of our works involve usage of machinery. Our executive Director, Mr. Wong, is responsible for managing the machinery for our projects. Our execution panel will determine the types of machinery to be used at various stages of our projects and the logistics of delivery of machinery to our various project sites. For further details, please see the paragraph headed “Machinery” in this section below.

### *Selection and appointment of subcontractors (if necessary)*

Taking into account our capability, resources level, cost effectiveness and the complexity of the project, we may subcontract specific parts of the project to our subcontractors, such as transportation, site formation works, demolition works, formwork fixing, plastering work, pipe piling work, painting, etc.. We may also appoint subcontractors nominated by our customers to carry out certain specific parts of the project under the contract. Save for such specific parts of the project, we usually carry out other core phases of a project by our employees, especially in foundation works. For further details, please see the paragraph headed “Suppliers and Subcontractors — Subcontracting” in this section.

## **3. Implementation phase**

### *Monitoring of project progress and regular progress meetings with customers*

We believe that our quality of work and reputation are crucial to winning future tenders and securing future business opportunities. As such, we place strong emphasis on quality control of our work to ensure that our work meets the required standards. Architects appointed by customer will organise regular biweekly meetings, where the professional parties discuss project progress and identify any issues found.

Upon completion of our work, we perform various tests to confirm that the specified standards have been met.

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Our customers may order variations by executing variation orders of additional or modification works. All work executed by us as a result of such variations shall be valued between the quantity surveyor and us in accordance with the principle that, among other things, any additional work carried out which is similar in character to and executed under similar conditions to any item of work priced in the original contract shall be valued at the rate set out in the original contract for such item of work.

### *Monitoring and control of project costs and progress*

Our results of operations are impacted in part by our ability to control project costs within our budget, which, however, will be dependent on a number of factors including the scope and complexity of the projects, site conditions, project time frame, estimated construction material costs and labour cost. Some of these factors are beyond the control of our Group. We may also be subject to liquidated damages due to delay in completing the project if extension of time is not granted by our customers. Please see the paragraph headed “Risk Factors — Risks Relating to our Business”. We make estimation of our project costs in our tenders and any failure to properly estimate the costs involved in the implementation of a project and delay in completion of any project may lead to cost overruns or even result in losses in our projects” in this prospectus for further details.

In response to the above-mentioned risks in our operations, we have implemented certain cost-control measures. Our project manager, together with other members of a project management team, will prepare a budget plan for each construction project. Our Group will review and approve the budget plan and the following factors will be taken into account:

- (i) the scope and complexity of the construction works to be carried out;
- (ii) the duration of the construction contract;
- (iii) the quotation obtained from our suppliers and subcontractors, taking into account future inflation and escalation in prices; and
- (iv) the resources of our Group, such as manpower and machinery, to be allocated to the project.

We review and monitor the budget plan for each of our projects with actual incurred costs. Our accounts department prepares construction cost reports on a monthly basis for the review of our senior management and our Directors. It highlights any material deviation from the estimated budget in the reports so as to draw their attention who determine possible follow-up actions for cost control purpose and report to our Board if any unusual items are found.

If a particular project requires subcontractors without price adjustment mechanism, we will engage them at the early stage and fix their subcontract price so as to mitigate future possible increase in their costs. In addition, we generally enter into contracts with our suppliers of diesel and steel bar for bulk purchase to ensure stable supply and minimise cost fluctuation. We will also try to place purchase order for concrete at the early stage of the project to avoid possible price fluctuation.

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To mitigate the risk of delay in completing our projects, our project managers will review on the progress of our projects and discuss with our customers on a bi-weekly basis. They discuss about any sites that fall behind the construction schedule to seek possible remedial actions such as allocating more manpower and machinery. Based on the above, our Directors believe that our current internal control measures on cost control and monitoring of construction progress are adequate and effective.

### *Quality check and inspection*

As part of our quality control over our construction materials, we have proper control measures in place for receipt and inspection of construction materials, and tests of receiving material are performed to verify conformance with the specification requirements. This procedure is carried out together by our construction manager and site agent.

Should there be any non-conforming construction materials, site agent or site personnel will report in writing to the general manager. Where practical, the received non-conforming construction materials shall be segregated and properly marked to avoid it from being wrongly used in our works.

Our project management team will carry out inspection or test on works during various stage of project implementation. Our general manager decides the appropriate control to be exercised on such works at various project stages to ensure conformance with customers' specification and contract requirements. Our general manager and construction manager will oversee project works inspection and test plan.

### *Certification and payment of works done*

Our Group's construction contracts normally require our customers to make progress payments on a monthly basis based on the amount of work done. Once our Group has submitted a monthly bill, the consultant or architect appointed by our customer will certify the amount of work done. Our customer usually settles the bill, net of any agreed retention money which is normally 10% of the value of work done (subject to a maximum retention of 5% of the total contract sum), within 60 days after receipt of the consultant/architect's certification.

Our subcontractors usually invoice the subcontracting charges on a regular basis with reference to the value of actual work done or the actual time spent in performing the subcontracted tasks. If the main contract adopts milestone payment, we will, to the extent practicable, seek payment term for subcontractors on similar basis.

In the case of us being a subcontractor, we normally settle the progress payment and retention money with the main contractor in the similar manner as we pay our subcontractors mentioned above.

#### **4. Completion phase**

##### *Rectification (if any) and defect liability period*

We treat our projects as completed when the certificate of practical completion have been issued by the consultant or architect appointed by our customers or we have agreed with our customers on practical completion by exchange of correspondence. For our completed contracts in which we act as main contractor or subcontractor, our customers would normally require a defect liability period, during which we are responsible for rectifying any construction defects. The defect liability period usually ranges from six to 12 months, depending on the nature and scale of the project. In such connection, we may require a similar defect liability period from our subcontractors. Under the usual terms of our construction contracts, we are liable to rectify all defective works (if any) during the defect liability period. Our project management team conducts rectification on the defective works identified by our customers. After completion of the rectification works, our customers or architects and/or engineers employed by them are required to issue a certificate indicating their satisfaction of the rectification works. During the Track Record Period, we did not experience any material claim by our customers in respect of any defective works, and have not made provision for any repair and maintenance cost in respect of defective works during the defect liability period.

##### *Progress payment and retention money*

In general, there is a contract term for the customer to hold up retention money from the progress payment. The retention money is normally 10% of the value of work done, subject to a maximum retention of 5% of the total contract sum. Upon satisfactory completion of the contract, the architect would issue a practical completion certificate at which time our customer will release half of the retention money. Our customer usually releases the rest of the retention money upon the expiry of the defect liability period. As at 31 December 2016, our customer held the aggregate retention money for contracted works included in our retention receivables of approximately HK\$86.2 million. We expect that all such retention money will be released according to the respective contracts and work done.

Our Group holds retention money from subcontractors, which ranges from 5% to 10% of the total subcontract sum. As at 31 December 2016, we held the aggregate retention money payable to our subcontractors of approximately HK\$11.6 million.

##### *Surety bonds/liquidated damages*

When our Group undertakes construction work as a main contractor, our customer normally requires from us a surety bond of 10% of the contract sum to secure our Group's due performance of the contract. The customer will release such surety bond upon the architect's issuance and the Group's production of practical completion certificate at the expiry of the defect liability period as provided in the contract. To provide for certain unforeseen circumstances which are beyond the control of our Group, our contracts may include a clause providing for an "extension of time", which enables us to extend the completion date subject to the parties' agreement. Our Group may be subject to liquidated damages due to delay in completing the project if extension of time is not granted by our customers, calculated on the basis of a fixed sum per day or according to certain damages calculating mechanism as stipulated under the contact for the period which the works remain incomplete. During the Track Record Period and up to the Latest Practicable Date, we

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have not had any material liquidated damages claim made against us due to our delay in completing the contract in respect of which time extension is not granted by our customers.

### **CUSTOMERS**

Our customers can be divided into two sectors: public and private.

#### **Public sector customers**

If the ultimate employer of a project are various departments of the Hong Kong Government or public body, we classify them as public sector projects customers regardless of whether we act as main contractor or sub-contractor. During the Track Record Period, we have not been awarded any projects as a main contractor from the public sector.

In some cases, construction projects with relevant departments of the Hong Kong Government as the employer are undertaken by us as subcontractor via the administration of a general works main contractor. In such cases, the relevant departments or public body will enter into a main contract with the general works main contractor of the subject project which specifies, among other things, that the main contractor shall enter into a subcontract with a contractor with the requisite registrations. We will then enter into a subcontract with the main contractor and accordingly, the Hong Kong Government or the public body will be the employer of the project, while the main contractor is our direct customer.

#### **Private sector customers**

Our private sector customers mainly are property developers, construction companies and commercial enterprises in Hong Kong.

#### **Our top five customers**

As it is a common practice for property developers in Hong Kong to carry out development works through individual affiliated company for each development project, our Directors consider that these affiliated customers should be grouped as a single customer if they are affiliated under the same group to portray a more meaningful customers' profiles. For the years ended 31 December 2014, 2015 and 2016 respectively, our five largest customers by affiliated group accounted for approximately 64.7%, 58.6% and 57.8% of our revenue, respectively, and our largest customer by affiliated group accounted for approximately 23.2%, 22.5% and 17.0% of our revenue, respectively. We have not entered into any long-term master contracts with any of these customers.

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The following sets out the profile of our top five customers by affiliated groups during the Track Record Period:

*For the year ended 31 December 2014*

Name of customer by affiliated group	Principal business of the customer	Revenue contribution to our Group <i>(HK\$ million)</i>	Approximate percentage to the total revenue of our Group for that year/period <i>(%)</i>	Business with the customer commenced since
Customer B . . . . .	Developing, providing general contracting and construction management services	104.1	23.2	2013
Customer F . . . . .	Property development services	62.9	14.0	2010
Customer G . . . . .	Property development services	56.1	12.5	2013
Customer A . . . . .	Contracting, civil engineering, electrical and mechanical, foundation and superstructure works	45.6	10.2	2012
Customer H . . . . .	Property investment and leasing	21.8	4.9	2012

*For the year ended 31 December 2015*

Name of customer by affiliated group	Principal business of the customer	Revenue contribution to our Group <i>(HK\$ million)</i>	Approximate percentage to the total revenue of our Group for that year/period <i>(%)</i>	Business with the customer commenced since
Customer F . . . . .	Property development services	141.5	22.5	2010
Honest Profit . . . . .	Property development services	115.7	18.4	2014
Customer G . . . . .	Property development services	47.8	7.6	2013
Customer I . . . . .	Property development services	34.0	5.4	2015
Customer J . . . . .	State-owned enterprise providing a variety of business services in Hong Kong and PRC	29.3	4.7	2012

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*For the year ended 31 December 2016*

Name of customer by affiliated group	Principal business of the customer	Revenue contribution to our Group <i>(HK\$ million)</i>	Approximate percentage to the total revenue of our Group for that year/period <i>(%)</i>	Business with the customer commenced since
Customer F . . . . .	Property development services	121.9	17.0	2010
Customer I . . . . .	Property development services	80.6	11.3	2015
Customer J . . . . .	State-owned enterprise providing a variety of business services in Hong Kong and PRC	78.6	11.0	2012
Customer K . . . . .	Property development services	72.9	10.2	2015
Customer L . . . . .	Property development services	59.6	8.3	2015

As at the Latest Practicable Date, our Group had a total of 27 contracts on hand (including contracts in progress and contracts yet to be commenced) and the relevant awarded contract sum for these contracts on hand amounted to approximately HK\$2,035.3 million. The largest contract sum out of the 27 contracts on hand, not taking into account contingent and/or provisional contract amounts, is approximately HK\$751.9 million, representing approximately 36.9% of the aggregate awarded contract sum for the contracts on hand as at the Latest Practicable Date.

Save for Honest Profit, none of our Directors, their associates or any Shareholder (who or which, to the best knowledge of our Directors, owns more than 5% of the issued share capital of our Company as at the Latest Practicable Date) has any interest in any of our five largest customers during the Track Record Period. All these five largest customers are Independent Third Parties. Please see the section headed “Relationship with Controlling Shareholders” in this prospectus for further details. We are not aware that during the Track Record Period, our Group experienced any major disruption of business due to material delay or default of payment by our customers due to their financial difficulties. Our Directors further confirm that they are not aware of any of our major customers having experienced material financial difficulties that may materially affect our Group’s business.



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### Key contract terms with our customers

In general, customers award construction contracts to us on a project-by-project basis and are non-recurring in nature. During the Track Record Period, we did not enter into any long-term contracts with any of our customers. Set out below are the key common contract terms that are generally contained in our piling construction contracts undertaken by our Group during the Track Record Period:

Location:	The location of the project site at which our works are to be carried out.
Contract period:	The duration of time we are allowed to carry out the projects. We are required to follow the specified pre-determined work schedule. Such schedule may be extended from time to time pursuant to the terms of the contract.
Types and scope of work:	The type of foundation or associated works together with the layout plan as specified in the contract, irrespective of whether the contract is a build only or a design and build one.
Schedule of rates:	The schedule of rates is the breakdown of the contract sum itemising the works and quantities, and setting out the price or rate of each items of works. The schedule of rates may also contain provisional items and/or re-measurement items of works.
Payment terms:	The credit terms for the settlement of payment by our customers vary from contract to contract. Depending on the terms and conditions of the contracts, the credit term generally ranges from 0 to 60 days from the date of invoice.
Liquidated damages:	The amount of liquidated damages payable by us per day if we fail to complete the contractual work within the specified contract period. The contract period may be extended from time to time pursuant to the terms of the contract.
Retention monies:	Retention monies are to secure our Group's due performance of the contract. Typically, an amount equivalent to 5.0% to 10.0% of the value of work certified is retained at each stage, subject to a maximum retention of not more than 5.0% of the awarded contract sum or a monetary cap.
Surety bonds:	We are sometimes required to take out surety bonds issued by a bank or an insurance company to secure our Group's payment of liquidated damages in cases where our Group failed to complete the project on time.
Default:	We may be held in default of the contract if we, among the others, fail to complete the works within the specified contract period or the extended contract period (where applicable); fail to remedy or make good the defective works, if any, as requested by our customer; or go into liquidation or enter into any repayment scheme or arrangement with any of our creditors.

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Defect liability period:	Defect liability period of up to 12 months
Insurance:	Our Group shall maintain policies of insurance against our employees and other workers on site whereas our customers shall arrange insurance policies for employees' compensation insurance, construction all risk insurance and third party liability insurance.

### Variation orders

The employer, our customer, the engineer or architect may require us to execute additional works or modifying the original scope of works. The terms of these "variation order" are agreed between our Group and the quantity surveyor authorised by the customer in accordance with the principles that, inter alia, any additional work carried out which is the same as or similar in character to and executed under the same or similar conditions and circumstances to any item of work priced in the original contract shall be valued at the rate set out in the original contract for such item of work.

If there is no such rate or price, or if they are not applicable, then such value shall be such as is proper and reasonable in all the circumstances.

### SUPPLIERS AND SUBCONTRACTORS

#### Procurement of materials

Major construction materials used by us include concrete, steel bar, diesel and other metal materials which are sourced by our Group in Hong Kong (including the materials for the Saipan Project as at the Latest Practicable Date). For the years ended 31 December 2014, 2015 and 2016, we incurred approximately HK\$87.9 million, HK\$111.2 million and HK\$149.8 million respectively in construction materials costs, representing approximately 24.5%, 21.8% and 25.5% respectively of our total direct costs for each of the Track Record Period. We do not keep any construction materials as inventory because they are procured on a project-by-project basis in accordance with the specifications.

For projects which the customer engages us as main contractor, unless otherwise specified by our customers, we would select our suppliers from our approved list of suppliers and procure construction materials required for carrying out our works as well as that of our subcontractors. As at the Latest Practicable Date, there were approximately 37 suppliers on our list of approved suppliers, which is reviewed and updated twice a year.

For other projects which we act as subcontractor, we would procure construction materials through our customers or the main contractors or their specified suppliers, as the case may be, in accordance with the subcontracting contracts. If there is no such requirement set out in the relevant contracts, we will source the construction materials from our approved list of suppliers.

We have not entered into any long term supply agreements with our suppliers, as we consider that our comprehensive list of approved suppliers already assures a reasonably diversified base of reliable suppliers which offer competitive prices. However, we generally enter into contracts with our suppliers for purchase in bulk to ensure stable supply of these materials construction materials which we frequently use, such as concrete, diesel and steel bar. During the Track Record Period and up to the Latest Practicable Date, we did not experience any significant delay in delivery of construction materials by our suppliers which caused disruption to our works.

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### *Our top five suppliers during the Track Record Period*

We incurred construction materials costs for our five largest suppliers (excluding our subcontractors) for each of three years ended 31 December 2014, 2015 and 2016 of approximately 50.3%, 55.5% and 74.6% of our total construction materials costs for each of the respective financial periods.

The following information sets out the profile of our top five suppliers (excluding our subcontractors) for the Track Record Period:

For the year ended 31 December 2014

<u>Name of Supplier</u>	<u>Major construction materials provided</u>	<u>Principal business of the supplier</u>	<u>Purchase</u> <i>(HK\$ million)</i>	<u>Approximate percentage to the total construction materials costs of our Group for that year/period</u> <i>(%)</i>	<u>Business with the supplier commenced since</u>
Supplier B. . . . .	Steel	Trading of steel	18.3	21.0	2011
Supplier A. . . . .	Steel	Trading of steel	12.2	14.0	2003
Supplier F. . . . .	Steel reinforcement bars and hot rolled deformed bar	Trading of steel	4.9	5.6	2014
Supplier C. . . . .	Mechanical equipment	Trading of mechanical equipment	4.6	5.3	2012
Supplier D. . . . .	Diesel and lubricant	Trading of diesel and lubricant	3.8	4.4	2011

For the year ended 31 December 2015

<u>Name of Supplier</u>	<u>Major construction materials provided</u>	<u>Principal business of the supplier</u>	<u>Purchase</u> <i>(HK\$ million)</i>	<u>Approximate percentage to the total construction materials costs of our Group for that year/period</u> <i>(%)</i>	<u>Business with the supplier commenced since</u>
Supplier F. . . . .	Steel reinforcement bars and hot rolled deformed bar	Trading of steel	22.8	21.6	2014
Supplier A. . . . .	Steel	Trading of steel	16.6	15.7	2003
Supplier B. . . . .	Steel	Trading of steel	7.5	7.2	2011
Supplier G. . . . .	Concrete	Trading of concrete	7.3	6.9	2011
Supplier C. . . . .	Mechanical equipment	Trading of mechanical equipment	4.4	4.1	2012

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For the year ended 31 December 2016

Name of Supplier	Major construction materials provided	Principal business of the supplier	Purchase (HK\$ million)	Approximate percentage to the total construction materials costs of our Group for that year/period (%)	Business with the supplier commenced since
Supplier F. . . . .	Steel reinforcement bars and hot rolled deformed bar	Trading of steel	67.8	42.6	2014
Supplier A. . . . .	Steel	Trading of steel	14.3	9.0	2003
Supplier G. . . . .	Concrete	Trading of concrete	13.2	8.3	2011
Supplier B. . . . .	Steel	Trading of steel	11.9	7.5	2011
Supplier H. . . . .	Concrete	Trading of concrete	11.6	7.3	2016

None of our Directors, their associates or any Shareholder (who or which, to the best knowledge of the Directors, owns more than 5% of the issued share capital of our Company as at the Latest Practicable Date) has any interest in any of our five largest suppliers during the Track Record Period. All these five largest suppliers are Independent Third Parties.

### *Payment terms with our suppliers*

We settle the payment of construction materials normally by cheque. Our suppliers normally grant to us credit period of approximately 30 to 90 days after delivery or issuance of invoice. When we purchase the construction materials via the customers and/or the main contractors, we would settle by way of contra-charge to the account with such customers and/or main contractors. We settle the payments due to our Group from such customers and/or main contractors after netting off the cost of construction materials purchased via them.

### **Subcontracting**

To better ensure our works quality and to avoid over-reliance from external parties, it is our strategy to carry out works by ourselves, especially in foundation works, to the largest extent as permitted by our available internal resources, in all core phases of the project cycle including designing, project management and production. As such, we maintain a large workforce of skilled labour in different specialised areas and invest in a fleet of machinery and equipment for our business.

However, as the entire process of a construction project involves many kinds of works, it is impractical for us to carry out all works by ourselves. Our Group considers design and project management as critical parts of a foundation and general building works projects and hence we perform these parts of works by our own staffs. Project production, on the other hand, involves a series of work flows and processes where we would focus on those principal procedures such as pile excavation, concreting and drilling. For other works or procedures which we consider less crucial in the production process, or which are not commonly included in our usual contracts awarded, we would subcontract them to other external parties. Such subcontracting works include coring and drilling, drainage work, electrical and mechanic work. During the Track

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Record Period and up to the Latest Practicable Date, most of the projects undertaken by our Group, including the Saipan Project, involved some degree of subcontracting, which we consider in line with the common practice of the construction industry in Hong Kong.

At times, when we act as subcontractor in our projects, we may engage other subcontractors to perform a portion of the specific work or work that require specific skill sets under our projects.

During the Track Record Period, our subcontracting charges amounted to approximately HK\$103.6 million, HK\$239.2 million and HK\$280.6 million respectively, representing approximately 28.9%, 47.0% and 47.7% respectively of our total direct costs for each of the respective period.

### *Criteria for selecting subcontractors*

Our Group maintains an approved list of subcontractors, which are selected based on their past experience, qualifications, quality of work, reputation in the industry, capability, price competitiveness, credit-worthiness and their safety and environmental records. As at the Latest Practicable Date, we had approximately 40 subcontractors on our approved list of subcontractors and who we usually ask for quotations for subcontracting works. We believe that our stable business relationship with our subcontractors enables us to have a thorough understanding and assessment of their performance over the years, which in turn allows us to ensure their quality of works. To avoid relying on a few subcontractors to perform tasks which require specific skills or licenses, we maintain more than two subcontractors for common areas of expertise on our pre-approved list of subcontractors, such as coring and drilling, drainage work, electrical and mechanic work. During the Track Record Period, none of the subcontractors were removed from our pre-approved list of subcontractors due to poor performance in subcontracting works. During the Track Record Period, we had a dispute with one of our subcontractors in respect of work carried out. Such a subcontractor has not been included in our pre-approved list of subcontractors. Please see the paragraphs headed “Risk Management and Internal Controls System” and “Legal Proceedings and Legal Compliance — Legal Proceedings — Disputes with a subcontractor” in this section for further details.

As at the Latest Practicable Date, save for the subcontracting arrangements between operating subsidiaries of our Group, all of our subcontractors are Independent Third Parties. Our Directors consider that there are sufficient subcontractors in the market which are suitable for us to delegate some of our works. As disclosed above, notwithstanding we had approximately 40 subcontractors on our approved list of subcontractors as at the Latest Practicable Date, we are flexible to engage alternative subcontractors to take up part of our works.

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### *Our top five subcontractors during the Track Record Period*

Subcontracting charges attributable to our largest subcontractor for each of the years ended 31 December 2014, 2015 and 2016 accounted for approximately 9.2%, 32.2% and 23.1% of our total subcontracting charges for each of the respective financial periods, while our five largest subcontractors for each of the years ended 31 December 2014, 2015 and 2016 accounted for approximately 36.3%, 50.7% and 47.5% respectively of our total subcontracting charges for each of the respective financial periods.

The following sets out the profile of our top five subcontractors for the Track Record Period:

For the year ended 31 December 2014

<u>Name of Subcontractor</u>	<u>Subcontracting service provided</u>	<u>Principal business of the subcontractor</u>	<u>Subcontracting charges</u>	<u>Approximate percentage to the total subcontracting charges of our Group for that year/period</u>	<u>Business with the subcontractor commenced since</u>
			<i>(HK\$ million)</i>	<i>(%)</i>	
Subcontractor F . . . . .	Welding and metal works	Welding and metal works	9.3	9.2	2012
Subcontractor G . . . . .	Supply of machineries	Construction machineries rental	7.3	7.1	2013
Subcontractor H . . . . .	Formwork	Carpenter	7.1	7.0	2011
Subcontractor J . . . . .	Miscellaneous construction works	Engineering and construction works	7.0	6.9	2011
Subcontractor I . . . . .	Electrical and mechanical engineering	Electrical, mechanical ventilation air conditioning, fire services installation	6.2	6.1	2014

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For the year ended 31 December 2015

<u>Name of Subcontractor</u>	<u>Subcontracting service provided</u>	<u>Principal business of the subcontractor</u>	<u>Subcontracting charges</u> <i>(HK\$ million)</i>	<u>Approximate percentage to the total subcontracting charges of our Group for that year/period</u> <i>(%)</i>	<u>Business with the subcontractor commenced since</u>
Subcontractor K. . . . .	General building works	General building works, road works, alterations and additions	66.3	32.2	2011
Subcontractor L. . . . .	Piling	Construction works	11.5	5.6	2015
Subcontractor I. . . . .	Electrical and mechanical engineering	Electrical, mechanical ventilation air conditioning, fire services installation	11.2	5.4	2014
Subcontractor M. . . . .	Electrical installation	Electrical and mechanical engineering	9.1	4.4	2014
Subcontractor F. . . . .	Welding and metal works	Welding and metal works	6.5	3.1	2012

For the year ended 31 December 2016

<u>Name of Subcontractor</u>	<u>Subcontracting service provided</u>	<u>Principal business of the subcontractor</u>	<u>Subcontracting charges</u> <i>(HK\$ million)</i>	<u>Approximate percentage to the total subcontracting charges of our Group for that year/period</u> <i>(%)</i>	<u>Business with the subcontractor commenced since</u>
Subcontractor K. . . . .	General building works	General building works, road works, alterations and additions	69.3	23.1	2011
Subcontractor L. . . . .	Piling and general building works	Construction works	24.5	8.2	2015
Subcontractor N. . . . .	Electrical and mechanical engineering	Electrical, mechanical and fire services installation	23.3	7.8	2015
Subcontractor H. . . . .	Formwork	Carpenter	14.1	4.7	2011
Subcontractor O. . . . .	Foundation works	Construction, oil and gas drilling services, renewable energy	11.1	3.7	2012

None of our Directors, their associates or any Shareholder (who or which, to the best knowledge of the Directors, owns more than 5% of the issued share capital of our Company as at the Latest Practicable Date) has any interest in any of our five largest subcontractors during the Track Record Period. All these five largest subcontractors are Independent Third Parties.



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### *Usual terms of contracts with our subcontractors*

Our subcontractors are not our employees or agents. We generally do not have any employment arrangement with our subcontractors and their employees. We normally do not enter into formal contracts. Instead, we agree with our subcontractors the scope and quantity of work, contract price, payment terms and other terms in writing, either by email, work order or telephone, which will be followed by written confirmation on the principal commercial terms agreed with our subcontractor. The subcontractors normally issue monthly invoice for the work done to us on which the subcontract works required to be performed will be clearly recorded. If the work to be assigned to the subcontractors are substantial or requires technical specifications, we will enter into a written agreement where contract terms and conditions will be set out.

### *Subcontracting charges and payment to our subcontractors*

In determining the tender price, our Group will take into account, amongst other factors, the rate of subcontracted works of comparable scope and size as charged by our subcontractors in other recent projects. Our Group will also make references to labour prices in the preceding months to predict potential adjustments in the subcontracting costs. Our Group normally obtains quotations from our subcontractors after receipt of the contract awarded by our potential customers. If we accept the quotation and the relevant terms therein, we will sign on the quotation and return it to the subcontractor to signify our acceptance. Our Directors are of the view that leveraging on our experience and expertise in this industry and our long-term relationships with our subcontractors, we have been able to manage the pricing risk involved given the difference in timing of our tender awards and our subcontractors providing the quotation. For projects which involve higher level of complexity or of larger scale, we may obtain pre-bid quotations from our subcontractors before submitting our tender.

The subcontractors usually invoice the subcontracting charges on a regular basis with reference to the value of actual work done or the actual time spent in performing the subcontracted tasks. Upon receipt of the invoices, our management will generally assess the invoiced items against the original quotations for re-measurements before settlement, taking into account complexity of the works and any additional work performed by the subcontractors. Payment is normally made within one to three months from the date of invoice and is usually made by way of cheque in Hong Kong dollars.

We incurred the subcontracting charges of approximately HK\$103.6 million, HK\$239.2 million and HK\$280.6 million for the years ended 31 December 2014, 2015 and 2016, respectively, representing approximately 28.9%, 47.0% and 47.7% of our total direct costs for each of the respective financial periods. The amount of subcontracting charges varies from projects to projects depending on the nature of the works and the extent of the subcontractors.

During the Track Record Period, saved as one potential dispute disclosed in the paragraph headed “Business — Legal Proceedings and Legal Compliance” in this section, we had not received claims for outstanding subcontracting fees from our subcontractors. Our Directors are of the view that we have maintained good working relationships with our subcontractors.

### *Vicarious liability and control measures*

In general, we are liable to our customers for the performance of our subcontractors under the main contract entered into between us and our customers. These include the acts, defaults or neglects of the subcontractors. Nonetheless, we require subcontractors to rectify all defects or other faults in the subcontract works that they engaged in within a reasonable time after receiving instructions from us.

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To manage the conduct of our subcontractors and ensure the quality and progress of the works of subcontractors, our Group typically engages subcontractors who have been working with us for years. Our general manager and construction manager conduct regular reviews on work progress with the appointed subcontractors. Our Group has established a system to monitor the work performance of the subcontractors and we will carry out performance evaluation every six months. Please see the paragraph headed “Risk Management and Internal Controls System” in this section for further details.

We require our subcontractors to present relevant qualification or training certificates or permits for their employees who work at our sites as required under the relevant laws and regulations. Unless all the relevant certificates of their employees required for the carrying out of the construction works are given to the relevant site agent for registration, we do not permit our subcontractors to commence any construction works. We also take precautions to avoid illegal workers at our sites. During the Track Record Period and up to the Latest Practicable Date, no illegal workers were reported on the sites of any of our projects.

As for compensation and costs liable by our Group for personal injuries of both our employees and our subcontractors’ employees in respect of the relevant construction project, our Group is covered by the employees’ compensation insurance taken out by us (where we act as main contractor) or by the main contractor (where we act as subcontractor) on a project-by-project basis.

### **MACHINERY**

Most of the works involved in our construction projects require the use of specialised machinery and equipment. We have been acquiring a broad range of machinery and equipment. We believe our investment in such machinery and equipment has placed us in a strong position to proactively exploit the market opportunities with more flexibility and compete cost effectively for foundation works and ancillary services projects and general building works projects of different complexity and sizes. Our direct control over the machinery and equipment also allows us to act more quickly when opportunities arise without having to rely on leasing from external parties.

As at 31 December 2016, our Group had over 100 pieces of machinery in use; approximately 17.8% of which have been modified and/or customised to match special needs of our projects and different geological conditions. For each of the years ended 31 December 2014, 2015 and 2016 respectively, we acquired machinery in the amount of approximately HK\$32.5 million, HK\$11.9 million and HK\$0.8 million, respectively. The apparent decreasing trend in the acquisition of machinery since 2015 was due to the reasons that (i) more foundation projects were awarded to us during the year ended 31 December 2014 than the preceding year; (ii) more general building works projects were awarded to us during the year ended 31 December 2015 and 2016, than the preceding year end period, respectively; and (iii) in our business model, less machinery would be used in general building works projects than foundation works and ancillary services projects.

As at 31 December 2016, the aggregate net book value of our plant and machinery amounted to approximately HK\$14.5 million, while the aggregate net book value of our total property, plant and equipment amounted to approximately HK\$16.5 million as recorded in the combined statement of financial position of our Group.

As at 31 December 2016, we have transported 22 of our machinery to the CNMI for the Saipan Project, including crawler crane, piling rig generator etc., the total acquisition cost of which was approximately HK\$15.3 million, with the aggregate net book value of approximately HK\$7.0 million.

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A professional registered engineer with relevant mechanical engineering background and training in construction leads our in-house repair and maintenance team. Our in-house engineers are able to modify our equipment, matching special need of our projects and different geological conditions. The safe working order of such modified equipment is examined and certified by third party surveyors before they are put in operation.

As at 31 December 2016, the principal machinery of our Group include the following:

Machinery	Number of units	Function and usage	Range of remaining useful life <i>(months)</i>	Acquisition costs <i>(HK\$ million)</i>	Net book value <i>(HK\$ million)</i>
Air Compressor . . . . .	27	Force air into a chamber and compress the air to provide high-pressure air to power pneumatic tools, such as jackhammers	0–5	10.4	0.1
Crawler Crane . . . . .	25	To grab, chisel and lift during large diameter bored piling operation	0–27	21.4	4.4
Excavator . . . . .	23	Consist of boom, arm, bucket and cab on an upperstructure which could rotate. The upperstructure sits atop an undercarriage with tracks or wheels	0–23	6.8	2.3
Hydraulic Casing Oscillator . . . . .	3	Together with the crawler crane as excavation tool to form bore holes into the ground during large diameter bored piling operations	8	8.8	1.8
Piling Rigs . . . . .	34	To drive piles into soil to provide foundation support	0–18	25.8	1.4
Reverse Circulation Drills . . . . .	1	To excavate hard materials during large diameter bored piling operations	8	3.7	0.7
Others . . . . .	16	Including mobile generator, loader, rollers and other common used construction machinery	0–27	9.5	3.5
Total	<u>129</u>			<u>86.4</u>	<u>14.2</u>

Under the applicable accounting policies adopted by our Group, depreciation of our machinery and equipment is calculated using the straight line method to write off their costs less their estimate residual values, if any, over their estimated useful lives, which ranges from 36 to 60 months. The average remaining useful life of our principal machinery is approximately six months as at 31 December 2016. During the Track Record Period, we have disposed of some fully depreciated machinery with zero net book value.

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### Hire-purchase agreements

We generally fund our acquisition of machinery and equipment by internal resources and hire-purchase agreements with our suppliers. During the Track Record Period, our Group had entered into hire-purchase lease agreements with financial institutions for 60 months respectively for leasing of machinery including crawler cranes, casing oscillators, air compressors and motor vehicle. Pursuant to the hire-purchase agreements, we are required to pay monthly rent to the financial institutions and are given the option to purchase these machinery at a nominal amount at the end of the term. The hire-purchase agreements generally carry an annual interest rate ranging from prime rate to prime rate minus 0.3% per annum. As at 31 December 2016, the total outstanding instalments payable under these hire-purchase agreements amounted to approximately HK\$17.0 million.

The salient terms of the hire-purchase agreements entered into between our Group and the financial institutions are set out as below:

Parties	The financial institution as the owner and our Group as the hirer.
Ownership	The machinery is and will continue in the ownership of the financial institution until our Group has paid up the entire lease purchase price and interests and whereby, the ownership of the machinery will vest in our Group by our exercise of the option to purchase the machinery.
Hiring period	60 months.
Initial cash payment	15% of the total cash price of the machinery.
Interest rate	Prime rate to prime rate minus 0.3% per annum.
Option fee	Ranged from HK\$300 to HK\$500.
Option to purchase	Provided that we have duly observed and performed all our obligations under the hire-purchase agreements and have duly paid all hire rent and any other sums payable, we shall have the option, on the last day of the hiring period, to purchase the machinery at the option fee.
Security	Unlimited guarantees from Dr. Kan, Mr. SM Lee, Mr. Wong and/or our related parties to the financial institutions. Such guarantees will be released upon Listing.

### Machinery leased to other parties

Besides using our machinery and equipment in our operation, during the Track Record Period, we leased certain machinery to external parties after considering the utilisation of our machinery and the progress of our projects. We do not actively seek nor intend to actively seek opportunities to lease our machinery to our customers, and generally, our customers approach us to lease our machinery. Our rental charges are determined by duration and rate of usage and whether operator for the machinery is required.

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For the years ended 31 December 2014, 2015 and 2016, our rental income generated from the lease of machinery amounted to approximately HK\$0.5 million, HK\$0.2 million and HK\$0.6 million, respectively, representing approximately 0.1%, 0.0% and 0.0% of our total revenue respectively.

### Machinery leased from other parties

During the Track Record Period, we leased certain machinery from external parties. Usually the machinery leased from external parties includes air compressor, generator and hydraulic excavator, which are comparatively common in nature and generally there is no difficulty in leasing them in the market. Licensed operators are sometimes provided to assist us in operating these machinery. Our Directors consider that this rental arrangement could increase our flexibility in the utilisation of our machinery and equipment.

For the years ended 31 December 2014, 2015 and 2016 respectively, the total costs for machinery leasing amounted to approximately HK\$10.7 million, HK\$8.7 million and HK\$7.6 million respectively, representing approximately 3.0%, 1.7% and 1.3% of our total direct costs, respectively.

### Utilisation rate

For illustrative purposes only, the following table sets out our estimated utilisation rate of our excavator, piling rig and crawler crane, which are commonly used by us during the Track Record Period:

	<b>From 1 September 2015 to 31 December 2015 <sup>(1)</sup></b>	<b>For the year ended 31 December 2016</b>
Excavator . . . . .	72%	69%
Piling rig . . . . .	38% <sup>(2)</sup>	42% <sup>(2)</sup>
Crawler crane . . . . .	74%	71%

*Notes:*

1. Before 1 September 2015, our Group did not maintain movement records of our machinery.
2. The utilisation rate of our piling rig is lower than that of our excavator and crawler crane since such type of machinery is required to undergo inspection and maintenance in our warehouse each time it has been used in the construction site. The time of maintenance of our machinery is not taken into account in our calculation of the utilisation rate.

Save as the three particular types of machinery mentioned above, due to the nature of our business and operations, our Directors consider that it is not feasible and not practicable to quantify and disclose detailed utilisation rate of the machinery for the following reasons:

- (i) different projects require different types of machinery depending on their functions and it is therefore not entirely feasible to quantify the capacity of each piece of machinery by making reference to an objective and comparable scale or standard of measurement;

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- (ii) the utilisation rate of individual machinery cannot be clearly defined. A typical foundation project requires the use of different machinery at different stages, and machinery from time to time is left unused in active construction sites pending completion of other stages. Machinery is also sometimes left unused for repairing or maintenance at work sites or at our warehouse; and
- (iii) as set out above, we had more than 100 pieces of machinery and over 7 types of machinery of various sizes and capacity. Given the number of machinery owned by our Group, it is impracticable for our Group to track in details the usage of each individual piece of machinery.

In view of the above, it would be difficult and even impracticable to define or quantify the accurate utilisation rate of machinery in general and to make a full account of the daily/hourly usage of each individual piece of machinery other than those stated in the above table. However, our Directors and management do monitor the overall deployment of our machinery in each of our construction sites. We assess the current utilisation and anticipate the need for different types of machinery and formulate acquisition plan based on the status of our projects on hand, the number of our projects and their specific requirements, and our assessment on the availability and condition of our existing machinery. Based on their best estimates and information available to them as at the Latest Practicable Date, the Directors are of the view that the other types of machinery were utilized majority of the time during the Track Record Period.

### The NRMM Regulation

The NRMM Regulation came into effect on 1 June 2015 to introduce regulatory control on the emissions of non-road mobile machinery (“NRMM”), including non-road vehicles and regulated machines such as crawler cranes, excavators and air compressors. For further details of the NRMM, please see the paragraph headed “Laws and Regulations — Hong Kong Law — B. Laws and regulations in relation to construction labour, health and safety — The NRMM Regulation” in this prospectus.

As of 31 December 2016, the details of our machinery as approved or exempted under the NRMM Regulation are as follows:

<u>Machinery</u>	<u>Approved</u>	<u>%</u>	<u>Exempted</u>	<u>%</u>
Air compressor . . . . .	2	7.4	25	92.6
Crawler crane . . . . .	Nil	0.0	20	100.0
Excavator . . . . .	2	8.7	21	91.3
Hydraulic casing oscillator <sup>(1)</sup> . . . . .	N/A	N/A	N/A	N/A
Piling rigs . . . . .	Nil	0.0	32	100.0
Reverse circulation drills <sup>(2)</sup> . . . . .	N/A	N/A	N/A	N/A
Others . . . . .	<u>2</u>	28.6	<u>5</u>	71.4
Total <sup>(3)</sup> . . . . .	<u><u>6</u></u>		<u><u>103</u></u>	

*Notes:*

1. The three hydraulic casing oscillators of our Group were not despatched for use as at 31 December 2016.
2. The only reverse circulation drill of our Group was not despatched for use as at 31 December 2016.
3. Machines which had been despatched to the CNMI for the Saipan Project before they were required for exemption or approval are not included in the above table.

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In the Technical Circular (Works) No. 1/2015 issued by the WBDB in February 2015, the WBDB sets out an implementation plan, to progressively phase out of the use of four types of exempted NRMM in new capital works contracts of public works with an estimated contract sum exceeding HK\$200 million and tenders invited on or after 1 June 2015. As we mainly served customers from the private sector during the Track Record Period and continue to do so in the near future, our Directors believe that the said circular would not have a material adverse effect on the results of operations, the financial condition or the business prospects of our Group.

### SEASONALITY

Our Directors believe that the construction industry in which we operate does not exhibit any significant seasonality save for the possible impact from the Chinese New Year holiday in the first quarter as many construction workers are on leave around such holiday.

### CREDIT POLICY

Before deciding whether to submit a tender proposal, we normally consider factors such as the creditworthiness of the relevant customer and the key contract terms stipulated in the relevant tender document.

After entering into a formal contract, our quantity surveying department will monitor payments from the customer. For outstanding balances overdue, our management and project team will be alerted and appropriate follow-up actions will be taken.

Credit terms given by our customers are generally set out in the relevant contract. Generally, payment is due within 60 days after the issue of the progress certificate by the authorised person or the invoice date of the relevant contract revenue (as the case may be). Settlement is normally made by cheque or bank transfer. The number of trade receivable turnover days is approximately 58.6 days, 42.4 days and 27.8 days for the years ended 31 December 2014, 2015 and 2016, respectively. Further details on our trade receivable turnover days are set out in the paragraph headed “Financial Information — Description of Certain Items of Combined Statements of Financial Position — Trade and other receivables” in this prospectus.

We do not make any general provision for doubtful debts. Our Directors determine specific provision for doubtful debts on a case-by-case basis. Factors taken into account for such purpose include length of business relationship, past reputation, financial strength and repayment history of the relevant customers. We did not make any provision for doubtful debts during the Track Record Period.

### ENVIRONMENT

Our business is subject to certain laws and regulations in relation to environmental protection. Please see the section headed “Laws and Regulations” in this prospectus for further information about such laws and regulations. Our Directors believe that it is essential for us to act as an environmentally responsible contractor to meet the customers’ demands in environmental protection and the expectation of the community and our employees for a healthy living and working environment. We also endeavour to meet the requirements of certain industry’s codes of practice such as the BEAM Plus New Buildings issued by the Hong Kong Green Building Council and the BEAM Society. In respect of the Saipan Project, our customer being the construction project owner, is responsible to obtain necessary environmental permits from the relevant departments of the CNMI and we, the contractor, are required to meet the requirements specified in such permits.



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We have adopted an internal policy on health, safety and the environment to ensure that all of our employees and our business operation comply with internal and external requirements under relevant laws and regulations. Mr. SM Lee, one of our executive Directors, together with external consultants, are responsible to ensure the said policy, our management systems, objectives and targets are understood, implemented, regularly reviewed and reports are provided to our Board on improvement actions if necessary.

We have established our waste management plan to comply with statutory, contractual and regulatory environment requirements in all waste management issues related to our construction activities. We also provide training to our staff on environmental protection with respect to the generation, storage, disposal and treatment of wastes. Our Directors consider that our measures and work procedures adopted are appropriate and adequate. During the Track Record Period and up to the Latest Practicable Date, our Directors believe that there was no material non-compliance with applicable environmental laws and regulations.

For the years ended 31 December 2014, 2015 and 2016 respectively, the annual cost of compliance with applicable environmental laws and regulations in Hong Kong were approximately HK\$1.9 million, HK\$2.5 million and HK\$2.5 million respectively, which primarily consisted of transportation costs and dumping charges.

### **SAFETY AND INSURANCE**

#### **Health and work safety**

We are committed to providing a safe and healthy working environment for the benefit of our employees and our subcontractors. We have established an internal policy on health, safety and the environment and prepared a company safety plan to promote occupational health and safety at construction sites and to ensure compliance with the applicable laws and regulations in Hong Kong and Saipan. Our company safety plan is also prepared as a contract requirement of the Site Safety Particular Specification of WBDB. In respect of the Saipan Project, our designated safety supervisor is required to monitor the health and work safety in our project site and compile a weekly report recording any accident, health and safety inspection, health and safety training records and matters of concern for the review of our project managers. It is our policy that the construction works are to be carried out in a safe manner and that occupational safety and health is to be regarded as a pre-requisite in our operations. Our Company is committed to maintain a high standard of safety on sites. Our Company has appointed our Director, Mr. SM Lee, to be fully in charge of overall coordination and implementation of our safety policy. One of our staff was awarded as “Model Safety Worker” jointly by Architectural Services Department and one of our customers in August 2016 for his performance in upholding the standard of site safety.

Due to the nature of works in the foundation and general building works industry, workers at the sites are prone to health and safety hazards. To provide a safe and healthy working environment for our employees and our subcontractors and to ensure compliance with the applicable laws and regulations in Hong Kong and Saipan, we require strict implementation of and adherence to our policy on health, safety and the environment for each project and construction site. Our qualified safety supervisor will conduct regular safety inspection and prepare weekly report on our construction sites with recommendations for follow-up. The safety supervisor will also monitor safety compliance of our subcontractors and issue recommendations or warning letters for any non-compliance found. Safety performance of our subcontractors will be assessed regularly.

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We appoint registered safety auditor to conduct safety audits not less than once in every six months for our project site, and a safety audit report will be submitted to the Labour Department for record. We also have designated an external safety auditor to carry out safety audit with regards to our safety management system of construction sites in accordance with the Factories and Industrial Undertakings (Safety Management) Regulation.

### Accidents during the Track Record Period

Our Directors believe that risks of accidents or injuries to workers are inherent due to the nature of works in the construction industry. Our Group has been continually implementing safety plan to mitigate such risks.

For the years ended 31 December 2014, 2015 and 2016 respectively, we recorded accidents involving (i) five, five and seven workers who were employed by our Group; and (ii) two, eight, and seven workers who were employed by our subcontractors, respectively. The obligation of reporting these accidents to the relevant authorities vests on the respective employers of the injured workers. During the Track Record Period, we were in compliance in all material respects with the relevant reporting obligations in Hong Kong. During the Track Record Period, no accidents occur in respect of the Saipan Project.

As at the Latest Practicable Date, out of the 34 accidents mentioned above, there were (i) 20 accidents in respect of which employees' compensation and/or personal injury claims were settled or withdrawn; and (ii) 11 accidents in respect of which the injured persons have not yet filed any claims or commenced legal proceedings against our Group or the injured persons are still receiving periodical payments.

The table below sets out the nature of the 40 accidents occurred during the Track Record Period and up to the Latest Practicable Date:

<b>Nature of accidents</b>	<b>Number of accidents</b>
Slipping on ground/falling from height . . . . .	12
Improper/careless handling of equipment/materials . . . . .	12
Hit by falling object . . . . .	9
Injured when transporting materials. . . . .	7
Total . . . . .	<u>40</u>

For further details of outstanding litigation and potential claims relating to employees' compensation claims under Employees' Compensation Ordinance or personal injury claims under common law, please see the paragraph headed "Legal Proceedings and Legal Compliance" in this section.

We have taken out insurance in compliance with applicable laws and regulations with a view to providing sufficient coverage for such work-related injuries for employees and we have not incurred any material liabilities as a result thereof. As such, these incidents did not and are not expected to have a material impact on our Group's operations. For further details of our insurance policies, please see the paragraph headed "Safety and Insurance — Insurance" in this section.

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### Accident report and record system

We have adopted the following accident report and record procedures, which are also included in our safety training programme:

When our foreman, assistant foreman and/or safety supervisor in each construction site discover any work injury, they will first arrange the injured person to receive proper medical treatment. We will also grant sick leave according to the injured person's (if any) medical certificate he/she receives after medical treatment. In the meantime, report about such work injury will be made to the Commissioner for Labour under the Employees' Compensation Ordinance (Chapter 282 of the laws of Hong Kong) within 14 days (within seven days in case of death) and to the insurance company under the relevant insurance policy. Our safety supervisor will also make relevant records and report to our project managers and senior management for subsequent follow-up, if necessary.

In respect of the Saipan Project, we have established an outline safety plan and compiled an employee's safety and health handbook, where it is required that all accidents and injuries must be reported immediately to site agent, safety supervisor/officer and/or project manager. In case of any accident resulting or likely to result in fatality, it must be reported to the police, the CNMI Department of Labour and the architect appointed by our customer.

### Accident rate

A comparison of the accident rate per 1,000 workers and fatality rate per 1,000 workers of our Group against the industry average in Hong Kong is set out below:

	Industry average in Hong Kong (construction industry)	Our Group <sup>(2)</sup>
<b>2014</b>		
Accident rate per 1,000 workers . . . . .	41.9 <sup>(1)</sup>	1.3
Fatality rate per 1,000 workers . . . . .	0.242 <sup>(1)</sup>	N/A
<b>2015</b>		
Accident rate per 1,000 workers . . . . .	39.1 <sup>(1)</sup>	3.4
Fatality rate per 1,000 workers . . . . .	0.200 <sup>(1)</sup>	N/A
<b>2016</b>		
Accident rate per 1,000 workers . . . . .	N/A <sup>(3)</sup>	6.0
Fatality rate per 1,000 workers . . . . .	N/A <sup>(3)</sup>	N/A

Notes:

1. Sources of the figures are from the Occupational Safety and Health Statistics 2015 (August 2016) and the Summary of Occupational Safety and Health Statistics — 1st Three Quarters of 2016 by Occupational Safety and Health Branch of the Labour Department;
2. Our Group's rates are calculated with reference to the number of work injuries of employees of our Group divided by the total site workers engaged by our Group during the year and multiply the result by 1,000. The number of total site workers consisted of employees of our Group only.
3. Relevant data has not been published as at the Latest Practicable Date.

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The accident rates at our construction sites were lower than the construction industry average in Hong Kong during the Track Record Period. During the Track Record Period, we were not involved in any fatal accidents where our Group was engaged either as main contractor or subcontractor.

As at the Latest Practicable Date, our Directors confirmed that our Group has not suffered from any removal, suspension, downgrading or demotion of our qualifications or licenses due to accidents or breaches of workplace safety regulations.

A table showing our Group's lost time injuries frequency rates ("LTIFR(s)") is set out below:

For the year ended 31 December 2014 . . . . .	0.27%
For the year ended 31 December 2015 . . . . .	0.27%
For the year ended 31 December 2016 . . . . .	0.66%

*Note:* LTIFR is a frequency rate that shows how many lost time injuries occurred over a specified time worked in a period. The LTIFRs shown above are calculated as dividing the number of lost time injuries in terms of hours of our Group that occurred during the relevant financial year/period by the total number of hours worked by our Group's employees over that financial year/period. The total number of hours worked by our Group's employees for the years ended 31 December 2014, 2015 and 2016 were approximately 1,471,500 hours, 1,755,000 hours and 2,054,430 hours respectively. It is assumed that the working hour of each worker is nine hours per day.

Our Group's increased LTIFR for the year ended 31 December 2016 was attributable to the increased in the amount of general building works undertaken by us in 2016. Given the higher number of workers involved in general building works due to its work nature compared to foundation works, our Group has recorded a higher number of injuries suffered by our employees and those of our subcontractors in 2016.

### Insurance

We have established an internal policy on insurance to provide guideline for placement of new/renewal of insurance policies, ensure efficient handling of claims, and to comply with the applicable laws and regulations in Hong Kong and Saipan. Our Directors confirm that it is common practice in the construction industry, as well as a term in most construction contracts between main contractors and customers, that the main contractor of a project will take out and maintain employees' compensation insurance and contractor's all risks insurance for the entire project. The coverage of such insurance policies includes all works performed by the main contractor and all its subcontractors. However, we generally require the subcontractors to maintain insurance over their own machinery.

All projects undertaken by us and the relevant employees are respectively protected by contractors' all risks and employees' compensation insurance. Depending on the terms of the relevant contracts, such insurances are taken out either by the main contractors (in the case of us being a subcontractor) or us. When acting as a subcontractor, we generally do not take out separate insurance policies but will rely on the insurance policies taken out and maintained by the relevant main contractor. The relevant subcontracting agreements explicitly provide for our reliance on the main contractors' insurance policies.



Our Group has insurance cover for its liabilities under employee compensation and personal injury claims, which meets the statutory minimum insurance coverage of HK\$200 million per incident in Hong Kong. We also have insurance cover for our general liability covering, among others, office contents, plant and machinery and vehicles in Hong Kong. In respect of the Saipan Project, we have (i) insurance cover for workers' compensation in accordance with applicable laws and regulations in CNMI, with statutory minimum insurance coverage of US\$40,000 per incident; (ii) taken out a general liability insurance policy covering,

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among others, our legal liability to third parties in respect of personal injury, contractual liability and property damage. Our Group considers such insurance coverage being generally sufficient for its liabilities under employees' compensation claims, personal injuries actions and other general liability in Hong Kong and Saipan.

Our Group has also taken out insurance cover for machines acquired under hire-purchase. Taking into account the prevailing industry practice and our current operations, our Directors believe that we have obtained adequate insurance coverage for the operation of our business and is consistent with industry norm.

### INTELLECTUAL PROPERTY RIGHTS

We have marketed our construction business in Hong Kong by using  and “WW恆誠建築” as our brand name. We have also marketed our business of trading of piles by using  as our brand. We have also registered our trademarks in Hong Kong. Detailed information of our intellectual property rights is set out in the paragraph headed “Statutory and General Information — Further Information about our Business” in Appendix IV to this prospectus.

As at the Latest Practicable Date, we are not aware of any infringement (i) by our Group of any intellectual property rights owned by any third parties; or (ii) by any third party of any intellectual property rights owned by us. During the Track Record Period and up to the Latest Practicable Date, there had not been any pending or threatened material claims made against us, nor had there been any material claims made by us against third parties, with respect to the infringement of intellectual property rights owned by us or third parties.

### EMPLOYEES

As at 31 May 2017, we had 329 and 49 employees employed by our Group in Hong Kong and Saipan, respectively. A breakdown of our employees by function as at the same date is set out below:

	As at 31 May 2017	
	Hong Kong	Saipan
Management . . . . .	3	—
Project management (including project managers, foremen and safety supervisors) . . . . .	50	4
Administration, accounting and finance . . . . .	13	3
Machinery operators. . . . .	27	3
Technical personnel. . . . .	83	26
Other direct employees . . . . .	153	13
Total . . . . .	329	49 <sup>(1)(2)</sup>

*Note:*

1. Among these 49 employees, four are employed by us in Hong Kong responsible for the Saipan Project.
2. The number includes the contract workers from China.

The relationship and co-operation between our management and employees have been good and are expected to remain amicable in the future. There has not been any incident of strike or labour shortage during the Track Record Period and up to the Latest Practicable Date, which adversely affected our operations.

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We believe that our employees are important assets to our Group. New employees are required to undergo training to familiarise themselves with the applicable rules and regulations and the requirements of their job before they start work.

We provide various types of trainings to our employees and sponsor our employees to attend external training courses. Our Directors believe that our training programme can increase our overall efficiency, safety awareness and facilitate us to retain and attract quality employees.

Our Directors confirm that during the Track Record Period and up to the Latest Practicable Date, our Group had no material non-compliance with all the applicable employment laws, rules and regulations in Hong Kong and Saipan.

### PROPERTIES

#### Hong Kong

As at the Latest Practicable Date, we did not own any property in Hong Kong. We leased the following properties in Hong Kong as our offices:

<u>Address</u>	<u>Landlord</u>	<u>Use of the property</u>	<u>Key terms of tenancy</u>
Room 902–3 Nan Fung Commercial Centre, 19 Lam Lok Street, Kowloon Bay, Hong Kong	Independent Third Party	Office	Monthly rental of HK\$40,664 with tenancy period up to 31 October 2017
Room 904–5 Nan Fung Commercial Centre, 19 Lam Lok Street, Kowloon Bay, Hong Kong	Independent Third Party	Office	Monthly rental of HK\$41,019 with tenancy period up to 31 October 2017
Room 701 Nan Fung Commercial Centre, 19 Lam Lok Street, Kowloon Bay, Hong Kong	Independent Third Party	Office	Monthly rental of HK\$26,860 with tenancy period up to 28 February 2019

As at the Latest Practicable Date, we also leased (i) three properties as staff quarters; (ii) four properties as our warehouse for storage of idle machinery and spare parts; and (iii) two properties as our site office for our project sites operation. At the time when we entered into such tenancy agreements with the respective landlords, those landlords represented to us that they had the right to lease those properties to us.

However, out of these 12 properties, other than one property leased by us as office, the two properties leased by us as our site office, one of our leased property as warehouse, and two of our leased properties as staff quarters, our right to use the remaining six properties (the “**Properties**”) may be uncertain.

In connection with three of our leased properties as warehouse, the landlords have not provided us with the relevant authorisation from the registered owners of those properties to enter into the relevant tenancy agreements and lease those properties to us. As such our Group may be subject to allegation of trespassing by the ultimate owners of those properties who might evict us from those properties.

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In connection with two of our leased properties as office and one of the leased property as staff quarters, those properties were, and still are, subject to mortgage and the relevant consent of the mortgagee for the grant of the tenancy in respect of the said properties have not been provided to us. If such consents have not been granted, the tenancies will not be binding on the respective mortgagee and if there is any default by the landlord as mortgagor of those properties, the respective mortgagee is entitled to enforce the terms of the mortgage against the landlords and may evict our Group from those properties.

During the period of our occupation of the Properties and as at the Latest Practicable Date, we have not received any notice requesting us to vacate from the Properties. If we are being evicted from the Properties, our Directors currently expect that we shall be able to relocate to other properties of similar size within three months and the aggregate relocation cost will be approximately HK\$1.3 million. Hence, we do not anticipate that any relocation will have a material operational or financial impact on our Group. However, if we are unable to secure properties for relocation in a timely manner, we may have to incur extra cost and time in such relocation which may affect our operation and financial results. For details, please see the paragraph headed “Risk Factors — Risks Relating to our Business — Our legal right to lease some of our leased properties could be challenged” in this prospectus.

For the years ended 31 December 2014, 2015 and 2016, the total rental for our offices, site offices and warehouses located in Hong Kong were approximately HK\$2.5 million, HK\$3.6 million and HK\$3.8 million, respectively. All these properties are leased from Independent Third Parties.

### Saipan

During the Track Record Period, we (i) leased an office unit in the CNMI; and (ii) entered into a long term lease of 55 years for a piece of land in the CNMI for staff housing purpose, the consideration of which amounted to approximately US\$0.3 million.

During the Track Record Period, the total rental for our office, warehouse and staff housing in Saipan are nil, approximately US\$0.01 million and US\$0.05 million, respectively. Our subsidiary, WWW Construction (Saipan), is the tenant under these leases. Our Saipan Legal Advisers have confirmed that our subsidiary, WWW Construction (Saipan) has complied with all applicable law and regulations in relation to land/property use in Saipan.

As at 31 December 2016, no single property interest forming part of our Group’s non-property activities had a carrying amount of 15% or more of our total assets. Thus, pursuant to Rule 5.01A of the Listing Rules, this prospectus is exempted from compliance with the requirement to include a property valuation report under the Listing Rules. 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 also exempted from compliance with the requirements to include a property valuation report under section 342(1)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance and paragraph 34(2) of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance.



### SALES AND MARKETING

We mainly sourced our projects by tenders where we act as a main contractor, and by direct approach by main contractor where we act as a subcontractor. Our Directors believe that our expertise in the construction industry, relationship with customers, reputation in the industry and track record enable us to secure future projects. Our executive Directors are generally responsible for business development, tendering process, quality, technical assurance and daily operation. Moreover, we believe that the Listing will enhance the corporate image of our Group to the general public, thus further enhancing our brand and future business development.

We are registered as specialist contractor in the categories of foundation, site formation and demolition and a registered general building contractor with the Buildings Department in Hong Kong. We are also on the list of approved suppliers of materials and specialist contractors for public works (Group II of the “Land Piling” category for minipile, steel H-pile and rock-socketed steel H-pile in pre-bored hole) with the Development Bureau. In addition, we are on the list of registered subcontractor with the Construction Industry Council (建造業議會) with trade specialty in foundation, demolition and other general civil works. The above qualifications are public information and could enhance our professional profile in the construction industry.

### QUALITY ASSURANCE

We place strong emphasis on quality assurance (including materials purchased by subcontractors) and compliance with quality, project schedule, environmental and safety requirements in both our foundation works and ancillary services and general building works. We have established and maintained a formal quality management system in accordance with the requirements of ISO 9001 and was accredited by Hong Kong Quality Assurance Agency with ISO 9001:2008 in 2013. For further details, please see the paragraph headed “Major Qualifications, Certifications, Awards and Recognition” in this section.

### LEGAL PROCEEDINGS AND LEGAL COMPLIANCE

Our Controlling Shareholders have entered into the Deed of Indemnity whereby our Controlling Shareholders have agreed to indemnify our Group, subject to the terms and conditions of the Deed of Indemnity, in respect of any liabilities which may arise as a result of any work injuries, outstanding litigations and claims, and non-compliances of our Group on or before the date on which the Global Offering becomes unconditional. Further details of the Deed of Indemnity are set out in the paragraph headed “Statutory and General Information — Other Information — 14. Tax, estate duty and other indemnity” in Appendix IV to this prospectus.

#### Legal proceedings

During the Track Record Period and up to the Latest Practicable Date, we had been involved in a number of claims, litigations and pending or threatened claims against our Group in the ordinary and usual course of our Group’s business.

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*(I) Outstanding employees' compensation claims and/or personal injury claims as at the Latest Practicable Date*

As at the Latest Practicable Date, there were thirteen outstanding employee's compensation claims and/or personal injury claims, which we had received the relevant summons and legal proceedings had been commenced. These outstanding proceedings involved a total of eight workers all of who were not our employees. All outstanding claims related to accidents occurred during the Track Record Period.

For these outstanding employee's compensation and/or personal injury claims, the amount of claims are not stated in the court document or we and our insurers have not been served any court documents containing information in the amount of claims from the claimants and the claim amount in these claims are unknown as at the Latest Practicable Date. As such, we are not in a position to assess the likely quantum of such claims. Our Directors are of the view that the amount to be borne by our Group in the proceedings will be covered by the relevant insurance taken out by us or the main contractors. Therefore, our Group has not made provision to cover our potential liability under the above claims.

To the best knowledge of our Directors, all injured persons under these claims have suffered insignificant bodily injuries. During the Track Record Period and up to the Latest Practicable Date, our Group or our main contractors are required under the Employees' Compensation Ordinance to take out and had taken out a compulsory insurance policy in Hong Kong which meets the statutory minimum insurance coverage. Therefore, we expect all such claims (including employees' compensation claims and personal injury claims) to be fully covered by the insurance policies either maintained by our Group or our main contractors.

*(II) Potential employees' compensation claims and/or personal injury claims as at the Latest Practicable Date*

As at the Latest Practicable Date, there were 17 accidents in respect of which the injured persons have not yet filed any claims or commenced legal proceedings against our Group or the injured persons are still receiving periodical payments. These accidents involved a total of 17 workers, 8 of who were not our employees.

Since such employees' compensation and/or personal injury claims have not been commenced, we are not in a position to assess the likely quantum of such potential claims. During the Track Record Period and up to the Latest Practicable Date, our Group or our main contractors are required to take out and had taken out insurance policies for an amount of no less than HK\$200 million per accident to cover the liabilities under the Employees' Compensation Ordinance as well as under the common law for injuries at work. We confirm that our Group or our main contractor has insurance to sufficiently cover our liabilities of all these potential claims and such potential claims have no material adverse impact on our financial condition or results of operations. These accidents were caused during the usual and ordinary business of our Group and did not cause material disruption to our Group's business. The time limit for a plaintiff to commence legal proceedings for an employee's compensation claim is two years from the date of the relevant incident, while the time limit for a personal injury claim against us under common law is three years from the date of the relevant incident.

### *(III) Disputes with a subcontractor*

During the Track Record Period and up to the Latest Practicable Date, our Group was involved in dispute with a subcontractor (“**Subcontractor J**”) and its director (“**Mr. N**”) in relation to a residential development at Castle Peak Road in Hong Kong (the “**Project**”). Such dispute arose due to the different views over Subcontractor J’s entitlements in respect of claims for variation orders and extension of time while the amount certified by the architect appointed by our customer was less than what Subcontractor J expected since it failed to provide satisfactory substantiation on the amount in question.

We initiated legal proceedings in December 2015 and filed a statement of claims in January 2016 against Subcontractor J and Mr. N for their breach of a sub-contract entered into by us, Mr. N and Subcontractor J on 5 October 2014 in relation to the Project (the “**Sub-contract**”) and claimed HK\$9.9 million as our direct payments to subcontractors and expenses of the Project paid on behalf of Subcontractor J. Subcontractor J filed a defence in May 2016. Although the defence made passing reference to a counterclaim in respect of alleged under certification on the work done by Subcontractor J in the Project (presumably they referred to the amount of HK\$41.3 million as stated in a draft summary of final account submitted to us in August 2016, which had been submitted by us to our customer. Our customer subsequently requested substantiation of the figures but no substantiation has been received from Subcontractor J), no counterclaim is actually formulated and presented in the defence or pursued in the court proceedings. As at the Latest Practicable Date, the pleadings of the case have been closed and the trial was expected to be heard no earlier than 1 August 2017.

As advised by our Legal Advisers on Sub-contract:

- (i) our liabilities to Subcontractor J are primarily fixed by reference to the payments received from the customer. Subcontractor J has alleged that an additional claim exists for breach of the Sub-contract though our Legal Advisers on Sub-contract consider that such claim has little prospect of success;
- (ii) we may not be able to recover the shortfall (i.e. the claim of HK\$9.9 million) until the final account is determined, which normally may not be finalised until 18 months after completion of the Project. If upon the final account exercise the balance remaining after the deduction (7% of the project income as our management fee and our direct payments to sub-subcontractors and expenses of the Project paid on behalf of Subcontractor J according to the terms of the Sub-contract) is negative, Subcontractor J is obliged to reimburse us for the shortfall; and
- (iii) unless clear evidence of significant assets can be identified, it would be prudent for us to assume that however strong our legal rights to recover are, the prospect of recovering substantial sums from Subcontractor J or Mr. N is small.

The opinion of our Legal Advisers on Sub-contract is based on (i) the failure of Subcontractor J to provide information which would have permitted us to recover related payments from our customer; and (ii) Subcontractor J’s failure to establish a link between the sums claimed and the alleged breach of the Sub-contract.

Based on the circumstances and the above legal opinions, our Directors consider the claim from Subcontractor J is invalid with little prospect of success and accordingly our Group did not make provision in respect of such claim and hence the amount of HK\$41.3 million was not taken into account in our recognised loss. During the Track Record Period, our actual loss arose from the Project amounted to HK\$20.3 million, representing additional costs incurred to complete the Project due to the dispute with Subcontractor J as described above. The amount of HK\$9.9

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million claimed against Subcontractor J and Mr. N in the legal proceedings initiated in December 2015 represents direct payment made by us to subcontractors and expenses of the Project paid on behalf of Subcontractor J as of September 2015. The amount of actual loss of HK\$20.3 million may be adjusted subject to the issuance of the final account and the extent of recovery of HK\$9.9 million claimed by our Group against Subcontractor J and Mr. N.

The occupation permit of the Project was issued by the Buildings Department in April 2016. In July 2016, we have handed over the site of the Project to our customer and considered the Project completed. As at the Latest Practicable Date, the percentage of work certified by the architect appointed by our customer was 98%. The defect liability period of the Project will expire 18 months after its practical completion certificate is issued in accordance with the terms of the construction contract with the customer. For details of the arrangement of defect liability period and surety bond, please see the paragraph headed “Operation — 4. Completion phase” in this section.

During the Track Record Period, we have recognised losses of approximately HK\$20.3 million for the Project and such amount has been fully provided. Please see the paragraph headed “Construction Projects — Loss-making projects” in this section for further details of the Project. Taking into account the nature of the said legal proceedings, the amount of the claim, the fact that the losses have been fully provided for and the opinion of our Legal Advisers on Sub-contract regarding the dispute, our Directors believe that the legal proceedings would not have any material adverse effect on the results of operations, the financial condition or the business prospects of our Group.

Please see the paragraph headed “Risk Management and Internal Control System” in this section for our enhanced internal control in selecting subcontractors for future works.

#### *(IV) Outstanding arbitration as at the Latest Practicable Date*

During the Track Record Period and as at the Latest Practicable Date, our Group is involved in a dispute with the customer in relation to the Project. Such dispute arose due to the different views over our Group’s entitlement to the grant of extension of time, the timing when the Project was completed and the customer’s claim of liquidated damages due to delay in completion of the Project.

In February 2017, our Group issued a notice of arbitration to the customer referring all disputes and differences between the parties to arbitration and the customer has acknowledged the notice of arbitration. As at the Latest Practicable Date, the parties are in the progress of reaching an agreement on the appointment of an arbitrator. Owing to the Arbitration Ordinance (Cap 609 of the Laws of Hong Kong) and the relevant arbitral rules, all information about the arbitration must remain confidential.

As advised by our Legal Advisers on the Sub-contract, it is reasonably arguable that our Group is entitled to recover sums from the customer. We are also advised by the external contract consultant engaged by us to assess our entitlement under the contract with the customer that it is highly unlikely for us to suffer a net cash outflow. As such, our Directors believe that the dispute with the customer would not have any material adverse effect on the results of operations, the financial condition or the business prospects of our Group.

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### *Industrial safety charges*

<b>No.</b>	<b>Case number</b>	<b>Relevant section of the ordinance</b>	<b>Nature of the charges</b>	<b>Date of accident/incident</b>	<b>Defendant(s)/ Respondent(s)</b>	<b>Status</b>
1. . .	KCS 4431/2013	Regulations 38B(1), 68(1)(a) and 68(2)(g) of the Construction Site (Safety) Regulations made under the Factories and Industrial Undertakings Ordinance	Failing to take adequate steps to prevent person from falling	13 August 2012	WWW Construction	WWW Construction pleaded guilty and was fined HK\$2,800
2. . .	KCS 4432/2013	Regulations 48(1)(b), 68(1)(a) and 68(2)(b) of the Construction Site (Safety) Regulations made under the Factories and Industrial Undertakings Ordinance	Failing to ensure wearing of safety helmets	13 August 2012	WWW Construction	WWW Construction pleaded guilty and was fined HK\$1,600
3. . .	KTS1677/2013	Section 6(1) (a) and 6(5) of the Noise Control Ordinance	Using unpowered mechanical equipment without valid construction noise permit	8 August 2012	WWW Construction	WWW Construction pleaded guilty and was fined HK\$10,000
4. . .	KTS8104/2013	Section 9(1) and Section 11(1) of the Water Pollution Control Ordinance	Prohibited discharge into communal sewer or communal drain	28 November 2012	WWW Construction	WWW Construction pleaded guilty and was fined HK\$6,000
5. . .	TWS294/2015	Regulations 38B(1), 68(1)(a) and 68(2)(g) of the Construction Site (Safety) Regulations made under the Factories and Industrial Undertakings Ordinance	Failing to take adequate steps to prevent person from falling	11 July 2014	WWW Construction	WWW Construction was fined HK\$14,400 after trial.
6. . .	ESS32005/2015	Section 3(1), 5 and 6(4)(b) of the Construction Workers Registration Ordinance	Failing to ensure that a person, employed by our subcontractor, carrying out construction work personally on a construction site is a registered construction worker	30 May 2015	WWW Construction	WWW Construction was fined HK\$1,200 after trial.
7. . .	ESS35189/2015	Regulations 38B(1), 68(1)(a) and 68(2)(g) of the Construction Site (Safety) Regulations made under the Factories and Industrial Undertakings Ordinance	Failing to take adequate steps to prevent person from falling	8 May 2015	WWW Construction	WWW Construction was fined HK\$7,000 after trial.
8. . .	KTS5351/2017	Regulations 38A(2), 68(1)(a) and 68(2)(g) of the Construction Site (Safety) Regulations made under the Factories and Industrial Undertakings Ordinance	Failing to ensure suitable and adequate safe access to and egress from a place of work	29 September 2016	WWW Construction	WWW Construction is waiting for a trial
9. . .	KTS5352/2017	Regulations 38B(1), 68(1)(a) and 68(2)(g) of the Construction Site (Safety) Regulations made under the Factories and Industrial Undertakings Ordinance	Failing to take adequate steps to prevent person from falling	29 September 2016	WWW Construction	WWW Construction is waiting for a trial
10. . .	ESS14135/2017	Regulations 7(b), 9(1) of the Factories and Industrial Undertakings (Protection of Eyes) Regulations made under the Factories and Industrial Undertakings Ordinance	Failing to ensure full and proper use of eye protector, a shield or a fixed shield	4 November 2016	WWW Construction	WWW Construction is waiting for a trial

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### Legal compliance

Save as disclosed below, during the Track Record Period and up to the Latest Practicable Date, we were in compliance in all material respects with the relevant rules and regulations of Hong Kong and Saipan.

	<u>Particulars of the non-compliance</u>	<u>Reasons for the non-compliance incidents</u>	<u>Legal consequences and potential maximum penalties</u>	<u>Rectification and preventive actions taken</u>
1.	<p>We were temporarily suspended by the Development Bureau from tendering for public works contracts under the category of “Land Piling (Group II) —minipile” for one month from August 2013 to September 2013.</p> <p>At the relevant time, the directors of WWW Construction were Dr. Kan, Mr. SM Lee, Mr. Wong, Mr. Yeung Nai Cheong and Mr. Ching Yat Cheung.</p>	<p>We did not submit our audited financial statements to the Development Bureau in time due to unintentional and inadvertent oversight of the relevant staff.</p>	<p>We were suspended from tendering for public works contract under the said category.</p>	<p>We had immediately submitted the audited financial statements to the Development Bureau upon finalising the same in August 2013.</p> <p>The suspension was uplifted in September 2013.</p> <p>We have recruited a finance controller in 2014 who would oversee the account department and ensure all audited financial statements are prepared in accordance with relevant statutory requirements. We have also emphasised and continued internal training for all relevant staff on regulatory compliance.</p>
2.	<p>In breach of relevant laws in the CNMI, in October 2014, WWW Construction entered into the construction contract for the Saipan Project without first obtaining a business license.</p> <p>At the relevant time, the directors of WWW Construction were Dr. Kan, Mr. SM Lee, Mr. Wong, Mr. Yeung Nai Cheong and Mr. Ching Yat Cheung.</p>	<p>When we entered into the construction contract for the Saipan Project, we were advised by our then Saipan legal adviser that only WWW Construction (Saipan) was required to obtain relevant business licence.</p>	<p>Under relevant laws in the CNMI, the penalty for conducting business without a valid business license is US\$1,500.</p> <p>The Secretary of the Department of Finance in the CNMI may revoke or suspend any business license after a two week public notice and a hearing conducted pursuant to CNMI law, which may be reviewed by CNMI Superior Court upon written appeal by the person aggrieved of the license suspension.</p>	<p>WWW Construction had applied for and obtained CNMI business licenses from the CNMI Department of Finance for “construction” in July 2016.</p> <p>As advised by our Saipan Legal Adviser, such non-compliances have been cured because WWW Construction held a certificate of good standing and a business license.</p> <p>Our staff in the CNMI designated for licensing and compliance matters has been briefed by our Saipan Legal Adviser for such requirements and will renew such a license each year before its expiry date.</p>

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### Views of our Directors and the Sole Sponsor

Our Directors consider that the non-compliance incidents mentioned above do not affect the suitability of our executive Directors under Rule 3.08 and 3.09 of the Listing Rules or the suitability of listing of our Company under Rule 8.04 of the Listing Rules, having taken into consideration that:

- (i) the nature, reasons, and consequences of the non-compliance incidents;
- (ii) our Group has fully rectified all the non-compliance incidents;
- (iii) our Group has implemented (or will implement where applicable) the measures to enhance our corporate governance and internal control measures and avoid recurrence of the non-compliance incidents; please see paragraph headed “Risk Management and Internal Controls System” in this section for further details;
- (iv) there were no recurring of similar non-compliance incidents since the implementation of such measures; and
- (v) the non-compliance incidents were unintentional, did not involve any dishonesty or fraudulent act on the part of our executive Directors, and did not raise any question as to the integrity of our executive Directors.

In view of the above, our Directors believe, and the Sole Sponsor concurs that, the internal control measures are adequate and effective to ensure a proper internal control system of our Group and prevent the recurrence of non-compliance incident.

### RISK MANAGEMENT AND INTERNAL CONTROLS SYSTEM

#### Risk management system

We expect to adopt before the Listing a risk management manual which sets out a risk management framework to identify, assess, evaluate and monitor key risks associated with our strategic objectives on an on-going basis. Our Audit Committee, and ultimately our Board supervise the implementation of our risk management manual. Risks identified by management will be analysed on the basis of likelihood and impact, and be properly follow-up and mitigated by our Group and reported to our Board.

The following key principles outline our Company’s approach to risk management and internal control:

- (i) Our Board has the overall responsibility for maintaining sound and effective risk management and internal controls to safeguard the shareholders’ investment and our Company’s assets;
- (ii) Our management will provide a confirmation to our Board on the effectiveness of these systems;
- (iii) Our Audit Committee provides oversight and reports to our Board on the risk management and internal control systems.



### Internal control

Our Group has maintained an internal control system into our organisational structure. In preparation of the Listing, we have engaged an independent internal control consultant (the “**Internal Control Consultant**”) in May 2015 to undertake a review on our internal control over financial reporting on a number of business processes of certain entities of our Group and to identify findings and provide relevant recommendations to us. The Internal Control Consultant conducted a follow-up review in October 2015 and to assess where we have implemented the internal control measures recommended by the Internal Control Consultant and whether the deficiencies identified in the review have been rectified. Based on the result of this follow-up review, we demonstrated we have implemented all major internal control measures recommended. No material deficiencies were identified during the follow-up review.

In August 2016, we engaged the Internal Control Consultant to perform another review on selected business processes and provide recommendations in respect of the deficiencies identified. The Internal Control Consultant conducted a follow-up review in September 2016. Based on the result of this follow-up review, we demonstrated we have implemented all major internal control measures recommended. No material deficiencies were identified during the follow-up review.

### Internal control measures designed to improve corporate governance

To further enhance our Group’s corporate governance, we have adopted or intend to adopt the following measures (where applicable):

- (i) our Board (which shall be responsible for monitoring the corporate governance of our Group) will also periodically review our compliance status with all relevant laws and regulations after Listing;
- (ii) we have established an Audit Committee on 23 June 2017 which will (a) make recommendations to our Board on the appointment and removal of external auditors; and (b) review the financial statements and render advice in respect of financial reporting as well as oversee internal control procedures of our Group;
- (iii) we have engaged KGI Capital Asia Limited, the Sole Sponsor, as our compliance advisor to advise us on regulatory compliance with the Listing Rules upon Listing;
- (iv) we have appointed Mr. Cheng Wai Hei as our company secretary, to be responsible for keeping and updating our statutory records, managing secretarial matters and to ensure ongoing compliance with the Companies Ordinance. Mr. Cheng will also report to our Audit Committee in case any such non-compliances occur;
- (v) our Directors and senior management attended training session in April 2016 conducted by our legal advisors as to Hong Kong law on (a) the on-going obligations and duties of a director of a company whose shares are listed on the Stock Exchange; and (b) compliance with the Listing Rules;
- (vi) we have engaged an external legal adviser as to Hong Kong laws on 1 December 2016 to provide our Directors and senior management legal assistance and consultation as needed, particularly to provide legal advice on potential legal issues, analyse and identify legal risks and implications, settle, review, negotiate and administer legal and transactional documents and liaise with external legal counsel and/or expert and/or other specialists and other legal advice as needed for the

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Group's business. Such external legal adviser will also meet with our Directors and senior management on a monthly basis to discuss any legal and compliance matters of our Group;

- (vii) our Directors attended a training session in January 2017 conducted by our legal advisors as to Hong Kong law on (i) directors' duties under the Companies Ordinance and the Predecessor Companies Ordinance, covering the requirements relating to duty of care, skill and diligence, and other statutory obligations of directors including accounting records and financial reporting, and disqualification of directors; and (ii) the continuing obligations of a non-Hong Kong company duly registered under Part 16 of the Companies Ordinance;
- (viii) our Company will establish a corporate governance department comprising Mr. Cheng Wai Hei, the company secretary and associate of Hong Kong Institute of Chartered Secretaries, Mr. Lo Chi Leung, an independent non-executive Director and Mr. SM Lee, the compliance officer to be appointed upon Listing. The corporate governance department will be headed by Mr. SM Lee. The corporate governance department will ensure the Group complies with the Listing Rules and other relevant laws and regulations. Depending on the future work load, our Company may expand the corporate governance department by employing one or two more staff with auditing, legal or relevant experience. In order to preserve independence, the corporate governance department will report to the Audit Committee directly on a quarterly basis, or on an ad hoc basis, if such matters are considered to require the immediate attention of the Audit Committee;
- (ix) upon Listing, our Company proposes to appoint an independent internal control adviser to provide advice and review the effectiveness of our internal control system on a regular basis and such appointment will be reviewed annually;
- (x) with the assistance of the independent internal control adviser, external legal adviser, compliance adviser and auditors, the corporate governance department aims to ensure that our Group's operations will continue to be in compliance with all applicable laws, rules and regulations. The independent internal control adviser and corporate governance department will conduct regular internal control reviews and legal compliance reviews respectively on our Group's operations and recommend remedial plans to the Audit Committee, which will then advise our Board on the implementation of any remedial plans, if any potential or actual internal control or legal compliance deficiencies are identified as a result of such reviews. Our Board will make final decisions on the implementation of such remedial plans. To ensure that such remedial plans are implemented, the independent internal control adviser or corporate governance department, as appropriate will follow up and monitor the implementation status and report to the Audit Committee about the progress and results of such remedial plans. Any material internal control or legal compliance failings, weaknesses or deficiencies identified during the review process and relevant follow-up or remedial measures (if applicable) taken by our Group will be disclosed in our Company's annual reports following the Listing;
- (xi) in addition, the corporate governance department will adopt various general internal control review measures, including but not limited to (a) overseeing and monitoring whether major decisions of our Company have been reviewed, discussed and approved by our Board, and to ensure that such decisions have not been unduly influenced by any one Director during the decision-making process; and (b) reviewing

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our Group's internal operations manual and any other internal approval policies and procedures to ensure our Group's on-going compliance, such as timely release of financial information, continuing legal and regulatory compliance;

- (xii) the external advisers of our Company will upon the Listing (a) advise on updates in respect of the Listing Rules and regulatory compliance matters which are relevant to our Company; and (b) provide corporate governance training to our Directors and senior management at least once a year. Our Group will continue to review its operational procedures with a view to ensure its on-going compliance and consider to recruit more personnel with relevant skills, experience or qualifications for its corporate governance department if necessary;
- (xiii) in addition to the above measures, two of the members of the corporate governance department, Mr. SM Lee and Mr. Cheng Wai Hei, will take up further corporate governance and directors duties training courses which would help our Group to avoid occurrence of any incidents similar to the breach of the Section 156 Prohibition and non-compliances in our Group, totalling not less than 20 hours during the first year following the Listing;
- (xiv) we have engaged and will continue to appoint, when necessary, external professional advisers, including auditors, internal control consultant, external legal advisor(s) and other advisors to render professional advice as to compliance with statutory and regulatory requirements, as applicable to our Group from time to time; and
- (xv) our safety officers are responsible for overseeing the compliance with environmental, health and safety regulations. Safety toolbox is available on site and monthly training is provided to site staff to ensure they are aware of the relevant regulations.

*Internal control measures to ensure due compliance with all laws and regulations by future directors*

In addition to the internal control measures to enhance our Group's corporate governance as set out above, we have adopted the following measures to ensure due compliance with all laws and regulations by future directors:

- (i) we have established a Nomination Committee on 23 June 2017 which will assess the proposed director's suitability to become a board member of our Group, taking into account the skills, knowledge and experience demonstrated by him/her, prior to the appointment;
- (ii) newly appointed directors will be given a directors' handbook which sets out the roles and responsibilities of a director together with our Group's background and strategies in order to facilitate the directors to carry out their duties; and
- (iii) our company secretary will monitor and ensure that our directors will undertake directors' training, which will cover topics on the Companies Ordinance and duties and liabilities for directors of listed companies, risk management, the latest development or changes in the relevant regulatory requirements and corporate governance practices, on an annual basis in accordance with the Listing Rules.

### **Selection of subcontractor policy**

In view of our dispute with Subcontractor J, we have adopted enhanced selection of subcontractor policy in September 2016 to strengthen our internal control in respect of engagement of subcontractors of our projects. The policy is summarised as below:

#### *Criteria for selecting subcontractors*

The existing criteria for selecting subcontractors will apply. Please see the paragraph headed “Suppliers and Subcontractors — Subcontracting — Criteria for selecting subcontractors” in this section for further details.

#### *Selection of new subcontractor*

The following measures have been implemented in September 2016 and would be performed when we select a new potential subcontractor:

- (i) we would use a standard checklist to assess quality of potential subcontractors using the criteria for selecting subcontractors;
- (ii) we would arrange interviews with potential subcontractors to assess their capability and understanding of the works based the standard checklist;
- (iii) we would perform media search on the potential subcontractors; and
- (iv) after the above procedures are conducted, our senior management and one Director responsible for the project would decide collectively whether the potential subcontractor is a right candidate.

#### *Management of subcontractor during the course of project*

- (i) our project manager will manage the daily operation of the subcontractors, ensure effective communication and implementation of our Group’s relevant policies, resolve any problems found on a daily basis;
- (ii) our site agent will plan, coordinate and supervise overall site activities, arrange resources and priority of works between the subcontractors on a daily basis; and
- (iii) our foreman will supervise and inspect works done by subcontractors, monitor site daily activities, and implement contract plans to ensure works are carried out according to specification.

#### *Annual review and assessment*

Our subcontractors will be assessed and rated annually by their sufficiency of resources, work process, response to instructions, financial status and project planning and management.

Such results will assist our Group to decide whether the subcontractor to be added, removed or retained in our Group’s approval subcontractor list.

## DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

### DIRECTORS

Our Board consists of eight Directors, comprising five executive Directors and three independent non-executive Directors. Our Directors are supported by our senior management in the day-to-day management of our business.

The following table sets out certain information in respect of our Directors:

Name	Age	Position/Title	Date of joining our Group	Date of appointment as Director	Roles and responsibilities in our Group
<b>Executive Directors</b>					
Mr. Lee Kai Lun (利啟麟)	68	Chairman and Executive Director	6 May 2016	6 May 2016	Strategic planning and overall development, chairman of the Nomination Committee
Dr. Kan Hou Sek Jim (簡厚錫)	59	Executive Director	2 January 2003	5 October 2015	Business development, quality and technical assurance
Mr. Lee Sai Man (李世民)	57	Executive Director	16 June 2000	5 October 2015	Business development, tendering process and daily operation
Mr. Wong Siu Kwai (黃紹桂)	53	Executive Director	16 June 1999	5 October 2015	Production, site management and supervision
Mr. Kwong Po Lam (龐保林)	60	Executive Director	6 May 2016	6 May 2016	Quality and technical assurance
<b>Independent Non-executive Directors</b>					
Mr. Fan Siu Kay (樊紹基)	67	Independent Non-executive Director	6 May 2016	6 May 2016	Chairman of the Remuneration Committee
Mr. Leung William Wai Kai (梁煒佳)	62	Independent Non-executive Director	6 May 2016	6 May 2016	Member of the Audit Committee, Remuneration Committee and Nomination Committee
Mr. Lo Chi Leung (盧志良)	34	Independent Non-executive Director	6 May 2016	6 May 2016	Chairman of the Audit Committee

## DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

### Executive Directors

**Mr. Lee Kai Lun (利啟麟)**, aged 68, is the Chairman and executive Director of our Group and is responsible for strategic planning and overall development. Mr. KL Lee was appointed as our executive Director on 6 May 2016. He obtained degrees of Bachelor of Arts in Architectural Studies and Bachelor of Architecture from the University of Hong Kong in November 1970 and 1972 respectively. He has been a corporate member of Royal Institute of British Architects since February 1974, a member of the Hong Kong Institute of Architects since February 1974 and a fellow of the Hong Kong Institute of Architects since July 2006. He is also a registered architect under Architects Registration Board of Hong Kong and authorised person (List of Architects) with the Buildings Department of Hong Kong. Pursuant to section 45 of the Buildings Ordinance, he has been appointed as a member of the Appeal Tribunal Panel of the Development Bureau of Hong Kong since 2009. He has been the sole proprietor of Kailun Lee Chartered Architect which has been providing architect and interior design services since 1974. Since September 2012, he served as a partner of KLDL Consultants which provides development and design consultancy services. Mr. KL Lee has not held any directorship in any listed company in the three years immediately preceding the Latest Practicable Date.

Mr. KL Lee was a director of the following companies which were incorporated in Hong Kong and were dissolved pursuant to section 291 of the Predecessor Companies Ordinance:

<u>Name of company</u>	<u>Nature of business</u>	<u>Reasons of being dissolved</u>	<u>Date of notice of dissolution</u>	<u>Date of being dissolved</u>	<u>Manner of dissolution</u>
Hobex Real Estates Co. Limited . . . . .	investment in properties in Hong Kong	defunct	17 April 2003	15 August 2003	striking off by the Companies Registry <sup>(1)</sup>
Berican Company Limited	investment in properties in Hong Kong	defunct	19 September 2003	27 February 2004	striking off by the Companies Registry <sup>(1)</sup>
Boligan Company Limited	investment in properties in Hong Kong	defunct	26 September 2003	12 March 2004	striking off by the Companies Registry <sup>(1)</sup>
Gold Bright International Investment Limited . .	investment in properties in Hong Kong	defunct	21 November 2003	21 May 2004	striking off by the Companies Registry <sup>(1)</sup>
Wincewick Enterprises Limited . . . . .	investment in properties in Hong Kong	defunct	21 October 2005	10 February 2006	striking off by the Companies Registry <sup>(1)</sup>
Kailun Lee Company Limited . . . . .	investment in properties in Hong Kong	defunct	10 February 2006	9 June 2006	striking off by the Companies Registry <sup>(1)</sup>

*Note:*

1. Mr. KL Lee confirmed that each of the dissolved companies above was solvent immediately prior to dissolution and had no outstanding claims or liabilities.

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## DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

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**Dr. Kan Hou Sek Jim (簡厚錫)**, aged 59, is the executive Director of our Group and is responsible for business development, quality and technical assurance. Dr. Kan joined our Group as a Technical Director on 2 January 2003 and also a director of WWW Construction since March 2007 and has over 25 years of experience in the construction industry in Hong Kong. Dr. Kan obtained a degree of Bachelor of Science from the Heriot-Watt University in July 1981, majoring in civil engineering. Dr. Kan also obtained a degree of Master of Science in Engineering Geology from Imperial College of Science and Technology in August 1983. In December 1987, Dr. Kan was awarded the degree of Doctor of Philosophy by the Victoria University of Manchester. Before joining our Group, Dr. Kan was employed as an engineer in Sir William Halcrow & Partners Limited in the United Kingdom from April 1986 to September 1988. Dr. Kan then joined Tralfagar House Technology Limited in the United Kingdom as a senior geotechnical engineer from October 1988 to January 1989. After that, Dr. Kan worked in New World Development Company Limited in Hong Kong from February 1989 to April 1992 and his last position was the chief geotechnical engineer who was responsible for providing geotechnical consultancy services. Dr. Kan then joined Sunlink Limited, which was a foundation construction firm, as a director from May 1992 to March 2003. At the same period, Dr. Kan also served as the director of Precast Piling & Engineering Company Limited. From 1994 to 1997, Dr. Kan served as the director and general manager of Shanghai Metro-Sunlink Real Estate Limited (上海地鐵旭匯置業有限公司), which was a property developer. During 1998 to 1999, Dr. Kan also served as commercial representative of People's Government of Wuqing District in Tianjin of the PRC. Then, Dr. Kan worked as a Technical Director in Join Ocean Construction Machinery Engineering Company Limited which was a construction contractor from 2003 to February 2004. From November 1993 to 1997, Dr. Kan worked as director at Waysome International (Tianjin) Hotel Limited (威龍國際(天津)大酒店有限公司) which was conducting hotel operation. From January 1994 to 1997, Dr. Kan also worked as director at Honsal (Tianjin) Property Development Limited (漢山(天津)房地產開發有限公司) which was conducting property development. Since July 1993, Dr. Kan has been acting as the general manager of Waysome Taxi (Tianjin) Company Limited (威龍國際(天津)出租車有限公司) which is conducting taxi rental business. From June 2009 to October 2014, Dr. Kan worked as director at Parsons Brinckerhoff (Tianjin) Limited (柏誠(天津)建築設計有限公司) which was conducting construction engineering design and consultancy services. Dr. Kan has not held any directorship in any listed company in the three years immediately preceding the Latest Practicable Date.



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## DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

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Dr. Kan was a director of the following companies which were incorporated in Hong Kong and were dissolved during his tenure:

<u>Name of company</u>	<u>Nature of business</u>	<u>Reasons of being dissolved</u>	<u>Date of notice of dissolution</u>	<u>Date of being dissolved</u>	<u>Manner of dissolution</u>
Sunlink Construction (China) Limited . .	never commenced business	defunct	20 December 2002	25 April 2003	striking off by the Companies Registry <sup>(1)</sup>
Precast Piling and Engineering Company Limited .	piling, civil engineering and construction	defunct	29 January 2003	14 April 2011	compulsory winding-up by creditor <sup>(3)</sup>
Sunlink Limited . . . .	civil engineering contracting, design and project management of substructure construction	defunct	11 July 2003	N/A <sup>(1)</sup>	compulsory winding-up by creditor <sup>(2)(3)</sup>
Sun King Properties Limited . . . . .	investment in properties	defunct	3 November 2006	2 March 2007	striking off by the Companies Registry <sup>(1)</sup>
Waysome Piles Co., Limited . . . . .	distribution of building materials	defunct	5 January 2007	4 May 2007	striking off by the Companies Registry <sup>(1)</sup>
Sunlink Assets Limited	leasing of machinery	defunct	10 August 2007	7 December 2007	striking off by the Companies Registry <sup>(1)</sup>

*Note:*

1. Dr. Kan confirmed that each of the companies dissolved by striking off above was solvent immediately prior to dissolution and had no outstanding claims or liabilities.
2. The liquidator of Sunlink Limited filed a certificate of release of liquidator on 7 July 2015 stating in accordance with section 226A of the Predecessor Companies Ordinance that the affairs of Sunlink Limited have been completely wound up and they have been granted release by order of the court under section 205 of the Predecessor Companies Ordinance. Under section 226A of the Predecessor Companies Ordinance, after the registration of the certificate of release with the Companies Registry and on the expiration of 2 years from the registration of the certificate of release, the company shall be dissolved, provided that the court may, on application of the Official Receiver or the liquidator, make an order deferring the date at which the dissolution of the company is to take effect for such time as the court may think fit. As at the Latest Practicable Date, Sunlink Limited was still under the process of dissolution.
3. Dr. Kan confirmed that he is not aware of any outstanding dispute or liabilities in connection with Precast Piling and Engineering Company Limited and Sunlink Limited.

## DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

Dr. Kan was a director or the legal representative of the following companies which were incorporated in the PRC and were dissolved during his tenure:

Name of company	Position(s)	Nature of business	Reasons of being dissolved	Date of revocation of business licence	Date of dissolution
Shanghai Metro-Sunlink Real Estate Limited. . . . .	director	property development	failure to renew business licence	6 July 2004	7 September 2012
Waysome International (Tianjin) Hotel Limited . . .	legal representative	hotel operation	failure to renew business licence	14 February 2006	N/A <sup>(1)</sup>
Honsal (Tianjin) Property Development Limited . . . .	legal representative	property development	failure to renew business licence	14 February 2006	N/A <sup>(1)</sup>
Sunlink (Tianjin) Construction Engineering Co., Ltd. . . . .	legal representative	construction	failure to renew business licence	27 December 2010	N/A <sup>(1)</sup>

*Note:*

1. As at the Latest Practicable Date, Waysome International (Tianjin) Hotel Limited, Honsal (Tianjin) Property Development Limited and Sunlink (Tianjin) Construction Engineering Co., Ltd. have not commenced dissolution.
2. Dr. Kan confirmed that each of the dissolved companies above was solvent immediately prior to the date of revocation of business licence and had no outstanding claims or liabilities.

The business licences of Shanghai Metro-Sunlink Real Estate Limited, Waysome International (Tianjin) Hotel Limited, Honsal (Tianjin) Property Development Limited and Sunlink (Tianjin) Construction Engineering Co., Ltd. were revoked in 2004, 2006, 2006 and 2010, respectively due to their failure to undergo annual inspection as required under the relevant PRC laws and regulations after cessation of businesses.

Dr. Kan confirmed that (i) the above companies were solvent at the time of their dissolution or revocation of business licences; and (ii) he did not incur any debt and/or liabilities because of such dissolution and revocation.

### *The Sunlink Group Companies*

From November 1999 to July 2002, Dr. Kan also served as a director for Boustead P.L.C (“**Boustead**”) which was incorporated in the United Kingdom, listed on the London Stock Exchange, and focused on businesses in Hong Kong and the PRC including construction and foundation works. Sunlink Assets Limited, Precast Piling and Engineering Company Limited, Sunlink Limited and Waysome Piles Co., Limited (“**Sunlink Group Companies**”) were Boustead’s operating subsidiaries in Hong Kong.

In or around 2000, because of the recession of the construction industry in Hong Kong, coupled with the macroeconomic downturn in Asia-pacific, the business of Boustead in Hong Kong had been affected severely. In 2001, considering the expenses of maintaining a listing status, the board of directors of Boustead proposed to dispose of the Sunlink Group Companies to Boustead’s then controlling shareholder, Worcester Investment Holdings Limited (“**Worcester**”). Dr. Kan held approximately 25% of effective interest of Worcester.

The said disposal was completed in July 2002. At the same time, Worcester sold its shares in Boustead to an Independent Third Party who then took control of Boustead. Upon completion, the Sunlink Group Companies were wholly-owned by Worcester and Dr. Kan ceased to be a director of Boustead.

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## DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

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Following the above transactions, in November 2002, creditors' petitions were filed for the winding-up of Precast Piling and Engineering Company Limited and Sunlink Limited. Each of Precast Piling and Engineering Company Limited was dissolved in April 2011 and as at the Latest Practicable Date, Sunlink Limited was still in the process of winding-up. Sunlink Assets Limited and Waysome Piles Co., Limited were dissolved by striking off in December 2007 and May 2007, respectively.

### *The bankruptcy order*

Dr. Kan was adjudged bankrupt in March 2003 and the bankruptcy order was annulled in February 2008 on one of the three grounds under Dr. Kan's application, being the irregularity of service of the bankruptcy petition, which was based on section 33(1)(a) of the Bankruptcy Ordinance (Cap. 6) that on any grounds existing at the time the bankruptcy order was made, the bankruptcy order ought not to have been made.

### Background

In November 2002, Citicorp Commercial Finance Limited (the "**Petitioner**") made a bankruptcy petition (the "**Petition**") against Dr. Kan in Hong Kong for outstanding judgement debt (the "**Debt**") on a judgement made in April 2002. The Debt arose from a guarantee executed by Dr. Kan under which he guaranteed the obligations of Sunlink Assets Limited, a company which Dr. Kan held directorship in, under a hire-purchase agreement for a hydraulic hammer. Dr. Kan had no knowledge of the Petition as the Petition was found by the court not to have been validly served on Dr. Kan in November 2002 by way of personal service as the Petitioner had only served the Petition at a then personal address of Dr. Kan but not other then addresses of Dr. Kan known to the Petitioner (such as the address of Sunlink Assets Limited, which was a party to the relevant hire-purchase agreement for the hydraulic hammer). Further, Dr. Kan was receiving medical treatment in the United Kingdom when the bankruptcy order was made against him in his absence on 5 March 2003 in Hong Kong. Dr. Kan returned to Hong Kong from the United Kingdom after his medical treatment in April 2003 and became aware that he was adjudged bankrupt in his absence.

### Actions taken by Dr. Kan

- After the bankruptcy order was made against Dr. Kan, Dr. Kan submitted a statement of affairs in May 2003 to set out all his assets and liabilities to the Official Receiver, which included debts owed to creditors other than the Petitioner. Meanwhile, two trustees were appointed by the creditors of Dr. Kan in June 2003 as joint and several trustees (the "**Trustees**") for the bankruptcy.
- As confirmed by Dr. Kan, he did not agree with the bankruptcy order that was made against him and sought legal advice with respect to annulment of the bankruptcy order in April 2003. At that time, he was confident that the resale value of the hydraulic hammer would be sufficient to cover the Debt. In fact, the hydraulic hammer was sold by the Petitioner in June 2003, the proceeds of which were more than sufficient to cover the Debt. On such basis, Dr. Kan was initially advised that he had a strong case to successfully annul the bankruptcy order if he could repay all other creditors. As such, Dr. Kan filed a summons in July 2003 for an application for annulment of the bankruptcy order pursuant to the Bankruptcy Ordinance (Chapter 6 of the Laws of Hong Kong) on the ground that all of the then outstanding bankruptcy debts and expenses of the bankrupt have been paid.

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## DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

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- Upon seeking further legal advice, Dr. Kan's application was amended in August 2003 on the grounds that (a) the petitioning debt was a debt which has been partially paid and fully secured or was a debt which the debtor had reasonable prospect of being able to repay within a short time under section 98(1) of the Bankruptcy Ordinance (Cap. 6); and (b) the substituted service of the Petition was invalid and the bankruptcy order ought not to have been made.
- In support of Dr. Kan's application for annulment, he was advised to (a) obtain confirmation from the Petitioner on whether the sale proceeds of the hydraulic hammer under the relevant hire-purchase agreement was sufficient to cover the Debt; and (b) either repay all the creditors or reach an agreement with them for payments in order to avoid the risk of facing another bankruptcy petition presented by the unpaid creditors before continuing with his application for annulment of the bankruptcy order.
- In view of the advices received, Dr. Kan contacted (a) the Petitioner to seek confirmation on the sale proceeds of the hydraulic hammer as mentioned above and the hydraulic hammer was later sold by the Petitioner in June 2003, the proceeds of which were more than sufficient to cover the Debt and (b) all creditors to make proposals for repayment of the debts owed to them and negotiated with the Trustees with respect to settlement of the debts during 2003 to 2007.
- During that period of time, since all of the assets of Dr. Kan were kept by the Trustees, Dr. Kan could not utilise any part of them to repay the debts and could not raise loan as a result of being a bankrupt. Further complicated by the fact that all of Dr. Kan's communications with these creditors had to go through the Trustees and each creditor responded to Dr. Kan's proposal at their own pace, the process was drawn out and lengthy. After exhausted all alternatives, Dr. Kan eventually turned to his family members for financial support in order to show that he had made plans to secure repayment of the outstanding amounts to support his application for the annulment.

### *The annulment of the bankruptcy order*

The bankruptcy order was annulled in February 2008 on one of the three grounds under Dr. Kan's application, being the irregularity of service of the bankruptcy petition, which was based on section 33(1)(a) of the Bankruptcy Ordinance (Cap. 6) that on any grounds existing at the time the bankruptcy order was made, the bankruptcy order ought not to have been made.

In addition to the time involved in the negotiation with the Trustees and creditors in the settlement of all debt and in the court proceedings for the annulment as referred to above, due to a change of Dr. Kan's then solicitors as a result of a change in personnel of that law firm and Dr. Kan's health problems which led to his departure to the United Kingdom for medical treatment in November 2007, the bankruptcy order was not annulled until February 2008. The Petition was withdrawn by consent of the parties in May 2016 as a formality for good record.

### *The breach of Section 156 Prohibition (the "**Breach**")*

While Dr. Kan was an undischarged bankrupt, he was appointed in March 2007 as a director of WWW Construction, which was a private company in 2007 and subsequently became part of the Group (the "**Appointment**"). Under section 156 of the Predecessor Companies Ordinance, Dr. Kan should have been prohibited from acting as a director while he was an undischarged bankrupt (the "**Section 156 Prohibition**").

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## DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

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Dr. Kan joined the Group as a Technical Director in February 2004 given his background and experience as a technical engineer in geology and civil engineering. After working with Mr. SM Lee and Mr. Wong for some time, Mr. SM Lee, Mr. Wong and Dr. Kan considered that the Group could grow further by working closer together and as such, Dr. Kan was appointed as a director in WWW Construction in March 2007. In addition to providing quality and technical assurance to the projects of the Group, Dr. Kan was also involved in the Group's business development and sourcing of projects given his then new appointment as director.

Dr. Kan confirmed that he had never been bankrupt prior to the bankruptcy order made against him in March 2003 and as a technical engineer he did not have any knowledge of the Section 156 Prohibition, amid his extensive experience in the construction industry and various directorships held prior to the Appointment.

As confirmed by Dr. Kan, his legal advisers did not advise him on the Section 156 Prohibition and Dr. Kan also confirmed that he had never been notified by any other parties that he was prohibited from being appointed as a director in Hong Kong during the period when he was an undischarged bankrupt. As such, he was not aware of this particular aspect of the consequences of being bankrupt.

Although Dr. Kan had engaged legal advisers in relation to the annulment of the bankruptcy order and for his personal matters at the time of the Appointment, the legal advisers did not advise him on the Section 156 Prohibition at the time as the focus of the legal advice provided by the legal advisers was solely on the intended application for the annulment of the bankruptcy order.

In light of the above, Dr. Kan confirmed that the breach of the Section 156 Prohibition was an unintentional and inadvertent error on his part due to lack of the relevant knowledge of the Section 156 Prohibition.

### *Legal opinions on the annulment order and the Breach*

As advised by Dr. Kan's Counsel on Bankruptcy as to the effect of section 156 of the Predecessor Companies Ordinance, the consequence of contravention was a maximum fine of HK\$700,000 and imprisonment for two years (if the matter is tried on indictment) or a maximum fine of HK\$150,000 and imprisonment for one year (if the matter is tried summarily). Nonetheless, Dr. Kan's Counsel on Bankruptcy advised that the annulment of the bankruptcy order in 2008 had retrospective effect which meant that Dr. Kan was put in the same position as if there had been no bankruptcy order made against him. Therefore, there is no risk of criminal prosecution of Dr. Kan under section 156(1) of the Predecessor Companies Ordinance.

### *The building summons*

A summons KCS16408/2016 (the "**Building Summons**") was issued by the Buildings Department against Dr. Kan on 13 May 2016, alleging that Dr. Kan, being the owner of a residential property (the "**Property**"), failed to comply with an order by the Building Authority to demolish unauthorised building works and to reinstate the affected parts of the Property, contrary to section 40(1BA) of the Buildings Ordinance. A person who commits an offence under section 40(1BA) of the Buildings Ordinance is liable to a maximum fine of HK\$200,000 and imprisonment for one year, and to a fine of HK\$20,000 for each day during which the offence has continued.

Until Dr. Kan paid a visit to the Property on 2 August 2016, he was unaware of the Building Summons as he resided at another address and the Property was unoccupied at all material times. Upon further enquiry, Dr. Kan noted that an order by the Building Authority was issued on

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## DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

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29 April 2015 and registered against the Property (the “**Building Order**”), alleging that unauthorised building works were carried out in the Property, and requiring Dr. Kan to complete rectifying works within 60 days of the date of the Building Order. Immediately after Dr. Kan found out the Buildings Summons and the Building Order, he consulted his legal advisers on the Building Summons who had then informed the court the reason of his failure to appear at the hearing of the Building Summons. The hearing of the Building Summons was then re-fixed to 21 September 2016.

Subsequently, Dr. Kan had arranged for necessary rectifying works which were completed in early September 2016. On 19 September 2016, the Buildings Department carried out an inspection to ascertain whether the Building Order had been duly complied with. On 21 September 2016, Dr. Kan pleaded guilty and was fined HK\$4,680. Dr. Kan’s Legal Adviser on Building Summons advised that (i) a representative of the prosecution from the Buildings Department confirmed that the rectifying works had been duly completed and a letter of compliance of the Building Order would be issued to Dr. Kan in due course; and (ii) the conviction would not be entered into the Police Operational Nominal Index Computer System as the offence was not a recordable criminal offence.

*Dr. Kan’s rectification measures to avoid future breaches, in particular, the Companies Ordinance and the Predecessor Companies Ordinance and the Group’s enhanced corporate governance to ensure due compliance with all laws and regulations going forward*

Dr. Kan has carried out and/or has agreed to carry out the following rectification measures to avoid occurrence of any incidents similar to the above non-compliances.

- in the course of the preparation for Listing, Dr. Kan has sought advice from his Legal Counsel on Bankruptcy on the Predecessor Companies Ordinance, the Companies Ordinance and the Bankruptcy Ordinance with respect to the Section 156 Prohibition and became aware of the Section 156 Prohibition and the implication of the breach of such prohibition;
- Dr. Kan and other Directors and senior management attended training session in April 2016 conducted by our legal advisors as to Hong Kong law on (a) the on-going obligations and duties of a director of a company whose shares are listed on the Stock Exchange; and (b) compliance with the Listing Rules;
- Dr. Kan and other Directors attended a training session in January 2017 conducted by our legal advisors as to Hong Kong law on (i) directors’ duties under the Companies Ordinance and the Predecessor Companies Ordinance, covering the requirements relating to duty of care, skill and diligence, and other statutory obligations of directors including accounting records and financial reporting, and disqualification of directors; and (ii) the continuing obligations of a non-Hong Kong company duly registered under Part 16 of the Companies Ordinance;
- Dr. Kan has taken corporate governance and directors duties training courses totaling 7.5 hours before the Listing and will take further training course totaling not less than 20 hours during the first year following the Listing. Such course will include topics on the Companies Ordinance and duties and liabilities for directors of listed companies, risk management, the latest development or changes in the relevant regulatory requirements and corporate governance practices, which would increase Dr. Kan’s understanding and awareness of the subjects and help him in identifying and dealing with such issues so that incidents similar to the breach of the Section 156 Prohibition and non-compliances in our Group could be avoided;



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## DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

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- if Dr. Kan discovers any breaches or potential breaches of laws and the Listing Rules, Dr. Kan will inform such issues to the other Directors and corporate governance department (particulars of which are stated in the section headed “Business — Risk Management and Internal Controls System — Internal control measures designed to improve corporate governance” in this prospectus), and/or raise the same during our Company’s board meetings, to make sure the same will be properly and promptly addressed and/or resolved by the management; and
- Dr. Kan will sign an annual declaration of compliance to acknowledge that he has complied with the corporate governance measures and internal control manual of our Group, and all relevant rules and regulations administered by the SFC and the Stock Exchange applicable to him as an executive Director.

Please refer to the section headed “Business — Risk Management and Internal Controls System — Internal control measures designed to improve corporate governance” in this prospectus for our Group’s internal control procedures to further enhance corporate governance and to ensure due compliance with all laws and regulations going forward.

### *Views of our Company and the Sole Sponsor*

Having taken into account the following considerations:

- the bankruptcy order was made because Dr. Kan had no knowledge of the Petition as it was found by the court not to have been validly served on Dr. Kan in November 2002 by way of personal service as the Petitioner had only served the Petition at a then personal address of Dr. Kan but not other then addresses of Dr. Kan known to the Petitioner (such as the address of Sunlink Assets Limited, which was a party to the relevant hire-purchase agreement for the hydraulic hammer). Further, Dr. Kan was receiving medical treatment in the United Kingdom when the bankruptcy order was made against him in his absence on 5 March 2003 in Hong Kong. The Petition for the Debt was solely due to the guarantee Dr. Kan provided to Citicorp Commercial Finance Limited, in his capacity as a director of Sunlink Assets Limited, under a hire-purchase agreement for a hydraulic hammer;
- the fact that the Petitioner managed to sell the hydraulic hammer a few months after the bankruptcy order at a price which was more than sufficient to cover the Debt supports that the Petition should not have been made in the first place;
- Dr. Kan actively took steps to seek legal advice to apply for annulment of the bankruptcy order as soon as he became aware of the bankruptcy order made against him;
- Dr. Kan confirmed that the factors that lengthened the time for the bankruptcy order to be annulled was beyond his control and he had used his best endeavours given his then situations to resolve the matter and had exhausted all avenues available under the circumstances at that time to settle the outstanding debts;
- Dr. Kan had never been bankrupt before and did not have any knowledge of all the consequences of being an undischarged bankrupt, including the Section 156 Prohibition, but as soon as he became aware of the Breach during the preparation of the Listing, Dr. Kan sought legal advice;



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## DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

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- Dr. Kan confirmed that his then legal advisers did not advise him on the Breach during the period when he was an undischarged bankrupt and he had never been notified by any other party that he was prohibited from being appointed as a director in Hong Kong during the period when he was an undischarged bankrupt;
- as confirmed by Dr. Kan, the Breach was an unintentional and inadvertent error on his part due to lack of the relevant knowledge of the Section 156 Prohibition. The focus of the legal advice provided at that time was solely on the intended application for the annulment of the bankruptcy order and Dr. Kan was advised at the time that he had a strong case to successfully annul the bankruptcy order if he could repay all the creditors and he believed that the bankruptcy order made against him would be invalid;
- the basis of the annulment (i.e. that on any grounds existing at the time the bankruptcy order was made, the bankruptcy order ought not to have been made) and the legal opinion from Dr. Kan's Counsel on Bankruptcy that the annulment of the bankruptcy order against Dr. Kan had retrospective effect and that there is no risk of criminal prosecution of Dr. Kan under Section 156(1) of the Predecessor Companies Ordinance;
- Dr. Kan's professional qualifications, experience and contribution to the development and growth of the Group. Throughout the years, Dr. Kan has demonstrated his competence and abilities as a director of the operating subsidiaries of our Group, which has successfully grew and expanded both operationally and financially under the leadership of Dr. Kan. Our Company considers that Dr. Kan has the character, experience and integrity commensurate with his position as a Director and director of the subsidiaries of our Group. Please refer to Dr. Kan's biography as disclosed above;
- the rectification measures that have been carried out and to be carried out by Dr. Kan as disclosed above in this section; and
- the Company's enhanced internal control and corporate governance procedures to ensure due compliance with all laws and regulations going forward as disclosed in the section headed "Business — Risk Management and Internal Controls System",

it is our Company's view that Dr. Kan had done all that he could in the circumstances and therefore had properly handled the bankruptcy proceedings and the Breach was unintentional. Our Company and other Directors have confidence in Dr. Kan and do not see that his suitability as a Director is called into question as a result of the bankruptcy order or the Breach.

In light of the above, the Directors and the Sole Sponsor have no reason to believe the circumstances leading to Dr. Kan's bankruptcy or the Breach involved any element of fraud, dishonesty or raise serious concerns as to the integrity on the part of Dr. Kan and the Directors, as concurred by the Sole Sponsor, are of the view that the bankruptcy proceedings, the annulment of the bankruptcy order, the Breach and Dr. Kan's handling on these incidents do not affect Dr. Kan's suitability as a director of a listed company given the requirements under Rules 3.08 and 3.09.

**Mr. Lee Sai Man (李世民)**, aged 57, is an executive Director of our Group and is responsible for business development, tendering process and daily operation. Mr. SM Lee is also a director of WWW Construction since 2000. Mr. SM Lee was awarded a Diploma in Civil Engineering Studies from the Technical Institute of Education Department of Hong Kong in July 1981. Mr. SM Lee has over 20 years of experience in the construction industry in Hong Kong. Before founding WWW Construction in May 1999, Mr. SM Lee was a technician engineer of

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## DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

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Franki Contractors Limited from July 1981 to June 1982. Mr. SM Lee then worked in Shine Construction Company Limited as a site engineer from July 1982 to May 1985. Mr. SM Lee joined Leighton Bruckner Foundation Engineering Limited as a site agent from May 1985 to March 1994. After that, Mr. SM Lee worked in Intrusion Prepakt (Far East) Limited as a project manager. Mr. SM Lee served as a production manager of Sum Tat Piling & Engineering Company Limited from October 1995 to February 1997. During October 1997 to December 2005, he was a director of Polystar Engineering Limited. The above mentioned companies were all foundation contractors. Mr. SM Lee has not held any directorship in any listed company in the three years immediately preceding the Latest Practicable Date.

Mr. SM Lee was a director of the following companies which were incorporated in Hong Kong and were dissolved during his tenure:

<u>Name of company</u>	<u>Nature of business</u>	<u>Reasons of being dissolved</u>	<u>Date of notice of dissolution</u>	<u>Date of being dissolved</u>	<u>Manner of dissolution</u>
Polystar Engineering Limited . . . . .	construction	defunct	9 September 2005	6 January 2006	striking off by the Companies Registry <sup>(1)</sup>
Pacific Linker Engineering Limited	leasing of machinery	defunct	17 April 2009	21 August 2009	striking off by the Companies Registry <sup>(1)</sup>

*Note:*

1. Mr. SM Lee confirmed that the dissolved companies above were solvent immediately prior to dissolution and had no outstanding claims or liabilities.

Mr. SM Lee was also a director of Guangzhou Free Trade Zone Wei Fa Waterproof Construction Engineering Company Limited\* (廣州保稅區衛發建築防水工程有限公司) which was incorporated in the PRC and provided waterproof construction services, sale of interior decoration materials, manufactured and developed waterproof materials and traded construction materials and was dissolved in November 2004 due to expiry of business license.

**Mr. Wong Siu Kwai (黃紹桂)**, aged 53, is an executive Director of our Group. Mr. Wong is responsible for production, site management and supervision. Mr. Wong is a founder of our Group. Mr. Wong is also a director of WWW Construction since 1999. In the course of his career, Mr. Wong has over 30 years of experience in the construction industry in Hong Kong. Mr. Wong attended secondary school education in Hong Kong and graduated in July 1982. He has been awarded a Technically Competent Person T1 Certificate by the Construction Industry Training Authority of Hong Kong in May 2005. Before founding WWW Construction in June 1999, Mr. Wong worked as a site engineer of Shine Construction Company Limited which was a foundation contractor from August 1982 to March 1985. Mr. Wong was employed as a leveler by Leighton Bruckner Foundation Engineering Limited which was a foundation contractor from April 1987 to April 1990. Mr. Wong was a partner of Lung Tang Construction Company which was a civil engineering contractor from April 1990 to February 1999. Mr. Wong has not held any directorship in any listed company in the three years immediately preceding the Latest Practicable Date.

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## DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

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Mr. Wong was a director of the following company which was incorporated in Hong Kong and was dissolved during his tenure:

Name of company	Nature of business	Reasons of being dissolved	Date of notice of dissolution	Date of being dissolved	Manner of dissolution
Lung Tang Construction Co., Limited . . . . .	construction contractor	defunct	22 October 2010	25 February 2011	striking off by the Companies Registry <sup>(1)</sup>

*Note:*

1. Mr. Wong confirmed that the dissolved company above was solvent immediately prior to dissolution and had no outstanding claims or liabilities.

Mr. Wong was also a director of Guangzhou Free Trade Zone Wei Fa Waterproof Construction Engineering Company Limited\* (廣州保稅區衛發建築防水工程有限公司) which was incorporated in the PRC and providing waterproof construction services, sale of interior decoration materials, manufactured and developed waterproof materials and traded construction material and was dissolved in November 2004 due to expiry of business licence.

On 12 July 2016, Mr. Wong had a dispute with two individuals (the “**Dispute**”). The Dispute happened near our Group’s office in Kowloon Bay where Mr. Wong was encountered by the two individuals, one of whom was a representative of Subcontractor J. During the incident, Mr. Wong was injured and he called the Hong Kong Police Force (the “**Police**”). Shortly after the Police arrived at the scene, upon questioning each of Mr. Wong and the two individuals, the Police arrested one of the individuals and then Mr. Wong was accused of claiming himself to be a member of a triad society and was arrested accordingly (the “**Arrest**”), contrary to section 20(2) of the Societies Ordinance (Chapter 151 of the Laws of Hong Kong). A person who commits an offence under section 20(2) of the Societies Ordinance is liable to a maximum fine of HK\$100,000 and imprisonment for three years in the case of a first conviction. Mr. Wong was under bail since 12 July 2016 and was required to report to the Police periodically. On 4 October 2016, Mr. Wong was informed by the Police that they had completed the investigation and there was insufficient evidence to support a charge against Mr. Wong or any person. Mr. Wong was unconditionally released from bail subsequently on 6 October 2016.

Mr. Wong’s Senior Legal Counsel opined that (i) having considered the background of the Arrest, he had the strong view that the accusations made against Mr. Wong was fabricated; (ii) even if Mr. Wong were charged, the chances of conviction was virtually zero; and (iii) the likelihood of the Hong Kong Police Force reopening its investigations into the matter was virtually nil. Mr. Wong’s Legal Counsel also opined that (i) there was no chance that the Hong Kong Police Force would carry out further investigation in respect of the Arrest against Mr. Wong; and (ii) it was not possible for any charge to be laid against Mr. Wong after the investigation was ceased and Mr. Wong was released unconditionally.

Mr. Wong confirmed that (i) he has never claimed himself to be a member of a triad society; and (ii) he is not and has never been a member of any triad society. Furthermore, Mr. Wong and the Directors believe that such accusation on Mr. Wong had no basis, but simply to cause further nuisance to the Group and its employees as Mr. Wong and the Directors believe that the Dispute is connected to the on-going legal proceedings between the Company and Subcontractor J with respect to alleged interim payments owed by the Group to Subcontractor J. The alleged outstanding interim payments arose from the construction of a residential development at Castle Peak Road in Hong Kong and we initiated legal proceedings in December 2015 against Subcontractor J and Mr. N for breach of the sub-contract dated 5 October 2014. For further details on the legal proceedings, please refer to the paragraph headed

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## DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

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“Business — Litigation — Dispute with a subcontractor” in this prospectus. In fact, between April 2015 and July 2016, a series of events happened before and after the Dispute, which led Mr. Wong and the Directors to believe such connection exists. During the said period, a representative of Subcontractor J and/or other individual(s), including the same two individuals involved in the Dispute, have caused nuisance to the Group and/or its staff on numerous occasions, including but not limited to forcefully entering the construction site of the Project and attempting to halt the construction progress, claiming to be debt collectors on behalf of Subcontractor J and entering into the Group’s office to collect the alleged outstanding interim payments and damaging the front door and reception’s desk of the Group’s office. The Group had reported such incidents to the Police.

Having considered the circumstances and factors above, as well as Mr. Wong’s experience and contribution to the development and growth of our Group, our Directors believe that Mr. Wong has the character, experience and integrity to act as a director pursuant to the Listing Rules.

**Mr. Kwong Po Lam (鄺保林)**, aged 60, is an executive Director of our Group. Mr. Kwong is responsible for quality and technical assurance. Mr. Kwong has over 30 years of experience in the construction industry. Before joining our Group, he worked as assistant engineer of Stresstek (H.K.) Limited, in which he was responsible for construction site management and supervision, from January 1980 to March 1981. He then worked as structural designer of Gordon Wu & Associates, in which he was responsible for engineering design and construction site inspections, from April 1981 to September 1982. He then joined Ove Arup & Partners Hong Kong Limited as an engineer, in which he was responsible for civil/structural engineering design and on-site supervision, from September 1982 to January 1986. From February 1986 to November 1989, he was the assistant head of the structural section and structural engineer of KNW Architects & Engineers Limited, in which he was responsible for site inspections and supervision, processing engineering plans submission and providing structural engineering advices. He was employed by the Hong Kong Government as structural engineer from December 1989 to August 1990. He then joined Dywidag-Systems International Canada Limited as engineer from February 1992 to December 1993 and was mainly responsible for project planning, civil/structural engineering design and site supervision. He has been working at Wong & Cheng Consulting Engineers Limited which is specialised in engineering design, preparation of drawings and technical specifications, contract administration, site supervision and other related works since January 1994 and is currently its managing director. He was awarded with an associateship in Civil and Structural Engineering from Hong Kong Polytechnic University (formerly known as Hong Kong Polytechnic) in November 1981. He also obtained a degree of Master of Science in Engineering (Civil Engineering) from the University of Hong Kong in November 2000. He has been holding the following memberships, namely (i) member of the Institution of Civil Engineers; (ii) member of the Institution of Structural Engineers; and (iii) member of the Association of Professional Engineers and Geoscientists of British Columbia, Canada. He was admitted as fellow of the Hong Kong Institution of Engineers in July 2003. He was qualified as Chartered Engineer of the Engineering Council of the United Kingdom in May 1986, and a Registered Professional Engineer with Engineers Registration Board of Hong Kong in November 1995. He was also authorised as Civil Engineer by the Land, Public Works and Transport Bureau of the Macao Special Administrative Region in January 2016. He was qualified as registered structural engineer since 1987 and is currently authorised person (list of engineers), registered inspector (list of engineers) and registered geotechnical engineer with Building Authority. He obtained the Certificate of Class I Registered Structural Engineer of the PRC in July 2001. Mr. Kwong has not held a directorship in any listed company in the three years immediately preceding the Latest Practicable Date.

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## DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

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### Independent non-executive Directors

**Mr. Fan Siu Kay (樊紹基)**, aged 67, was appointed as our independent non-executive Director on 6 May 2016. Mr. Fan was conferred honorary fellowship of the Hong Kong Polytechnic University in 2010 and has been the adjunct professor of the department of building and real estate in the Hong Kong Polytechnic University since 2011. Mr. Fan has over 40 years of experience in structural design and construction management, inter alia, Mr. Fan has worked for the Buildings Department for approximately 9 years and gained wide experience in dealing with the regulations and procedures of Hong Kong Government. During March 1980 to May 1988, he was employed by the Hong Kong Government as structural engineer. From July 1990 to March 1998, he worked at Kam Wo Construction Company Limited, a company principally conducting general construction and his last position was the chairman. He worked at Daido Concrete (HK) Limited (Stock Code: 544) from May 1988 to March 1998 and his last position was executive director. From March 1998 to June 2000, he was a director of Siu Yin Wai & Associates Limited, a company mainly provided structural consultancy services. He served as managing director of Joint Management Technologies Limited which was a general construction contractor from June 2000 to March 2001 and was responsible for construction supervision. He worked as a director of Paul Y. Construction Company Limited which was a general construction contractor from March 2001 to November 2003 and was responsible for project supervision and daily management. He worked at Hyder Consulting Limited, a global design and consultancy firm listed on London Stock Exchange, from November 2003 to May 2009 and his last position was the head of facade engineering department. He has been acting as a director of Head Benefit Limited and Johnny Fan & Associates Limited which are both structural consultancy company since May 2009 and June 2012 respectively. Mr. Fan was awarded higher diploma in structural engineering from the Hong Kong Technical College on 31 July 1972. Mr. Fan obtained a degree of Bachelor of Science with honours in July 1976 and a degree of Master of Science from the City University of London in January 1979. Mr. Fan has been a member of the Institution of Structural Engineer since 1979. Mr. Fan has been a registered structural engineer and authorised person (list of engineers) with Building Authority since 1987. Mr. Fan was admitted as fellow of the Institution of Structural Engineers and the Hong Kong Institution of Engineers in January 1994 and February 1996 respectively. Mr. Fan obtained the Certificate of Class I Registered Structural Engineer of the PRC in June 2003. Save as disclosed above, Mr. Fan has not held any directorship in any listed company in the three years immediately preceding the Latest Practicable Date.

Mr. Fan was a director of the following companies which were incorporated in Hong Kong and were dissolved during his tenure:

<u>Name of company</u>	<u>Nature of business</u>	<u>Reasons of being dissolved</u>	<u>Date of notice of dissolution</u>	<u>Date of being dissolved</u>	<u>Manner of dissolution</u>
Codex Development Limited . . . . .	property investment	defunct	22 March 2002	23 August 2002	striking off by the Companies Registry <sup>(1)</sup>
Mansin International Limited . . . . .	property investment	defunct	12 April 2002	6 September 2002	striking off by the Companies Registry <sup>(1)</sup>

*Note:*

1. Mr. Fan confirmed that the dissolved companies above were solvent immediately prior to dissolution and had no outstanding claims or liabilities.



## DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

**Mr. Leung William Wai Kai (梁煒佳)**, aged 62, was appointed as our independent non-executive Director on 6 May 2016. Mr. Leung graduated from the Illinois Institute of Technology with a Master Degree in Architecture in May 1981. Mr. Leung is a Registered Architect in the United States and has worked for architectural firms in both the United States and Hong Kong for 9 years before joining New World Development Company Limited (Stock Code: 017), a company specialised in property development projects in Hong Kong and the PRC. He also worked at New World Project Management Limited from May 1990 to May 2009 and was responsible for the management and development of numerous property projects in Hong Kong, the PRC and Southeast Asia and his last position was director and general manager. He has been working at New Metro Consultants Limited as a managing director since May 2009 and is responsible for construction consultancy. From September 2013 to December 2014, he was chief operating officer of Bonds Group of Companies Limited, a company mainly focused on real estate development and investment, property management, hotel operations and financial investments. Since January 2015, he has served as director of planning and operations of Imperial Pacific International Holdings Limited (Stock Code: 1076). Save as disclosed above, Mr. Leung has not held any directorship in any listed company in the three years preceding the Latest Practicable Date.

Mr. Leung was a director of the following companies which were incorporated in Hong Kong and were dissolved during his tenure:

<u>Name of company</u>	<u>Nature of business</u>	<u>Reasons of being dissolved</u>	<u>Date of notice of dissolution</u>	<u>Date of being dissolved</u>	<u>Manner of dissolution</u>
Richco International Limited . . . . .	construction consultancy	defunct	25 January 2002	21 June 2002	striking off by the Companies Registry <sup>(1)</sup>
Highpro Limited . . . . .	construction consultancy	defunct	28 February 2003	27 June 2003	striking off by the Companies Registry <sup>(1)</sup>
Hong Kong Go Development Fund Association Limited . .	go activities promotion	defunct	17 July 2009	20 November 2009	striking off by the Companies Registry <sup>(1)</sup>

*Note:*

1. Mr. Leung confirmed that the dissolved companies above were solvent immediately prior to dissolution and had no outstanding claims or liabilities.

**Mr. Lo Chi Leung (盧志良)**, aged 34, was appointed as our independent non-executive Director on 6 May 2016. Mr. Lo has over 8 years of experience in finance industry since July 2007. He was a graduate engineer of China State Construction International Holdings Limited (Stock Code: 3311) from June 2006 to July 2007. After that, Mr. Lo started his career in finance industry and worked for Dealogic Limited as a research assistant and he was responsible for the maintenance of a global mergers and acquisition transactions database from July 2007 to February 2008. He then joined BMI Appraisals Limited as business analyst and was responsible for business and financial instruments valuation from February 2008 to November 2008. Mr. Lo was employed by Asian Capital (Corporate Finance) Limited, in which he was responsible for mergers and acquisitions and resumption of trading matters, for the period of November 2008 to May 2011 and March 2012 to February 2013 and his last position was manager. During May 2011 to March 2012 and March 2013 to December 2015, Mr. Lo worked for TC Capital Asia Limited, in which he was responsible for mergers and acquisitions, initial public offering matters and his last position was associate director. From January 2016 to February 2016, he served as managing director of Southwest Securities (HK) Capital Limited, in which he was responsible for

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## DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

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investment banking matters. Since March 2016, he was associate director of Frontpage Capital Limited, in which he was responsible for mergers and acquisitions, initial public offering matters. Mr. Lo received degrees of Bachelor of Engineering in civil engineering and Master of Finance from the University of Hong Kong in December 2006 and November 2010 respectively. Mr. Lo is also a certified public accountant certified by the Hong Kong Institute of Certified Public Accountants since January 2015. Mr. Lo has not held any directorship in any listed company in the three years preceding the Latest Practicable Date.

### SENIOR MANAGEMENT

The following table sets out the information regarding the senior management team of our Group:

<u>Name</u>	<u>Age</u>	<u>Position/Title</u>	<u>Date of joining our Group</u>	<u>Roles and responsibilities in our Group</u>
Yeung Nai Cheong (楊乃昌) .....	55	Project Manager	1 October 2004	Project management and technical assurance
Ching Yat Cheung (程億章) .....	50	Project Manager	4 January 2005	Project management and technical assurance

**Mr. Yeung Nai Cheong (楊乃昌)**, aged 55, joined our Group in October 2004. He serves as a project manager and Technical Director of our Group and is responsible for project management and technical assurance. He has over 25 years working experience in the construction industry. From August 1986 to February 1987, he started his career as a technician engineer at Enpack (H.K) Limited which was a ground investigation contractor. He joined Vianini Lavori S.P.A which was a construction contractor as a site engineer from August 1987 to September 1988. From October 1989 to March 1991, he served as assistant resident engineer at Binnie Consultants Limited which was a construction consultancy company and was responsible for supervision of three projects. He worked as an assistant engineer of H.K. Cheng & Partners Limited which was a structural consultancy company from April 1991 to March 1993. During April 1993 to March 2003, he was employed by Sunlink Limited which was a foundation contractor as a project manager and was responsible for all project management of construction works. During March 2003 to October 2004, he was served as project manager in Precast Piling and Engineering Company Limited which was a piling contractor. He was awarded the Higher Diploma in Civil Engineering (Geotechnology) in November 1985 from Hong Kong Polytechnic University (formerly known as Hong Kong Polytechnic). He was also awarded the Hong Kong Polytechnic's Associateship award in Civil and Structural Engineering in November 1986 from Hong Kong Polytechnic University (formerly known as Hong Kong Polytechnic) which is deemed to be equivalent of an academic degree. He has completed a 28-hour part-time construction safety supervisor course in October 1999 and a 30-hour part-time demolition of building course for supervisors/foremen in May 2000 which were both arranged by the Construction Industry Training Authority.



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## DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

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Mr. Yeung was a director of the following companies which were incorporated Hong Kong and were dissolved during his tenure:

<u>Name of company</u>	<u>Nature of business</u>	<u>Reasons of being dissolved</u>	<u>Date of notice of dissolution</u>	<u>Date of being dissolved</u>	<u>Manner of dissolution</u>
Sunlink Construction (China) Limited . . . .	never commenced business	defunct	20 December 2002	25 April 2003	striking off by the Companies Registry <sup>(1)</sup>
Precast Piling and Engineering Company Limited . . . . .	piling contractor	defunct	29 January 2003	14 April 2011	compulsory winding up by creditor <sup>(2)</sup>
Waysome Foundation Technique Limited. . .	never commenced business	defunct	9 February 2007	8 June 2007	striking off by the Companies Registry <sup>(1)</sup>
Waysome PHC Piles Company Limited . . .	never commenced business	defunct	2 March 2007	29 June 2007	striking off by the Companies Registry <sup>(1)</sup>

Note:

1. Mr. Yeung confirmed that each of the companies dissolved by striking off above was solvent immediately prior to dissolution and had no outstanding claims or liabilities.
2. Mr. Yeung confirmed that he is not aware of any outstanding dispute or liabilities in connection with Precast Piling and Engineering Company Limited.

**Mr. Ching Yat Cheung (程億章)**, aged 50, joined our Group in January 2005. He serves as a project manager of our Group and is responsible for project management and technical assurance. He has over 20 years working experience in the construction industry. From July 1990 to December 1993, he was an assistant engineer of Leighton Bruckner Foundation Engineering Limited which was a foundation contractor. He joined Geotechnics and Concrete Engineering (H.K.) Limited which was a concrete engineering testing company as project engineer from September 1997 to April 1999. During December 2001 to July 2003, he was employed by Chun Wo Foundations Limited which was a foundation contractor as site agent. He worked as project manager and construction engineer of Huang Wan Construction Company Limited which was a foundation contractor from September 2003 to December 2004. He obtained a degree of Bachelor of Science in Engineering from the University of Hong Kong in December 1990. He has been a member of the Hong Kong Institution of Engineers since March 2001. He was also a registered professional engineer under Engineers Registration Board of Hong Kong from February 2003 to January 2016.

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## DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

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### COMPANY SECRETARY

**Mr. Cheng Wai Hei (鄭偉禧)**, aged 36, joined our Group in November 2015 as chief financial officer and was later appointed as the company secretary of our Group on 6 May 2016. Mr. Cheng has obtained a degree of Bachelor of Arts in Accounting and Finance from Leeds Metropolitan University in May 2005. Mr. Cheng was admitted as a member of the Association of Charter Certified Accountants in October 2006 and as the fellow of the Association of Charter Certified Accountants in October 2011. He was elected associate of the Institute of Chartered Secretaries and Administrators and was admitted associate of the Hong Kong Institute of Chartered Secretaries on 3 May 2013. Mr. Cheng has over 10 years of experience in accounting and corporate governance. Before joining our Group, since July 2010, he worked at Inno-Tech Holdings Limited (Stock Code: 8202) as a finance manager and then was promoted to become financial controller. During the period of May 2013 to August 2014 and July 2015 to November 2015, he acted as the company secretary of Inno-Tech Holdings Limited.

Mr. Cheng was an independent non-executive director of the following company which was dissolved within 12 months after his ceasing to act as the independent non-executive director:

<u>Name of company</u>	<u>Place of incorporation</u>	<u>Nature of business</u>	<u>Reason of being dissolved</u>	<u>Date of being dissolved</u>	<u>Manner of dissolution</u>
Sing Pao Media Enterprises Limited ("Sing Pao"). . . . .	Cayman Islands	Publication of newspapers, magazines and books etc.	Creditors petitioned for winding-up	12 August 2015	Compulsory winding-up

Mr. Cheng was appointed as an independent non-executive director of Sing Pao in April 2014. To the best knowledge of Mr. Cheng, Sing Pao was already in serious financial pressure when he was appointed and its shares had been suspended from trading on the Stock Exchange since April 2005. During his tenure in Sing Pao, Mr. Cheng was the chairman to its audit committee and member of the remuneration committee and nomination committee. Mr. Cheng resigned in October 2014 as he would like to devote more time on his other business commitments.

In view of the circumstances of Mr. Cheng's tenure with Sing Pao, taking into consideration of Mr. Cheng's professional qualifications and relevant experience, our Directors consider that Mr. Cheng is capable of discharging the functions of company secretary pursuant to the Listing Rules.

### BOARD COMMITTEES

#### Audit Committee

Our Company has established an Audit Committee on 23 June 2017 with written terms of reference in compliance with the Corporate Governance Code as set out in Appendix 14 to the Listing Rules. The primary duties of the Audit Committee are to make recommendations to our Board on the appointment and removal of external auditors; review the financial statements and render advice in respect of financial reporting as well as oversee internal control procedures of our Group. At present, the Audit Committee consists of three members, namely Mr. Lo Chi Leung, Mr. Fan Siu Kay and Mr. Leung William Wai Kai. Mr. Lo Chi Leung is the chairman of the Audit Committee.

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## DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

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### Remuneration Committee

Our Company has established a Remuneration Committee on 23 June 2017 with written terms of reference in compliance with the Corporate Governance Code as set out in Appendix 14 to the Listing Rules. The primary duties of the Remuneration Committee are to make recommendations to our Board on the overall remuneration policy and structure relating to all Directors and senior management of our Group, review performance based remuneration and ensure none of our Directors determine their own remuneration. The Remuneration Committee consists of three members, namely Mr. Fan Siu Kay, Mr. Lee Kai Lun and Mr. Leung William Wai Kai. Mr. Fan Siu Kay is the chairman of the Remuneration Committee.

### Nomination Committee

Our Company has established a Nomination Committee on 23 June 2017 with written terms of reference in compliance with the Corporate Governance Code as set out in Appendix 14 to the Listing Rules. The primary duties of the Nomination Committee are to make recommendations to our Board on the appointment of Directors and the management of our Board succession. The Nomination Committee consists of five members, namely Mr. Lee Kai Lun, Dr. Kan Hou Sek Jim, Mr. Lo Chi Leung, Mr. Fan Siu Kay and Mr. Leung William Wai Kai. Mr. Lee Kai Lun is the chairman of the Nomination Committee.

## CORPORATE GOVERNANCE

Our Directors recognise the importance of good corporate governance in management and internal procedures so as to achieve effective accountability. Our Company will comply with the Corporate Governance Code and the associated Listing Rules.

### Directors and senior management's remuneration

Our Directors and senior management receive compensation in the form of salaries, housing and other benefits in kind and/or discretionary bonuses. Our Group also reimburses them for expenses which are necessarily and reasonably incurred for providing services or executing their functions in relation to our Group's operations. Our Group regularly reviews and determines the remuneration and compensation packages of our Directors and senior management.

During the Track Record Period, the remuneration payable by our Group to our Directors, included salaries and other benefits in kind, contributions to defined contribution plans and discretionary bonuses, totalling approximately HK\$3.2 million, HK\$3.6 million and HK\$5.2 million, respectively. The aggregate remuneration (comprising salaries and other benefits in kind, contributions to defined contribution plans and discretionary bonus) paid to our five highest paid individuals during the Track Record Period respectively were approximately HK\$1.8 million, HK\$2.4 million and HK\$2.1 million, respectively. For details, please see notes 7 & 8 of "Accountants' Report" of pages I-22, I-23 and I-24 in Appendix I to this prospectus.

Our Group did not pay remuneration to our Directors or the five highest paid individuals as an inducement to join, or upon joining, our Group. No compensation was paid to, or is receivable by, our Directors or past Directors for the Track Record Period for the loss of office as director of any member of our Group or of any other office in connection with the management of the affairs of any member of our Group. None of our Directors waived any emoluments during the same period.

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## DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

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Save as disclosed above, no other payments have been made or are payable by our Company or any of our subsidiaries to our Directors in respect of the services rendered during the Track Record Period.

Directors' remuneration is determined with reference to salaries paid by comparable companies, experience, responsibilities and performance of our Group.

### COMPLIANCE ADVISER

The Company has appointed KGI Capital Asia Limited as our compliance adviser upon Listing pursuant to Rule 3A.19 of the Listing Rules. Pursuant to Rule 3A.23 of the Listing Rules, the compliance adviser will advise the Company in the following circumstances:

- (a) before the publication of any regulatory announcement, circular or financial report;
- (b) where a transaction, which might be a notifiable or connected transaction, is contemplated including share issues and share repurchases;
- (c) where the Company proposes to use the proceeds of the Global Offering in a manner different from that detailed in this prospectus or where the business activities, developments or results of operation of our Group deviate from any forecast, estimate, or other information in this prospectus; and
- (d) where the Stock Exchange makes an inquiry of the Company regarding unusual movements in the price or trading volume of the Shares or any other matters under Rule 13.10 of the Listing Rules.

The term of the appointment will commence on the Listing Date and end on the date on which we comply with Rule 13.46 of the Listing Rules in respect of our financial results for the first full financial year commencing after the Listing.

### SHARE OPTION SCHEME

We have conditionally adopted the Share Option Scheme pursuant to which selected participants may be granted options to subscribe for Shares as incentives or rewards for their service rendered to our Group. Our Directors believe that the implementation of the Share Option Scheme enables our Group to recruit and retain high calibre executives and employees. Further information on the Share Option Scheme is set forth in the paragraph headed "Statutory and General Information — Other Information — 13. Share Option Scheme" in Appendix IV to this prospectus.

## RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

### CONTROLLING SHAREHOLDERS OF OUR COMPANY

Immediately following completion of the Global Offering, Condover Assets will control more than 30% of the issued share capital of our Company. For the purpose of the Listing Rules, Condover Assets is our Controlling Shareholder. Condover Assets is an investment holding company owned as to one-third by each of Dr. Kan, Mr. SM Lee and Mr. Wong respectively and as at the Latest Practicable Date, it has not commenced any substantive business activities. Pursuant to the Deed of Confirmation, each of Dr. Kan, Mr. SM Lee and Mr. Wong has agreed to consult each other and reach a unanimous consensus among themselves on such matters being the subject matters of any shareholders' and board of directors' resolution, including financial and operational matters, before putting forward such resolution to be passed at any shareholders' and board of directors' meeting of our Company, Smart City Engineering, Smart City Engineering Holdings, WWW Concrete (Saipan), WWW Construction, WWW Construction Holdings, WWW Construction (Saipan), WWW Investment Holdings, WWW Materials, WWW Materials Holdings and WWW Quarry (Saipan). Accordingly, Dr. Kan, Mr. SM Lee and Mr. Wong are acting together as a group of Controlling Shareholders.

Save as disclosed below, each of Dr. Kan, Mr. SM Lee, Mr. Wong and Condover Assets confirms that he or it does not hold or conduct any business which competes, or is likely to compete, either directly or indirectly, with the business of our Group.

During the Track Record Period, Dr. Kan, Mr. SM Lee and/or Mr. Wong were interested in a number of companies which have been excluded from our Group but may compete with our Group's business.

Name of the excluded company		Place of incorporation	Business scope	Reasons for not included to our Group
1.	Smart City Construction (Macau) Limited	Macau	Construction and supply of materials (retail and wholesale)	Smart City Construction (Macau) Limited was owned as to 96% by Mr. Wong and 4% by an Independent Third Party. Win Win Way Materials (Macau) Limited was owned as to 50% by Mr. SM Lee and 50% by Mr. Yeung Nai Cheong.
2.	Win Win Way Materials (Macau) Limited	Macau	Supply of construction materials	Smart City Construction (Macau) Limited and Win Win Way Materials (Macau) Limited were incorporated solely for the purposes of providing services for a potential project located in Macau, which was geographically different from our operations. We did not conduct any business in Macau during the Track Record Period. Smart City Construction (Macau) Limited and Win Win Way Materials (Macau) Limited did not have any business operations during the Track Record Period and were deregistered on 13 May 2016.

## RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

Name of the excluded company		Place of incorporation	Business scope	Reasons for not included to our Group
3.	WWW Holdings	Hong Kong	Business investment	<p>WWW Holdings is owned as to one-third by KLW Consulting Geotechnical Engineers Limited (which is held as to 1% by Dr. Kan and 99% by Ms. Poon Man Yee, spouse of Dr. Kan on trust for Dr. Kan), one-third by Mr. SM Lee and one-third by Mr. Wong.</p> <p>Before the Reorganisation, apart from certain members of our Group, WWW Holdings held:</p> <p>(i) certain assets which are unrelated to our Group's business (e.g. bonds for investment and as securities for the Group's banking facilities which will be released upon Listing); and</p> <p>(ii) certain subsidiaries which either (a) operate businesses that are delineated from our Group's business (see companies 4 to 6 below); or (b) have been deregistered (see companies 7 to 9 below).</p>
4.	Condover Limited	Hong Kong	Investment holding	<p>Condover Limited is a wholly-owned subsidiary of WWW Holdings.</p> <p>Condover Limited holds 60% of the issued share capital of 駿發集團投資有限公司, which in turn holds 42.40% of the equity interests in GZYC. 駿發集團投資有限公司 is an investment holding company and does not have any business operation during the Track Record Period.</p> <p>There is clear delineation between the products and/or services provided by GZYC compared to our Group's business in terms of targeted clientele, market position and management since GZYC primarily manufactured and supplied construction materials.</p>
5.	駿發集團投資有限公司	Hong Kong	Investment and trading	
6.	GZYC	PRC	Manufacture and supply of piles	
7.	Win Win Way Concrete Products Company Limited	Hong Kong	Trading concrete products	Win Win Way Concrete Products Company Limited was a wholly-owned subsidiary of WWW Holdings. It did not have any business operation during the Track Record Period and was voluntarily deregistered on 9 September 2016.
8.	Hong Kong Jiantong PHC Pile Co., Ltd	Hong Kong	Construction works and engineering and trading.	Hong Kong Jiantong PHC Pile Co., Ltd was a wholly-owned subsidiary of WWW Holdings. It did not have any business operation during the Track Record Period and was voluntarily deregistered on 2 September 2016.
9.	Win Win Way Builders Limited	Hong Kong	Construction	Win Win Way Builders Limited was owned as to 50% by WWW Construction and 50% by an Independent Third Party and was voluntarily deregistered on 17 April 2014. It did not have any business operations prior to its deregistration.

## RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

Name of the excluded company		Place of incorporation	Business scope	Reasons for not included to our Group
10.	KLW Consulting Geotechnical Engineers Limited	Hong Kong	Consulting engineer	<p>KLW Consulting Geotechnical Engineers Limited is held as to 1% by Dr. Kan and 99% by Ms. Poon Man Yee, spouse of Dr. Kan, on trust for Dr. Kan.</p> <ul style="list-style-type: none"> <li>• KLW Consulting Geotechnical Engineers Limited holds other assets such as a property in Hong Kong.</li> <li>• KLW Consulting Geotechnical Engineers Limited provides consulting services in relation to examination of foundation materials. There is clear delineation between the services provided by KLW Consulting Geotechnical Engineers Limited compared to our Group's business in terms of targeted clientele, market position and management. It did not have any business operation since 2014.</li> </ul>
11.	Paul Tong & Associates Consulting Engineers Limited	Hong Kong	Consulting engineer	<p>Paul Tong &amp; Associates Consulting Engineers Limited is held as to 75% by Dr. Kan and as to 25% by Mr. Yeung Nai Cheong. Paul Tong &amp; Associates Consulting Engineers Limited provides consulting services in relation to certification of piles manufactured by GZYC. There is clear delineation between the services provided by Paul Tong &amp; Associates Consulting Engineers Limited compared to our Group's business in terms of targeted clientele, market position and management.</p>
12.	Win Win Way Builder Limited	Hong Kong	Business corporation	<p>Win Win Way Builder Limited was held as to one-third by Dr. Kan, one-third by Mr. SM Lee and one-third by Mr. Wong. It did not have any business operation during the Track Record Period and was voluntarily deregistered on 9 September 2016.</p>
13.	Moral Grace Investment Limited	Hong Kong	Business corporation	<p>Moral Grace Investment Limited is wholly-owned by Cheung Yuk Kwan on trust for Dr. Kan as to approximately 33.33%, Mr. SM Lee as to approximately 33.33% and Mr. Wong as to approximately 33.33%. It is an investment holding company and does not have any business operation. It held 100% equity interest in WWW Construction (Saipan) before it was transferred to WWW Construction on 25 March 2015.</p>
14.	WWW Investment	BVI	Hotel investment	<p>WWW Investment is owned as to one-third by each of Dr. Kan, Mr. SM Lee and Mr. Wong. WWW Construction (Samoa) is a wholly-owned subsidiary of WWW Investment. It owns 10% of the issued share capital of Trittech, which in turn wholly owns Honest Profit. Honest Profit in turn holds 100% of the issued share capital of HPIL.</p> <p>Through WWW Construction (Samoa), WWW Investment owns 10% of the equity interest in Trittech and its subsidiaries. The remaining 90% interest in Trittech is owned by four Hong Kong incorporated companies. All of them are investment holding companies held by individuals who are businessmen.</p> <p>Trittech and its subsidiaries develop and manage hotel in Saipan. Other than the investment and development of the hotel resort being built in the Saipan Project, it does not have any other business. Trittech and its subsidiaries do not engage in foundation works or general building works. There is clear delineation between the business of Trittech and its subsidiaries compared to our Group's construction business in terms of targeted clientele, market position and management.</p>
15.	WWW Construction (Samoa)	Samoa	Hotel investment	
16.	Trittech	BVI	Hotel investment	
17.	Honest Profit	HK	Hotel investment	
18.	HPIL Limited ("HPIL")	Saipan	Hotel investment	



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## RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

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As confirmed by our Directors, during the Track Record Period and up to the Latest Practicable Date, there was no material non-compliance committed by the companies named above.

### INDEPENDENCE FROM CONTROLLING SHAREHOLDERS

Having considered the following factors, our Directors believe that our Group is capable of carrying on our Group's business independently from our Controlling Shareholders and their close associates after the Global Offering.

#### Management and administrative independence

We aim at establishing and maintaining a strong and independent Board to oversee our Group's business. Our Board's main function includes the approval of the overall business plans and strategies of our Group, monitoring the implementation of these policies and strategies and the management of our Company. Our Group has an independent management team, which is led by a team of senior management with substantial experience and expertise in our business to implement our Group's policies and strategies.

Our Board consists of eight Directors, comprising five executive Directors and three independent non-executive Directors. Dr. Kan, Mr. SM Lee and Mr. Wong, executive Directors of our Company, are also the directors of Condover Assets. Each of our Directors is aware of his fiduciary duties as a director which require, among other things, that he acts for the benefit and in the best interests of our Company and does not allow any conflict between his duties as a Director and his personal interest to exist. If there is a potential conflict of interest arising out of any transaction to be entered into between our Group and our Directors or their respective close associates, the interested Director(s) shall abstain from voting at the relevant meeting of our Board in respect of such transactions and shall not be counted in the quorum.

Three of the members of our Board are independent non-executive Directors who are either well-educated or have extensive experience in different areas or in their profession. Our Group has appointed them pursuant to the requirements under the Listing Rules to ensure that the decisions of our Board are made only after due consideration of independent and impartial opinions. Our Directors believe that the presence of Directors from different backgrounds provides a balance of views and opinions. Further details of our Directors and senior management are set out in the section headed "Directors, Senior Management and Employees" in this prospectus.

#### Financial independence

Our Group has an independent financial system and makes financial decisions according to our Group's own business needs.

During the Track Record Period, our Group has certain amounts due to/from our Controlling Shareholders, or companies controlled by him/it. Please see note 23 of "Accountants' Report" of I-34 to I-36 in Appendix I to this prospectus for further details. All amounts due to/from our Controlling Shareholders, or companies controlled by him/it has been fully settled as at 30 June 2016. During the Track Record Period, our Controlling Shareholders and/or companies controlled by them have provided guarantees and securities for certain of our bank borrowings and for securing a lease of a property by the Group, please see the paragraph headed "Financial Information — Indebtedness" and note 18 of "Accountants' Report" of page I-30 in Appendix I to this prospectus for further details. Other than the guarantee provided by Mr. SM

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## RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

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Lee for securing a lease of a property by the Group, which will lapse before Listing, all the above guarantees and securities provided to our Group will be released and replaced by a corporate guarantee provided by our Company upon Listing.

Our Directors believe that our Group is capable of obtaining financing from Independent Third Parties, if necessary, without reliance on our Controlling Shareholders after the Listing. As at the Latest Practicable Date, our Group had existing banking facilities in the amount of HK\$148.5 million, of which approximately HK\$87.2 million remain unused. Accordingly, our Directors are of the view that our Group is able to operate financially independently from our Controlling Shareholders after the Listing.

### Operational independence

Our Group has established its own organisational structure made of individual departments, each with specific areas of responsibilities. We have a clear business delineation with our Controlling Shareholders. As at the Latest Practicable Date, our Group did not share any operational resources, such as office premises, sales and marketing and general administration resources with our Controlling Shareholders and their respective close associates.

During the Track Record Period, we had certain transactions with our related parties which included, purchase of materials and provision of consulting services, details of which are set out in note 23 of “Accountants’ Report” of page I-34 to I-36 in Appendix I to this prospectus. Our Directors have confirmed that these related party transactions (which were trade-related) were conducted in the ordinary course of business and on normal commercial terms. Save as disclosed in the section headed “Connected Transactions” in this prospectus, the above transactions had been discontinued as at the Latest Practicable Date.

Our Group has also established a set of internal control measures to facilitate the effective operations of our business. Our Group’s customers and suppliers (save as those disclosed in the paragraph headed “Financial Information — Transactions with Related Parties” in this prospectus) are all independent from our Controlling Shareholders. Our Group does not rely on our Controlling Shareholders or their respective close associates and have independent access to customers and suppliers. Further, we hold all relevant registrations necessary to carry on our business and have an independent and stable team of employees to carry out our day-to-day operation and our Group is able to operate independently from our Controlling Shareholders after the Listing.

### 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 interest in a business apart from our Group’s business which competes and is likely to compete, directly or indirectly, with our Group’s business and would require disclosure under Rule 8.10 of the Listing Rules.

### NON-COMPETITION UNDERTAKINGS

Each of the Controlling Shareholders (each the “**Covenantor**” and collectively the “**Covenantors**”) entered into a Deed of Non-competition dated 23 June 2017 in favour of our Company. Pursuant to the Deed of Non-competition, subject to the exceptions set out below, each of the Covenantors has unconditionally and irrevocably undertaken to our Company (for ourselves and for the benefit of our subsidiaries) that he/it will not, and will procure that his/its close associates (other than any members of our Group) will not during the Restricted Period (as defined below), directly or indirectly, either on his/its own account or in conjunction with or on behalf of any person, firm or company, among other things:

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## RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

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- (a) carry on, engage, participate or hold (in each case whether as a shareholder, director, partner, agent, employee, or otherwise, and whether for profit, reward or otherwise) any right or interest in or be involved in any foundation or general building works business which is in competition with our Group's business (the "**Restricted Business**"); and
- (b) take any action which interferes with or disrupts or may interfere with or disrupt the Restricted Business including, but not limited to, solicitation of any of the then current customers, suppliers or employees of any member of our Group,

provided that nothing in the Deed of Non-competition shall preclude any of our Controlling Shareholders from:

- (i) having any interest in any company engaging in any Restricted Business (the "**Subject Company**") where: (i) the total number of shares held by our Controlling Shareholders do not exceed 5% of the issued shares of the Subject Company which is or whose holding company is listed on any recognized exchange (as defined under the SFO); or (ii) any Restricted Business conducted or engaged in by the Subject Company (and assets relating thereto) accounts for not more than 5% of the Subject Company's consolidated turnover or consolidated assets, as shown in the Subject Company's latest audited accounts provided that (i) there is a holder (together where appropriate, with its close associates) with a larger shareholding in the Subject Company than the aggregate shareholding held by our Controlling Shareholders and/or their respective close associates at all times and (ii) the total number of our Controlling Shareholders' representatives on the board of directors of the Subject Company is not significantly disproportionate in relation to their shareholding in the Subject Company; and
- (ii) pursuing any business opportunity which is in competition with the Restricted Business (each, "**Construction Business Opportunity**") after our Company has confirmed in writing to our Controlling Shareholders that it or any member of our Group has declined such Construction Business Opportunity.

The obligation of our Controlling Shareholders under the Deed of Non-competition will remain binding on our Controlling Shareholders until the onset of the following event:

- (a) the date on which the Shares cease to be listed on the Stock Exchange; or
- (b) in respect of a Controlling Shareholder, the date on which that Controlling Shareholder and/or his/its close associates collectively ceases to hold directly or indirectly 30% or more of the equity interest in our Company; or
- (c) in respect of a Controlling Shareholder, the date on which that Controlling Shareholder and/or his/its close associates, jointly and severally, ceases to be entitled to exercise or control the exercise of 30% or more in aggregate of the voting power at general meetings of our Company,

whichever occurs first (the "**Restricted Period**").

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## RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

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### CORPORATE GOVERNANCE MEASURES

Each of the Controlling Shareholders has confirmed that he/it fully comprehends his/its obligations to act in the best interests of our Company and its Shareholders as a whole. To avoid potential conflicts of interest, our Group will implement the following measures:

- (i) if there is a potential conflict of interest arising out of any transaction to be entered into between our Group and our Directors (or their associates), the interested Directors shall abstain from voting at the relevant Board meeting and shall not be counted in the quorum;
- (ii) the Covenantors will make an annual confirmation as to compliance with his/its undertaking under the Deed of Non-competition for inclusion in the annual report of our Company;
- (iii) our Board is committed to the view that our Board should include a balanced composition of executive and independent non-executive Directors so that there is a strong independent element on our Board which can effectively exercise independent judgement. Our Company has appointed three independent non-executive Directors. Our Directors believe that our independent non-executive Directors are of sufficient caliber, are free of any business or other relationship which could interfere in any material manner with the exercise of their independent judgement and will be able to provide impartial and professional advice to protect the interests of the minority Shareholders. Details of our independent non-executive Directors are set out in the section headed “Directors, Senior Management and Employees” in this prospectus;
- (iv) our Company has appointed KGI Capital Asia Limited as the compliance adviser, which will provide advice and guidance to us in respect of compliance with the applicable laws and the Listing Rules including various requirements relating to directors’ duties and internal controls. Please see the section headed “Directors, Senior Management and Employees — Compliance Adviser” in this prospectus for details in relation to the appointment of compliance adviser;
- (v) the Controlling Shareholders undertake to provide all information requested by our Group which is necessary for the annual review by our independent non-executive Directors and the enforcement of the Deed of Non-competition; and
- (vi) our independent non-executive Directors will, based on the information available to them, review on an annual basis (a) the compliance with the Deed of Non-competition; and (b) all the decisions taken in relation to whether to pursue the new opportunity under the Deed of Non-competition. Findings of such review will be disclosed in our annual report after the Listing.

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## CONNECTED TRANSACTIONS

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### OVERVIEW

Our Group has entered into certain agreements with persons and entities that will, upon Listing, become our Company's connected persons (as defined under Chapter 14A of the Listing Rules).

Transactions under one of such agreements are one-off transactions in respect of the purchase of piles for trading purposes, and the delivery and settlement of payment for such piles were on-going as at the Latest Practicable Date. Given this agreement was entered into prior to Listing and the transactions thereunder are one-off in nature, these transactions (including further payments to be made by us pursuant to the terms of the relevant agreement) will not be classified as notifiable transactions under Chapter 14 of the Listing Rules or connected transactions or continuing connected transactions under Chapter 14A of the Listing Rules. Transactions contemplated under the remaining agreements with persons and entities that will, upon Listing, become our Company's connected persons (as defined under Chapter 14A of the Listing Rules) will continue and constitute continuing connected transactions of our Company under Chapter 14A of the Listing Rules following Listing.

### ONE-OFF TRANSACTIONS

#### Purchase of materials from GZYC

##### *Background*

WWW Materials is the exclusive distributor of "YANGCHENG" precast prestressed concrete piles ("PHC Piles") manufactured by GZYC for the Hong Kong region. According to CIC, the industry consultant, the PHC piles with milled slender architectural technique are a special type of piles (concrete piles as opposed to the typical steel piles used for foundation works) used for certain geological areas (i.e. different soil type) such as Tin Shui Wai and Yuen Long in Hong Kong to minimise vibration during foundation works (i.e. minimise any impact on soil and nearby buildings and structures). In addition, according to CIC, there are no suppliers of such PHC piles in Hong Kong other than WWW Materials.

Before the Track Record Period, WWW Materials entered into procurement agreements and purchased PHC Piles and matching steel cross shoes manufactured by GZYC for trading purposes. Our Group has also purchased such piles with steel cross shoes manufactured by GZYC in 2015 for use in the foundation works in the Saipan Project. However, our customers' demand for such piles has not been constant as it depends on any development of the relevant geological areas and our customers typically place the orders for PHC Piles in batches at different stages throughout the construction project. The purchase price was determined by the parties through arm's length negotiations with reference to the prevailing market price of the PHC Piles offered to the other customers of GZYC in the PRC, with a mark-up having considered (i) the modification required to be made to the PHC piles, such as the density of the concrete to be used for production of the PHC Piles, in order to satisfy the requirements of our customer for use in Hong Kong or Saipan, as applicable; and (ii) the cost for exporting the PHC Piles for use in Hong Kong or Saipan, as applicable.

##### *Connected person*

GZYC is a 30%-controlled company held indirectly by Dr. Kan, Poon Man Yee (Dr. Kan's spouse) on behalf of Dr. Kan, Mr. SM Lee and Mr. Wong, and is therefore an associate of Dr. Kan, Mr. SM Lee and Mr. Wong and a connected person of our Company under the Listing Rules.

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## CONNECTED TRANSACTIONS

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### *Description of the transaction*

On 1 March 2017 and 24 June 2017, WWW Materials entered into a purchase agreement and a supplemental purchase agreement, respectively, with GZYC (collectively, the “**PHC Piles Purchase Agreement**”) pursuant to which we have agreed to make an one-off purchase of a total of 164,000 meters of PHC Piles of four different specifications and 4,500 units of steel cross shoes from GZYC to satisfy our Hong Kong customers’ demand. The principal terms of the PHC Piles Purchase Agreement are as follows:

- the PHC Piles Purchase Agreement only covers the one-off purchase of a fixed quantity of a total of 164,000 meters of PHC Piles of four different specifications and 4,500 units of steel cross shoes from GZYC by WWW Materials at the agreed fixed aggregate price of HK\$55.74 million;
- a deposit in the sum of HK\$3.0 million is required to be paid by WWW materials to GZYC, which can be applied towards the settlement of the purchase price for the last three shipments of PHC Piles and steel cross shoes; and
- GZYC will deliver the PHC Piles and steel cross shoes purchased by WWW Materials under the PHC Piles Purchase Agreement according to the quantity of the PHC Piles and steel cross shoes, and the delivery time and destination(s) as may be notified by WWW Materials in writing from time to time until the PHC Piles Purchase Agreement expires on 31 December 2017.

### *Historical transaction amounts during the Track Record Period*

The aggregate amounts paid to GZYC in respect of PHC Piles and steel cross shoes procured for the purpose of trading and for use in the foundation works in the Saipan Project for each of the three financial years ended 31 December 2014, 2015 and 2016 amounted to approximately nil, HK\$1.6 million and nil, respectively.

### *Basis of determination of the purchase price*

The aggregate purchase price to be paid by us for the 164,000 meters of PHC Piles of four different specifications and 4,500 units of steel cross shoes under the PHC Piles Purchase Agreement amounts to HK\$55.74 million.

The price of the PHC Piles and steel cross shoes in the PHC Piles Purchase Agreement was determined through arm’s length negotiation between the parties with reference to the prevailing market price of the PHC Piles and steel cross shoes offered to the other customers of GZYC in the PRC, with a mark-up having considered (i) the modification required to be made to the PHC piles and steel cross shoes, such as the density of the concrete to be used for production of the PHC Piles and steel cross shoes, in order to satisfy the requirements of our customer for use in Hong Kong; and (ii) the cost for exporting the PHC Piles and steel cross shoes for use in Hong Kong.

### *Listing Rules implications*

While GZYC is a connected person of the Company and the delivery and settlement of payment for the PHC Piles under the PHC Piles Purchase Agreement were on-going as at the Latest Practicable Date, this agreement was entered into prior to Listing and the transactions thereunder are one-off in nature. As such, these transactions (including further payments to be made by us pursuant to the terms of the relevant agreement) will not be classified as notifiable transactions under Chapter 14 of the Listing Rules or connected transactions or continuing



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## CONNECTED TRANSACTIONS

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connected transactions under Chapter 14A of the Listing Rules, and will not be subject to any of the reporting, announcement, annual review and independent Shareholders' approval requirements under Chapters 14 and 14A of the Listing Rules. In the event that there are any material changes to the terms or conditions of any of the PHC Piles Purchase Agreement, we shall comply with Chapters 14 and 14A of the Listing Rules (as the case may be) in respect of such agreement (as amended) as and when appropriate, including, where required, seeking independent Shareholders' approval prior to effecting such changes. Following Listing, we may enter into further purchase agreements to procure PHC Piles and steel cross shoes from GZYC from time to time. In such event, we shall also comply with Chapters 14 and 14A of the Listing Rules (as the case may be) as and when appropriate.

### EXEMPT CONTINUING CONNECTED TRANSACTION

#### Provision of consultancy services by Wong & Cheng Consulting Engineers Limited

##### *Connected person*

Wong & Cheng Consulting Engineers Limited ("**Wong & Cheng**") is owned by Mr. Kwong, our executive Director, as to approximately 32% and by an Independent Third Party as to 68%. Wong & Cheng is an associate of Mr. Kwong, and is therefore a connected person of our Company under the Listing Rules.

##### *Description of the transaction*

During the Track Record Period, we engaged Wong & Cheng for the provision of consultancy services relating to submission of works such as piling foundation, ELS and hoarding amendment to the relevant government departments, including the Buildings Department for approval on an ad-hoc basis ("**W&C Consultancy Services**"). On 23 June 2017, WWW Construction entered into a framework consultancy agreement (the "**W&C Framework Consultancy Agreement**") with Wong & Cheng pursuant to which Wong & Cheng shall provide W&C Consultancy Services to us from time to time. The principal terms of the W&C Framework Consultancy Agreement are as follows:

- the W&C Framework Consultancy Agreement will be effective from the Listing Date until 31 December 2019; and
- the remuneration for provision of W&C Consultancy Services under the W&C Framework Consultancy Agreement will be determined based on a range of 1% to 3% of the contract sum of the relevant construction project, subject to the complexity of the project specifications.

##### *Historical transaction amounts*

The aggregate amounts we paid to Wong & Cheng for the years ended 31 December 2014, 2015 and 2016 amounted to approximately HK\$2.1 million, HK\$4.9 million and HK\$2.9 million, respectively. The fees for the W&C Consultancy Services were determined by arm's length negotiations between the parties. Our Directors are of the view that such transaction has been and will be entered into in the ordinary and usual course of business and on normal commercial terms that are fair and reasonable and in the interests of the Shareholders as a whole.



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## CONNECTED TRANSACTIONS

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### *Listing Rules implications*

While the transaction amount for the year ended 31 December 2015 exceeded the threshold for de minimis transactions under Rule 14A.76 of the Listing Rules, our Directors estimate that the aggregate amount to be paid to Wong & Cheng under the W&C Framework Consultancy Agreement after the Listing will not exceed the threshold for de minimis transactions under Rule 14A.76 of the Listing Rules since the increase in the provision of W&C Consultancy Services in 2015 was attributable to our foundation works for the Saipan Project. Following the completion of the foundation works for the Saipan Project in October 2015, our Directors estimate that the W&C Consultancy Services to be provided for our local foundation works will be comparable to the W&C Consultancy Services provided in 2014 and 2016. Based on the amounts we paid to Wong & Cheng for the years ended 31 December 2014 and 31 December 2016, the relevant percentage ratios for the provision of the W&C Consultancy Services are less than 5% and the total consideration are less than HK\$3,000,000, and the transactions are on normal commercial terms. Therefore, these transactions are qualified under Rule 14A.76(1)(c) of the Listing Rules as de minimis transactions that are fully exempt from shareholders' approval, annual review and all disclosure requirements under Chapter 14A of the Listing Rules.

### **NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS**

#### **Provision of consultancy services by Paul Tong & Associated Consulting Engineers Ltd.**

##### *Connected person*

Paul Tong & Associates Consulting Engineers Ltd. ("**Paul Tong**") is a Hong Kong-incorporated private company principally engaged in the provision of general construction consulting services and certification of piles manufactured by GZYC. It is held as to 75% by Dr. Kan and as to 25% by Mr. Yeung Nai Cheong, a senior management of the Company, and is therefore an associate of Dr. Kan and a connected person of the Company under the Listing Rules. Paul Tong obtained the Building Department's approval for the use of PHC Piles in 2006 subject to certain conditions and requirements being met, rendering Paul Tong's certification necessary for use of the PHC Piles in Hong Kong.

##### *Description of transaction*

On 2 May 2017, WWW Materials entered into a consultancy agreement (the "**Paul Tong Framework Consultancy Agreement**") with Paul Tong pursuant to which Paul Tong will provide PHC Piles Consultancy Services to our Group from time to time during the term of that agreement. The principal terms of the Paul Tong Framework Consultancy Agreement are as follows:

- the Paul Tong Framework Consultancy Agreement will be effective from the Listing Date until 31 December 2017; and
- the compensation for provision of PHC Piles Consultancy Services under the Paul Tong Framework Consultancy Agreement will be HK\$50 for every meter of the PHC Piles required to be inspected and certified by Paul Tong.

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## CONNECTED TRANSACTIONS

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### *Historical transaction amounts*

We did not require consultancy services relating to inspection and certification of the PHC Piles (“**PHC Piles Consultancy Services**”) during the Track Record Period but we did require such services prior to the Track Record Period, which were provided through another connected person of our Company under the Listing Rules. The aggregate amounts paid to our Company's connected person(s) in respect of the PHC Piles Consultancy Services for each of the six financial years ended 31 December 2011, 2012, 2013, 2014, 2015 and 2016 amounted to approximately HK\$1.67 million, HK\$9.47 million, HK\$2.36 million, nil, nil and nil, respectively.

### *Basis of determination of the consultancy fees*

The consultancy fee of HK\$50 for every meter of the PHC Piles inspected and certified by Paul Tong was determined based on (i) the time spent by the relevant engineer(s) for provision of the PHC Piles Consultancy Services, including conducting of site inspection, carrying out testing and analysis, preparation of a report containing results of the inspection and certification of the PHC Piles, (ii) the risks associated with the certification by Paul Tong, (iii) the fee for the PHC Piles Consultancy Services paid by the Group to another connected person of our Company before the Track Record Period; (iv) various quotations for PHC piles received by WWW Materials in late 2016 and early 2017 from a few potential customers; and (v) WWW Materials' discussions with the project owner who requested specifically the use of the PHC piles by the potential customers in March 2017.

### *Annual cap and basis of cap*

As the consultancy fees depend on the actual demand of our end customers, we expect the aggregate annual amounts to be paid by our Group to Paul Tong for the financial year ending 31 December 2017 will be capped at HK\$8.2 million based on (i) the 164,000 meters of PHC Piles to be purchased by WWW Materials under the PHC Piles Purchase Agreement and expected to be inspected and certified by Paul Tong and (ii) the rate of the consultancy fee agreed under the Paul Tong Framework Consultancy Agreement at HK\$50 per meter of the PHC Piles inspected and certified.

### *Listing Rules implications*

As Paul Tong is a connected person of the Company and in light of the view of the Directors (including the independent non-executive Directors) as described below, the transactions as contemplated under the Paul Tong Framework Consultancy Agreement with Paul Tong are subject to the reporting, annual review, announcement, circular and independent shareholders' approval requirements pursuant to Chapter 14A of the Listing Rules.

## **WAIVER**

### *Application for Waiver*

We expect to continue to enter into the transactions under the Paul Tong Framework Consultancy Agreement following the Listing and these transactions will constitute non-exempt continuing connected transactions for us under the Listing Rules following the Listing.

### *Scope of Waiver*

Under the Listing Rules, the transactions under the Paul Tong Framework Consultancy Agreement are considered to be non-exempt continuing connected transactions subject to the connected transaction requirements pursuant to Chapter 14A of the Listing Rules.

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## CONNECTED TRANSACTIONS

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As the transactions under the Paul Tong Framework Consultancy Agreement described above are and will continue to be entered into in the ordinary and usual course of business of our Group on a continuing basis, our Directors are of the view that compliance with the announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules would impose unnecessary administrative costs and burden to our Group and would at times be impracticable.

Accordingly, the Sole Sponsor and our Directors have applied for, and the Stock Exchange has granted our Company, a waiver from strict compliance with the announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules as may otherwise be required of our Company in respect of the Paul Tong Framework Consultancy Agreement pursuant to Rule 14A.102 and Rule 14A.105 of the Listing Rules. The waiver is valid provided that the total consideration from the Paul Tong Framework Consultancy Agreement do not exceed the proposed annual cap for the relevant period mentioned above.

Our Company will comply with the written agreement requirement under Rule 14A.51 of the Listing Rules, the annual reporting requirement under Rule 14A.71 of the Listing Rules, the terms of an agreement requirement under Rule 14A.51 to Rule 14A.52 of the Listing Rules, the annual cap requirement under Rule 14A.53 of the Listing Rules, the changes to cap or terms of agreement requirement under Rule 14A.54 of the Listing Rules and the annual review requirements under Rule 14A.55 to Rule 14A.59 of the Listing Rules in respect of the Paul Tong Framework Consultancy Agreement.

In addition, we will comply with the reporting requirements and disclose the details of the transactions in our subsequent annual reports pursuant to Rule 14A.71 of the Listing Rules. Upon expiry of the waiver after 31 December 2017, we will comply with the applicable provisions of Chapter 14A of the Listing Rules as amended from time to time or apply for relevant waivers.

In the event of any future amendments to the Listing Rules imposing more stringent requirements than those as at the date of this prospectus on the non-exempt continuing connected transactions referred to in this section including, but not limited to, a requirement that these transactions be made conditional upon our independent Shareholders' approval, we will take immediate steps to ensure compliance with such requirements.

### **Opinion of our Directors**

Our Directors (including our independent non-executive Directors) are of the opinion that (i) the non-exempt continuing connected transactions described above has been entered into and will be carried out in the ordinary and usual course of our Group's business and on normal commercial terms or better, (ii) the terms of each of the non-exempt continuing connected transactions described above are fair and reasonable and in the interests of our Shareholders as a whole, and (iii) the proposed annual caps for these non-exempt continuing connected transactions are fair and reasonable and in the interests of our Shareholders as a whole.

### **Confirmation from the Sole Sponsor**

The Sole Sponsor is of the view that (i) the non-exempt continuing connected transactions described above have been entered into and will be carried out in the ordinary and usual course of our Group's business and on normal commercial terms or better, (ii) the terms of the non-exempt continuing connected transactions described above are fair and reasonable and in the interests of our Shareholders as a whole; and (iii) the proposed annual caps for these non-exempt continuing connected transactions are fair and reasonable and in the interest of our Shareholders as a whole.

## SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, each of the following persons will, immediately after completion of the Global Offering (but without taking into account of any Shares which may be allotted and issued pursuant to the exercise of options that may be granted under the Share Option Scheme), have an interest or short position in our Shares or underlying Shares which would be required to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, are 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 general meetings of our Group:

Name of shareholder(s)	Capacity/Nature of interest	As at the Latest Practicable Date		Immediately following completion of the Global Offering and the Capitalisation Issue	
		Number of Shares held	Approximate percentage of shareholding in our Company	Number of Shares held	Approximate percentage of shareholding in our Company
Condover Assets . . . . .	Beneficial interest	30,000	100%	384,000,000	75%
Dr. Kan <sup>(1)</sup> . . . . .	Interest in a controlled corporation	30,000	100%	384,000,000	75%
Mr. SM Lee <sup>(2)</sup> . . . . .	Interest in a controlled corporation	30,000	100%	384,000,000	75%
Mr. Wong <sup>(3)</sup> . . . . .	Interest in a controlled corporation	30,000	100%	384,000,000	75%
Ms. Poon Man Yee <sup>(4)</sup> . . . . .	Interest of spouse	30,000	100%	384,000,000	75%
Ms. Sheba Kishinchand Daswani <sup>(5)</sup> . . . . .	Interest of spouse	30,000	100%	384,000,000	75%
Ms. Ho Lai Kuen <sup>(6)</sup> . . . . .	Interest of spouse	30,000	100%	384,000,000	75%

**Notes:**

1. Dr. Kan beneficially owns approximately 33.33% of the issued share capital of Condover Assets. Therefore, Dr. Kan is deemed, or taken to be, interested in all the Shares held by Condover Assets for the purpose of the SFO. Dr. Kan is a director of Condover Assets.
2. Mr. SM Lee beneficially owns approximately 33.33% of the issued share capital of Condover Assets. Therefore, Mr. SM Lee is deemed, or taken to be, interested in all the Shares held by Condover Assets for the purpose of the SFO. Mr. SM Lee is a director of Condover Assets.
3. Mr. Wong beneficially owns approximately 33.33% of the issued share capital of Condover Assets. Therefore, Mr. Wong is deemed, or taken to be, interested in all the Shares held by Condover Assets for the purpose of the SFO. Mr. Wong is a director of Condover Assets.
4. Ms. Poon Man Yee is the spouse of Dr. Kan. Accordingly Ms. Poon Man Yee is deemed, or taken to be, interested in all the Shares in which Dr. Kan is interested for the purpose of the SFO.
5. Ms. Sheba Kishinchand Daswani is the spouse of Mr. SM Lee. Accordingly Ms. Sheba Kishinchand Daswani is deemed, or taken to be, interested in all the Shares in which Mr. SM Lee is interested for the purpose of the SFO.
6. Ms. Ho Lai Kuen is the spouse of Mr. Wong. Accordingly Mr. Wong is deemed, or taken to be, interested in all the Shares in which Mr. Wong is interested for the purpose of the SFO.

Save as disclosed herein, our Directors are not aware of any persons who will, immediately following completion of the Global Offering, have an interest or a short position in our Shares or underlying Shares which would be required to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, will be, 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 or any of our Company's subsidiaries. Our Directors are not aware of any arrangement which may at a subsequent date result in a change of control of our Company.

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## SHARE CAPITAL

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The authorised and issued share capital of our Company is as follows:

<i>Authorised share capital:</i>	<i>HK\$</i>
1,000,000,000 Shares of HK\$0.01 each	10,000,000

The issued share capital of our Company immediately following completion of the Global Offering and the Capitalisation Issue (assuming the Over-allotment Option is not exercised and without taking into account the Shares which may be issued upon exercise of the Share Option Scheme) will be as follows:

<i>Issued and to be issued, fully paid or credited as fully paid:</i>	<i>HK\$</i>
23,430,000 Shares in issue as at the date of this prospectus	234,300
360,570,000 Shares to be issued pursuant to the Capitalisation Issue	3,605,700
128,000,000 Share to be issued pursuant to the Global Offering (excluding any Shares which may be issued under the Over-allotment Option)	1,280,000
<u>512,000,000</u> Shares in total	<u>5,120,000</u>

Assuming the Over-allotment Option is exercised in full, the share capital of our Company immediately following completion of the Global Offering and the Capitalisation Issue (without taking into account the Shares which may be issued upon exercise of the Share Option Scheme) will be as follows:

<i>Issued and to be issued, fully paid or credited as fully paid:</i>	<i>HK\$</i>
23,430,000 Shares in issue as at the date of this prospectus	234,300
360,570,000 Shares to be issued pursuant to the Capitalisation Issue	3,605,700
147,200,000 Share to be issued pursuant to the Global Offering and the Over-allotment Option	1,472,000
<u>531,200,000</u> Shares in total	<u>5,312,000</u>

### ASSUMPTIONS

The above tables assume the Global Offering has become unconditional and the issue of Shares pursuant thereto is made as described herein. It does not take into account (i) any Shares which may be allotted and issued upon exercise of the Share Option Scheme; or (ii) any Shares which may be allotted and issued or repurchased by our Company under the general mandate for the allotment and issue or the repurchase of Shares granted to our Directors as referred to below.

### RANKING

The Offer Shares and the Shares which may be issued pursuant to the Over-allotment Option shall carry the same rights as all existing Shares in issue on the date of the allotment and issue of such Shares, and in particular will be entitled to all dividends or other distributions declared, made or paid after the date of this prospectus save for entitlements under the Capitalisation Issue.

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## SHARE CAPITAL

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### MINIMUM PUBLIC FLOAT

Pursuant to Rule 8.08(1) of the Listing Rules, at the time of Listing and at all time thereafter, our Company must maintain the minimum prescribed percentage of 25% of our issued share capital in the hands of the public (as defined in the Listing Rules).

### CAPITALISATION ISSUE

Pursuant to the written resolutions of our Shareholders passed on 23 June 2017 and subject to the share premium account of our Company being credited as a result of the Global Offering, our Directors were authorised to capitalise HK\$3,605,700 standing to the credit of the share premium account of our Company by applying such sum in paying up in full at par 360,570,000 Shares for allotment and issue to holders of Shares whose names appear on the register of members of our Company in proportion (as near as possible without involving fractions so that no fraction of a share shall be allotted and issued) to their then existing respective shareholdings in our Company and so that the Shares to be allotted and issued pursuant to this resolution shall carry the same rights in all respects with the then existing issued Shares.

### SHARE OPTION SCHEME

We have conditionally adopted the Share Option Scheme as further described in the paragraph headed “Statutory and General Information — Other Information — 13. Share Option Scheme” in Appendix IV to this prospectus.

Our Group did not have any outstanding share options, warrants, convertible instruments, or similar rights convertible into our Shares as at the Latest Practicable Date.

### GENERAL MANDATE TO ISSUES SHARES

Our Company granted our Directors with a conditional mandate to allot, issue and deal with Shares with an aggregate nominal value of not more than the sum of:

- (a) 20% of the aggregate nominal value of the share capital of our Company in issue immediately following completion of the Global Offering and the Capitalisation Issue; and
- (b) the aggregate nominal value of share capital of our Company repurchased by our Company, if any, under the general mandate to repurchase Shares referred to below.

The aggregate nominal value of the Shares which our Company authorised our Directors to allot and issue under this issuing mandate will not be reduced by the allotment and issue of Shares pursuant to (i) a rights issue; (ii) any scrip dividend scheme or similar arrangement providing for the allotment and issue of Shares in lieu of the whole or part of a dividend on Shares in accordance with the Articles of Association; (iii) any specific authority granted by the Shareholders in general meeting(s); or (iv) the exercise of options which may be granted under the Share Option Scheme or any arrangement which may be regulated under Chapter 17 of the Listing Rules.

This issuing mandate will expire at the earliest of:

- (a) the conclusion of our Company’s next annual general meeting;

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## SHARE CAPITAL

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- (b) the expiration of the period within which our Company is required by the applicable Cayman Islands laws or the Articles of Association to hold our next annual general meeting; or
- (c) when varied, revoked or renewed by an ordinary resolution of our Shareholders in general meeting.

For further details of this issuing mandate, please see the paragraph headed “Statutory and General Information — Further Information about our Company — 5. Written resolutions of our Shareholders passed on 23 June 2017” in Appendix IV to this prospectus.

### GENERAL MANDATE TO REPURCHASE SHARES

Our Directors with a general unconditional mandate to exercise all powers of our Company to repurchase Shares with an aggregate nominal value of not more than 10% of the aggregate nominal amount of the share capital of our Company in issue immediately following completion of the Global Offering and the Capitalisation Issue.

This Repurchase Mandate only relates to repurchases made on the Stock Exchange or any other stock exchange on which the Shares are listed (and which is recognised by the SFC and the Stock Exchange for this purpose) and which are made in accordance with all applicable laws and requirements of the Listing Rules. Further information required by the Stock Exchange to be included in this prospectus regarding the repurchase of Shares by our Company is set out in the paragraph headed “Statutory and General Information — Further Information about our Company — 6. Repurchase of Shares” in Appendix IV to this prospectus.

This Repurchase Mandate will expire at the earliest of:

- (a) the conclusion of our Company’s next annual general meeting;
- (b) the expiration of the period within which our Company is required by the applicable Cayman Islands laws or the Articles of Association to hold our next annual general meeting; or
- (c) when varied, revoked or renewed by an ordinary resolution of our Shareholders in general meeting.

For further details of this Repurchase Mandate, please see the paragraph headed “Statutory and General Information — Further Information about our Company — 5. Written resolutions of our Shareholders passed on 23 June 2017” in Appendix IV to this prospectus.



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## FINANCIAL INFORMATION

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*You should read this section in conjunction with our financial information, including the notes thereto, as set out in the section headed “Accountants’ Report” in Appendix I to this prospectus. The financial information has been prepared in accordance with HKFRSs. You should read the entire Accountants’ Report and not merely rely on the information contained in this section.*

*The following discussion and analysis contains 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 we believe are appropriate under the circumstances. However, our actual results may differ significantly from those projected in the forward-looking statements. Factors that might cause future results to differ significantly from those projected in the forward-looking statements include those discussed in the section headed “Risk Factors” in this prospectus.*

### **MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

#### **Overview**

We are a construction company principally providing foundation works and ancillary services, as well as general building works in Hong Kong.

Historically and up until October 2014, our Group undertook construction projects in Hong Kong only. In October 2014, our Group entered into the Saipan construction market and was awarded a contract to undertake, as main contractor, foundation works and ancillary services and general building works for the Saipan Project. During the year ended 31 December 2015 and 2016, we have recognised revenue of HK\$115.7 million and HK\$58.3 million for the Saipan Project, respectively, representing 18.4% and 8.2% of our total revenue of the respective periods, respectively.

For the years ended 31 December 2014, 2015 and 2016, our total revenue was HK\$448.7 million, HK\$628.7 million and HK\$715.1 million, respectively, representing a CAGR of 26.2% over the three years ended 31 December 2015. Our profit was HK\$44.7 million, HK\$54.3 million and HK\$42.1 million, respectively.

For further information about our business and operations, please see the section headed “Business” in this prospectus.

#### **Basis of presentation**

The financial information set out in the Accountants’ Report has been prepared in accordance with all applicable HKFRSs, which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants. The financial information also complies with the applicable disclosure provisions of the Listing Rules.

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## FINANCIAL INFORMATION

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Our Company underwent the Reorganisation to rationalise its corporate structure in preparation for the listing of the Company's shares on the Stock Exchange. For details of the Reorganisation, please see the section headed "History and Corporate Structure" in this prospectus. Upon completion of the Reorganisation on 23 June 2017, the Company became the holding company of our Group.

The financial information has been prepared using the merger basis of accounting as if our Group has always been in existence. The combined statements of profit or loss and other comprehensive income, the combined statements of changes in equity and the combined cash flow statements of our Group include the financial performance and cash flows of the companies now comprising our Group as if the current group structure had been in existence and remained unchanged throughout the Track Record Period. The combined statements of financial position of our Group as at 31 December 2014, 2015 and 2016 have been prepared to present the financial position of the companies now comprising our Group as at those dates as if the current group structure had been in existence as at the respective dates.

For more information on the basis of preparation of our financial information included herein, please see the section headed "Accountants' Report" in Appendix I to this prospectus.

### **KEY FACTORS AFFECTING OUR RESULTS OF OPERATIONS AND FINANCIAL CONDITION**

Our financial condition and results of operations have been, and will continue to be affected by a number of factors, including those set out below:

#### **Market conditions and trends in the construction industry and in the overall economy**

We carry out our business principally in Hong Kong. The future growth and level of profitability of the construction industry in Hong Kong depend primarily upon the continued availability of construction 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 Hong Kong Government's spending patterns on the construction industry in Hong Kong and its land supply and public housing policy, speed of approval of the relevant budgets or projects, the investment of property developers and the general conditions and prospects of Hong Kong's economy. These factors may affect the availability of construction projects from the public sector, private sector or institutional bodies. Apart from the public spending of the Hong Kong Government, other factors also affect the construction industry. 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 construction works in Hong Kong deteriorates, our operations and profitability could be adversely affected.

#### **Non-recurrent nature of tenders of construction projects**

During the Track Record Period, we derived our revenue mainly from foundation works and ancillary services and general building works projects in Hong Kong and Saipan which our customers awarded to us on successful tenders. Our future growth and success will depend on our ability to continue to secure tender and contract awards. In addition, our business is contract-based and on a non-recurring basis. We do not have long-term commitment with our customers and our customers may vary from year to year.

During the Track Record Period and up to the Latest Practicable Date, we secured our foundation works and ancillary services and general building works projects through competitive tender process. There is no guarantee that our current customers will continue to include us in the tendering process or we will be able to seek new customers, or that we will be able to

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secure project awards from our customers in the future. Upon the completion of our contracts on hand, our financial performance may be adversely affected if our Group is unable to secure new tenders or obtain new contract awards with comparable contract sums or at all. Accordingly, our historical financial results during the Track Record Period should not be taken as an indication of our future performance. Prospective investors should be aware of the risk of our Group failing to secure future contracts when considering our Group's future prospects.

### **Pricing for our services including that under variation orders**

We generally fix our service fee when we submit our tender or quotation. Once the tender or quotation is agreed with our customers, we can only adjust our service fee in certain circumstances as stipulated in the contracts such as request by the customer for additional services or changes in specifications under variation orders. In some of the cases, pricing of the variation orders is set out as valuation of contractor's work in certain supplemental agreements with customers. As set out in such agreements, if the work relating to the variation order is of similar conditions and does not substantially change its work quantity, same rates as the original contract are applied for such work. Otherwise, if it involves an increase in scope of work or where the work is not the same or not of similar character to any work under the contract, such work is valued at fair rates. Under all circumstances, the final fee for the variation orders is determined upon negotiations with our customers in accordance with our contract terms.

Dispute in the percentage of work done is generally resolved with customers during the process of inspection by customer and its agent. In most of the cases, revenue for variation orders is then recognised based on the percentage of completion and the mutually agreed certified amount of work done indicated in the payment certificate with progress billing.

Variation orders may require additional material purchases or sub-contracting services from third parties, which lead to our negotiations with our suppliers or subcontractors. During our preparation of tender or quotation and before accepting a variation order, our management prepares a cost budget based on the quotations from our subcontractors and suppliers. During the process of cost budget preparation, our management has been cautious in selecting our subcontractors based on their experience and past performance so as to ensure the cost budget matches the quotation or cost of the variation order, thereby arriving at the desired profit margin. Our management also reviews the cost budget and compares it with the actual amount incurred.

Nevertheless, there may be cost overrun resulting from inaccurate estimation of costs, increase in costs of materials and wages of our workers, change in the regulatory requirements, disputes with subcontractors, labour disputes as well as accidents and other unforeseen problems. If we are unable to keep our costs within our original estimates, or the price adjustment mechanisms are not provided, or we are not able to fully cover the increase in costs during the project, our business operations, financial results and profitability may be adversely affected.

### **Collectability and timing of collection of our trade debtors and retention monies receivables**

We normally receive progress payments from our customers on a monthly basis with reference to the value of works done. Normally 10% of such payment (subject to a maximum retention of 5% of the total contract sum) is withheld by our customers as retention money and half of which will be remitted to us when the architect issues a practical completion certificate and the remaining half of which will be remitted to us after the expiry of defects liability period, which is typically one year. However, there can be no assurance that the retention money or any

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future retention money will be remitted by our customers to us on a timely basis and in full. Any late payment, whether arising from payment practice of our customers or delay in completion of the construction project, may adversely affect our future liquidity position.

### **Fluctuations in costs directly attributable to our projects**

Our construction costs mainly include construction material costs, subcontracting charges and labour costs. They represent a significant portion of our direct costs, therefore, fluctuations in these costs directly affect our results of operations and financial condition.

Major construction materials used by us include concrete, steel bar, diesel and other metal materials which are generally sourced by our Group through suppliers in Hong Kong. For the years ended 31 December 2014, 2015 and 2016, we incurred HK\$87.9 million, HK\$111.2 million and HK\$149.8 million respectively in construction material costs, representing 24.5%, 21.8% and 25.5% respectively of our total direct costs. Any significant construction material price fluctuations that we may experience may cause fluctuations in our construction material costs. Any increase in our construction material costs may have a negative impact on our results of operations and financial condition if we are unable to factor in these potential fluctuations into each of our tenders or quotations and pass on a part or the whole of any additional costs to our customers or reduce other costs.

In addition, most of the projects undertaken by our Group involved some degree of subcontracting. For the years ended 31 December 2014, 2015 and 2016, our subcontracting charges amounted to HK\$103.6 million, HK\$239.2 million and HK\$280.6 million respectively, representing 28.9%, 47.0% and 47.7% respectively of our total direct costs. If the subcontracting charges increase unexpectedly to the extent that our Group has to incur substantial extra costs without sufficient compensation, the financial performance and profitability of our Group will be adversely affected.

For the years ended 31 December 2014, 2015 and 2016, our labour costs amounted to HK\$80.9 million, HK\$61.4 million and HK\$75.4 million respectively, representing 22.6%, 12.1% and 12.8% of our total direct costs respectively. There is no assurance that the labour costs will be stable. If there is a significant increase in the costs of labour and we have to retain our labour by increasing their wages, our labour costs will increase and thus lower our profitability.

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The following sensitivity analysis illustrates the impact of hypothetical fluctuations in construction material costs, subcontracting charges and labour costs on our profit before tax during the Track Record Period.

<b>Hypothetical fluctuations of construction material costs</b>	<b>+/-25%</b>	<b>+/-50%</b>	<b>+/-75%</b>	<b>+/-100%</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Decrease/increase in profit before tax</b>				
Year ended 31 December 2014 . . . . .	-/+21,979.5	-/+43,959.0	-/+65,938.5	-/+87,918.0
Year ended 31 December 2015 . . . . .	-/+27,800.3	-/+55,600.5	-/+83,400.8	-/+111,201.0
Year ended 31 December 2016 . . . . .	-/+37,459.0	-/+74,918.0	-/+112,377.0	-/+149,836.0
<b>Hypothetical fluctuations of subcontracting charges</b>	<b>+/-25%</b>	<b>+/-50%</b>	<b>+/-75%</b>	<b>+/-100%</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Decrease/increase in profit before tax . . . . .</b>				
Year ended 31 December 2014 . . . . .	-/+25,890.8	-/+51,781.5	-/+77,672.3	-/+103,563.0
Year ended 31 December 2015 . . . . .	-/+59,793.3	-/+119,586.5	-/+179,379.8	-/+239,173.0
Year ended 31 December 2016 . . . . .	-/+70,138.5	-/+140,277.0	-/+210,415.5	-/+280,554.0
<b>Hypothetical fluctuations of labour costs</b>	<b>+/-25%</b>	<b>+/-50%</b>	<b>+/-75%</b>	<b>+/-100%</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Decrease/increase in profit before tax . . . . .</b>				
Year ended 31 December 2014 . . . . .	-/+20,232.8	-/+40,465.5	-/+60,698.3	-/+80,931.0
Year ended 31 December 2015 . . . . .	-/+15,346.5	-/+30,693.0	-/+46,039.5	-/+61,386.0
Year ended 31 December 2016 . . . . .	-/+18,839.0	-/+37,678.0	-/+56,517.0	-/+75,356.0

### CRITICAL ACCOUNTING POLICIES, ESTIMATES AND JUDGEMENTS

We have identified certain accounting policies that are significant to the preparation of our Group's combined financial statements. Some of our accounting policies involve subjective assumptions and estimates, as well as judgements relating to accounting items. The estimates and assumptions are based on historical experience and various other factors that we believe to be reasonable under the circumstances. Actual results may differ from these estimates. Our estimates and underlying assumptions are reviewed by our management on an on-going basis.

Our Directors believe that the estimates and judgements were appropriate during the Track Record Period by comparing with actual results, and we confirm that there was no material change in our accounting policies, estimates and underlying assumptions during the Track Record Period, and as at the Latest Practicable Date, we did not expect to make any changes to such estimates and underlying assumptions in light of our current business operations and future plans.

When reviewing our financial information, you should consider: (i) our selection of critical accounting policies; (ii) the judgements and other uncertainties affecting the application of such policies; and (iii) the sensitivity of reported results to changes in conditions and assumptions.

Our significant accounting policies, estimates and judgements, which are important for an understanding of our financial position and results of operations, are set forth in detail in the note 1 and note 2 in Section B of "Accountants' Report" from pages I-8 to I-17 in Appendix I to this prospectus. We set forth below those accounting policies, estimates and judgements that we believe are of critical importance to us in the preparation of our Group's financial information.

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## FINANCIAL INFORMATION

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### Revenue recognition

We measure our revenue at the fair value of the consideration received or receivable which represents amounts receivable for goods sold and services provided in the normal course of business.

We recognise construction contract revenue based on the stage of completion of the contracts, and establish the stage of completion according to the progress certificate (by reference to the amount of completed works confirmed by surveyors) issued by our customers or the progress payment application (by reference to the amount of completed works confirmed by in-house surveyor) that we submitted to the customers.

Variations in contract work, claims and incentive payments are included in contract revenue to the extent that they have been agreed with the customer or the outcome of which can be estimated reliably by management and are capable of being reliably measured.

Revenue from sales of goods is recognised when goods are delivered at the customers' premises which is taken to be the point in time when the customer has accepted the goods and the related risks and rewards of ownership. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

### Trade and other receivables

We measure our trade and other receivables initially at fair value and, after initial recognition, at amortised cost less allowance for impairment of doubtful debts, if any, except for interest-free loans made to related parties without any fixed repayment terms or the effect of discounting being immaterial, that are measured at cost less allowance for impairment of doubtful debt, if any.

### Trade and other payables

We measure our trade and other payables initially at fair value and, after initial recognition, at amortised cost, except for payables with no stated interest rate and the effect of discounting being immaterial that are measured at their original cost.

### Construction contracts

When the outcome of a construction contract can be estimated reliably, we recognise our revenue and costs by reference to the stage of completion of the contract activity at the end of the reporting period. We include variations in contract work, claims and incentive payments to the extent that the amount can be measured reliably and its receipt is considered probable.

When it is probable that total contract costs will exceed total contract revenue, we recognise the expected loss as an expense immediately.

When the outcome of a construction contract cannot be estimated reliably, we recognise the contract costs as an expense in the period in which they are incurred.

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## FINANCIAL INFORMATION

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We record construction contracts in progress at the end of the reporting period at the net amount of costs incurred plus recognised profit less recognised losses and progress billings, and present in the statements of financial position as the “Gross amounts due from customers for contract work” (as an asset) or the “Gross amounts due to customers for contract work” (as a liability), as applicable. We include progress billings not yet paid by the customer under “Trade and other receivables”. Amounts received before the related work is performed are included under “Trade and other payables”.

### **Leased assets**

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if our Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

Assets that are held by our Group under leases which transfer to our Group substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases which do not transfer substantially all the risks and rewards of ownership to our Group are classified as operating leases.

During the Track Record Period, assets that are held by our Group under finance lease comprised machinery and motor vehicles. Under finance leases, the amounts representing the fair value of our leased asset, or, if lower, the present value of the minimum lease payments, of such assets are recognised as property, plant and equipment and the corresponding liabilities, net of finance charges, are recorded as our obligations under finance leases. Finance charges implicit in the lease payments are charged to our profit or loss over the period of the leases.

Assets held under finance leases are depreciated over the term of the relevant lease or where there is no reasonable certainty that the Group will obtain ownership of the assets by the end of the lease term, assets are depreciated over their estimated useful lives.

### **Property, plant and equipment**

During the Track Record Period, our property, plant and equipment comprised plant and machinery, furniture and fixtures, motor vehicles and office equipment. Property, plant and equipment are stated in the statement of financial position at cost less accumulated depreciation and impairment losses, if any.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of our property, plant and equipment is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in our profit or loss.

### **Critical accounting judgement**

#### *(a) Depreciation of property, plant and equipment*

Our Group depreciates the property, plant and equipment over their estimated useful lives and after taking into account of their estimated residual values, using the straight line method. The estimated useful lives reflect the Directors’ estimate of the periods that our Group intends to derive future economic benefits from the use of our property, plant and equipment. The residual values reflect the Directors’ estimated amount that our Group would obtain from disposal of the assets, after deducting the estimated costs of disposal, if the assets were already of the age and in the condition expected at the end of its useful life.



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### (b) Impairment of trade receivables

Our Group estimates the impairment allowances for trade receivables by assessing the recoverability based on the ageing of the trade receivable balance, credit-worthiness of the debtor and historical write-off experience. This requires the use of estimates and judgements. Allowances are applied to trade receivables where events or changes in circumstances indicate that the balances may not be recoverable. Where the expectation is different from the original estimate, such difference will affect the carrying amounts of trade receivables and thus the impairment loss in the period in which such estimate is changed. Our Group reassesses the impairment allowances at the end of each reporting period.

### Source of estimation uncertainty

#### Construction contracts

Our Group recognises contract revenue and profit on a project according to management's estimation of the total outcome of our projects as well as the percentage of completion of construction works. Notwithstanding that management reviews and revises the estimates of both contract revenue and costs for the construction contract as the contract progresses, the actual outcome of the contract in terms of its total revenue and costs may be higher or lower than the estimations and this will affect the revenue and profit recognised in future years.

## RESULTS OF OPERATIONS

The following table summarises the combined statements of profit or loss and other comprehensive income during the Track Record Period, details of which are set out in the section headed "Accountants' Report" in Appendix I to this prospectus.

	Year ended 31 December		
	2014	2015	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Revenue</b> . . . . .	448,719	628,732	715,107
Direct costs . . . . .	(358,777)	(509,007)	(588,573)
<b>Gross profit</b> . . . . .	89,942	119,725	126,534
Other income . . . . .	800	999	1,143
General and administrative expenses . . . . .	(34,564)	(50,867)	(70,032)
<b>Profit from operations</b> . . . . .	56,178	69,857	57,645
Finance costs . . . . .	(2,292)	(2,415)	(2,358)
<b>Profit before taxation</b> . . . . .	53,886	67,442	55,287
Income tax . . . . .	(9,229)	(13,115)	(13,150)
<b>Profit for the year</b> . . . . .	44,657	54,327	42,137
<b>Other comprehensive income for the year</b>			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange difference on translation of financial statements of overseas subsidiaries . . . . .	(9)	(2)	2
<b>Profit and total comprehensive income for the year</b> . . . . .	<u>44,648</u>	<u>54,325</u>	<u>42,139</u>

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### DESCRIPTION OF SELECTED ITEMS IN COMBINED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

#### Revenue

The principal activities of our Group are the provision of construction services which mainly include foundation works and ancillary services, and general building works, and sales of piles. Revenue primarily represents revenue from construction contracts earned during the Track Record Period. The following table sets forth a breakdown of our revenue by segment during the Track Record Period:

	Year ended 31 December					
	2014		2015		2016	
	<i>HK\$'000</i>	<i>% of Total Revenue</i>	<i>HK\$'000</i>	<i>% of Total Revenue</i>	<i>HK\$'000</i>	<i>% of Total Revenue</i>
Revenue from construction contracts . . . . .	448,719	100.0	628,732	100.0	715,006	100.0
Sales of piles . . . . .	—	—	—	—	101	0.0
<b>Total</b> . . . . .	<b>448,719</b>	<b>100.0</b>	<b>628,732</b>	<b>100.0</b>	<b>715,107</b>	<b>100.0</b>

Our revenue from construction contracts represents 100.0%, 100.0% and 100.0% of the total revenue for the years ended 31 December 2014, 2015 and 2016, respectively. Our sales of piles contributed insignificantly to our revenue for the year ended 31 December 2016.

Our Group recorded an increasing trend on total revenue during the Track Record Period. For the years ended 31 December 2014, 2015 and 2016, our revenue increased from HK\$448.7 million to HK\$628.7 million and further to HK\$715.1 million, respectively, representing a CAGR of 26.2%. The surge in revenue was mainly attributable to increase in general building works projects being carried out primarily during the Track Record Period, together with contribution from the Saipan Project for its foundation works completed in October 2015. Although we had comparatively less newly commenced projects during the year ended 31 December 2016, our continuous increase in the aggregate value of project backlog enabled us to recognise a slight increase in revenue compared with the year ended 31 December 2015. For further information about the Saipan Project, please see the section headed “Business — Construction Projects — Projects in progress based on information available as at 31 December 2016 — Saipan Project” in this prospectus.

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The following table sets forth a breakdown of our revenue from construction contracts by project type carried out by our Group during the Track Record Period:

	Year ended 31 December					
	2014		2015		2016	
	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%
Foundation works and ancillary services . . . . .	385,414	85.9	426,305	67.8	370,391	51.8
General building works . . . . .	63,305	14.1	202,427	32.2	344,615	48.2
<b>Total Revenue from Construction Contracts . . .</b>	<b><u>448,719</u></b>	<b><u>100.0</u></b>	<b><u>628,732</u></b>	<b><u>100.0</u></b>	<b><u>715,006</u></b>	<b><u>100.0</u></b>

Our revenue from the foundation works and ancillary services demonstrated a consecutive growth for the years ended 31 December 2014, 2015 and 2016. For the years ended 31 December 2014, 2015 and 2016, there were 58, 55 and 44 foundation works and ancillary services projects contributing revenue of HK\$385.4 million, HK\$426.3 million and HK\$370.4 million respectively to this business segment.

Our revenue from the general building works also recorded an increasing trend during the Track Record Period. For the years ended 31 December 2014, 2015 and 2016, there were two, four and 9 general building works projects contributing revenue of HK\$63.3 million, HK\$202.4 million and HK\$344.6 million, respectively, to this business segment, at a growth rate of 219.7%, 70.2% for the years ended 31 December 2015 and 2016, respectively. The increase during the Track Record Period was primarily due to our intention to further explore the general building works market to diversify our sources of revenue and construction portfolios and reduce our business risks.

The following table sets forth a breakdown of our revenue from construction contracts by sector during the Track Record Period:

	Year ended 31 December					
	2014		2015		2016	
	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%
Private sector . . . . .	384,213	85.6	543,550	86.4	568,977	79.6
Public sector . . . . .	64,506	14.4	85,182	13.6	146,029	20.4
<b>Total Revenue from construction contracts . . .</b>	<b><u>448,719</u></b>	<b><u>100.0</u></b>	<b><u>628,732</u></b>	<b><u>100.0</u></b>	<b><u>715,006</u></b>	<b><u>100.0</u></b>

We classify our projects as public sector ones if the ultimate employer of a project are various departments of the Hong Kong Government or public body, regardless of whether we act as main contractor or subcontractor. Conversely, customers from our private sector projects mainly include property developers in Hong Kong. For more information, please see the section headed "Business — Customers" in this prospectus.

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During the Track Record Period, we derived our revenue primarily from the construction works undertaken by us from the private sector, covering foundation works and ancillary services projects including site formation projects and demolition projects, as well as all of our general building projects. Our revenue from the private sector represents 85.6%, 86.4% and 79.6% of the total revenue from the construction works for the years ended 31 December 2014, 2015 and 2016, respectively. We have also undertaken foundation works and ancillary services projects from the public sector, representing 14.4%, 13.6% and 20.4% of the total revenue from the construction works for the years ended 31 December 2014, 2015 and 2016, respectively.

Our revenue from private sector increased from HK\$384.2 million for the year ended 31 December 2014 to HK\$543.5 million for the year ended 31 December 2015, which was mainly due to the increase in revenue from the Saipan project and revenue contribution from a new general building works project awarded in 2015. Our revenue from private sector slightly increased from HK\$543.5 million for the year ended 31 December 2015 to HK\$569.0 million for the year ended 31 December 2016, which was mainly due to the increase in our revenue from certain general building works projects during the respective years. Further details of the aforesaid projects are set out in the paragraph headed “Business — Construction Projects” in this prospectus.

Our revenue from public sector increased from HK\$64.5 million for the year ended 31 December 2014 to HK\$85.2 million for the year ended 31 December 2015, which was mainly due to two newly commenced projects from the public sector in 2015 as we intend to maintain a diversified client base with different project types. For the same reason, our revenue from public sector increased from HK\$85.2 million for the year ended 31 December 2015 to HK\$146.0 million for the year ended 31 December 2016.

The following table sets forth a breakdown of our revenue from construction contracts by our role as main contractor or subcontractor during the Track Record Period:

	Year ended 31 December					
	2014		2015		2016	
	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%
Main contractor . . . . .	336,957	75.1	505,927	80.5	553,192	77.4
Subcontractor . . . . .	<u>111,762</u>	<u>24.9</u>	<u>122,805</u>	<u>19.5</u>	<u>161,814</u>	<u>22.6</u>
<b>Total Revenue from</b>						
<b>Construction Contracts . . .</b>	<u>448,719</u>	<u>100.0</u>	<u>628,732</u>	<u>100.0</u>	<u>715,006</u>	<u>100.0</u>

During the Track Record Period, we primarily served our customers as main contractor in our projects, and to a lesser extent, acted as subcontractor. For the years ended 31 December 2014, 2015 and 2016, our revenue from the projects for which we acted as main contractor represented 75.1%, 80.5% and 77.4% of the total revenue from the construction works,

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respectively, while our revenue from the projects for which we acted as subcontractor represented 24.9%, 19.5% and 22.6% of the total revenue from the construction works, respectively.

Our revenue from the projects for which we acted as main contractor increased from HK\$337.0 million for the year ended 31 December 2014 to HK\$505.9 million for the year ended 31 December 2015, which was mainly due to the increase in revenue from foundation works of Saipan Project and a residential development project in Peng Chau for the year ended 31 December 2015. Our revenue from the projects for which we acted as main contractor increased from HK\$505.9 million for the year ended 31 December 2015 to HK\$553.2 million for the year ended 31 December 2016, which was mainly due to the increase in our revenue from certain general building works projects during the respective years. Further details of the aforesaid projects are set out in the section headed “Business — Construction projects” in this prospectus.

Our revenue from the projects for which we acted as subcontractor slightly increased from HK\$111.7 million for the year ended 31 December 2014 to HK\$122.8 million for the year ended 31 December 2015, which was mainly due to several newly commenced projects for which we acted as subcontractor in 2015. For the same reason, our revenue from the projects for which we acted as subcontractor increased from HK\$122.8 million for the year ended 31 December 2015 to HK\$161.8 million for the year ended 31 December 2016.

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

	Year ended 31 December					
	2014		2015		2016	
	<i>HK\$'000</i>	<i>% of Total Revenue</i>	<i>HK\$'000</i>	<i>% of Total Revenue</i>	<i>HK\$'000</i>	<i>% of Total Revenue</i>
Hong Kong . . . . .	448,719	100.0	513,009	81.6	656,738	91.8
Saipan . . . . .	—	—	115,723	18.4	58,268	8.2
<b>Total</b> . . . . .	448,719	100.0	628,732	100.0	715,006	100.0

Our Group’s revenue by geographical location is determined by the locations in which the services were provided or the goods were delivered. Before October 2014, our Group undertook construction projects solely in Hong Kong. In October 2014, our Group was awarded a contract with the total contract sum of US\$96.4 million, to undertake, as main contractor, the foundation works and general building works for the Saipan Project, which consisted of a designed capacity of 300-room hotel. The foundation works lasted from May 2015 to October 2015, and the general building works started in May 2016 and is expected to complete in or around February 2018. For the years ended 31 December 2015 and 2016, we recognised revenue of HK\$115.7 million and HK\$58.3 million for the Saipan Project based on the stage of completion.

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### Direct costs

Direct costs primarily consist of construction material costs, subcontracting charges and labour costs.

Our direct costs amounted to HK\$358.8 million, HK\$509.0 million and HK\$588.6 million for the years ended 31 December 2014, 2015 and 2016, respectively. The following table sets forth a breakdown of our direct costs by nature during the Track Record Period:

	Year ended 31 December					
	2014		2015		2016	
	HK\$'000	%	HK\$'000	%	HK\$'000	%
Construction material costs . . .	87,918	24.5	111,201	21.8	149,836	25.5
Subcontracting charges . . . . .	103,563	28.9	239,173	47.0	280,554	47.7
Labour costs . . . . .	80,931	22.6	61,386	12.1	75,356	12.8
Transportation cost of trading piles <sup>(2)</sup> . . . . .	—	—	—	—	34	0.0
Depreciation <sup>(1)</sup> . . . . .	22,923	6.4	25,194	4.9	18,431	3.1
Others <sup>(3)</sup> . . . . .	63,442	17.6	72,053	14.2	64,362	10.9
<b>Total direct costs . . . . .</b>	<b>358,777</b>	<b>100.0</b>	<b>509,007</b>	<b>100.0</b>	<b>588,573</b>	<b>100.0</b>

*Notes:*

1. Depreciation expenses represented the depreciation of our plant and machinery, and motor vehicles for our construction projects.
2. Transportation cost of trading piles represented the delivery cost of piles incurred in the year of 2016.
3. Our other direct costs principally included consultancy fee, transportation and fuel expenses, equipment rental, license fee and insurance expenses.

Construction material costs mainly represent metal, steel, cement and concrete which were sourced in Hong Kong. For the years ended 31 December 2014, 2015 and 2016, our construction material costs amounted to HK\$87.9 million, HK\$111.2 million and HK\$149.8 million, representing 24.5%, 21.8% and 25.5% of our total direct costs, respectively. The decrease in the relative proportion of construction material costs for the years ended 31 December 2015 was primarily due to the increase in general building works projects for which we generally act as main contractor and incurred subcontracting charges through outsourcing instead of utilising our own labour and materials. The increase in our total construction material costs for the year ended 31 December 2015 was mainly due to the increase in our foundation construction works projects. The increase in our total construction material costs for the year ended 31 December 2016 was mainly because in the year of 2016 our Group had been involving in management of the general building works projects newly commenced and incurred construction material costs.

The following table sets forth a breakdown of our construction material costs during the Track Record Period:

	Year ended 31 December					
	2014		2015		2016	
	HK\$'000	%	HK\$'000	%	HK\$'000	%
Metal & Steel . . . . .	78,446	89.2	95,648	86.0	119,611	79.8
Cement & concrete . . . . .	9,472	10.8	15,553	14.0	30,225	20.2
<b>Total construction material costs . . . . .</b>	<b>87,918</b>	<b>100.0</b>	<b>111,201</b>	<b>100.0</b>	<b>149,836</b>	<b>100.0</b>

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Subcontracting charges represent direct costs for engaging subcontractors to carrying out part of our construction projects when we consider it appropriate or necessary to subcontract. For the years ended 31 December 2014, 2015 and 2016, our subcontracting charges amounted to HK\$103.6 million, HK\$239.2 million and HK\$280.6 million, respectively, representing 28.9%, 47.0% and 47.7% respectively of our total direct costs. The significant increase in subcontracting charges during the Track Record Period was primarily due to the increase in number of our general building works projects for which we generally act as main contractor and outsource a substantial part of our construction works after taking into account the availability of our labour and machinery resources. This differs from our role as a main contractor in foundation projects, where we are responsible for most of the core operation process and overall management. For further information about our subcontracting arrangements, please see the section headed “Business — Suppliers and Subcontractors — Subcontracting” in this prospectus.

Labour costs represent salaries, wages and other benefits provide to our staff involved in the construction projects. For the years ended 31 December 2014, 2015 and 2016, our labour costs amounted to HK\$80.9 million, HK\$61.4 million and HK\$75.4 million, representing 22.6%, 12.1% and 12.8% of our total direct costs, respectively. The decrease in labour costs for the year ended 31 December 2015 was primarily due to (i) the relatively high labour costs in 2014 because of the extra payments made to our construction workers in one of our foundation works and ancillary services projects which represented premium for working under special conditions and overtime pay; (ii) the decrease in number of construction labour for a period of time upon completion of some major foundation works and ancillary services projects at the end of 2014; and (iii) the increase in subcontracting arrangements for the increased number of our general building works projects. The increase in labour costs for the year ended 31 December 2016 was mainly because in the year of 2016 our Group had been involving in management of the general building works projects newly commenced and incurred labour costs.

### **Gross profit and gross profit margin**

For the years ended 31 December 2014, 2015 and 2016, our overall gross profit was HK\$89.9 million, HK\$119.7 million and HK\$126.5 million, respectively, while our overall gross profit margin was 20.0%, 19.0% and 17.7%, respectively. For the years ended 31 December 2014, 2015 and 2016, the gross profit contributed from the Saipan Project was nil, HK\$35.2 million and HK\$17.7 million respectively representing approximately 0%, 29.4% and 14.0% respectively of the total gross profit. The gross profit and gross profit margin of our projects are affected by a number of factors, including scope of work, technical complexity, geological conditions of the work sites, variation orders and/or work programme, and therefore vary from project to project. During the Track Record Period, save for the year ended 31 December 2014, out of HK\$3.1 million gross profit, HK\$1.0 million was recognised in the form of management fee from a general building works project with substantially high gross profit margin. Foundation works projects undertaken by us generally had a higher gross profit margin compared with general building works projects as we generally dealt with subcontractors for our general building works project and the mark-up we could charge was lower given the multi-layer engagement. For further details, please refer to the paragraph headed “Business — Description of Our Construction Works — General building works” in this prospectus.

During the Track Record Period, the general building works projects undertaken by us generally had a larger contract sum compared to our foundations works projects. As the amount of surety bonds required to be taken out by us was calculated based on the total contract sum, together with the higher up-front costs such as deposits, insurance, prepayment for construction materials, subcontracting costs, machinery and equipment due to the more sizeable scale of and the multi-layer engagement in our general building works projects, the liquidity and working capital requirement for our general building works projects was higher than the foundation works projects undertaken by us.



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The following table sets forth a breakdown of our Group's gross profit and gross profit margin from construction contracts by our project type of construction works during the Track Record Period:

	Year ended 31 December					
	2014		2015		2016	
	Gross profit	Gross profit margin	Gross profit/ (loss)	Gross profit/ (loss) margin	Gross profit	Gross profit margin
	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%
Foundation works and ancillary services . . . . .	86,857	22.5	124,809	29.3	86,727	23.4
General building works . . . . .	3,085	4.9	(5,084)	(2.5)	39,740	11.5
<b>Total</b> . . . . .	<u>89,942</u>	20.0	<u>119,725</u>	19.0	<u>126,467</u>	17.7

Our gross profit and gross profit margin from foundation works and ancillary services increased from HK\$86.9 million and 22.5% for the year ended 31 December 2014 to HK\$124.8 million and 29.3% for the year ended 31 December 2015, which was mainly due to the increase in revenue of the Saipan Project with high profit margin. Our gross profit and gross profit margin from foundation works and ancillary services decreased to HK\$86.7 million and 23.4% for the year ended 31 December 2016, respectively, as there was no gross profit contribution upon the completion of foundation works of the Saipan Project for the latter period.

We have recorded gross loss and gross loss margin from general building works of HK\$5.1 million and 2.5% for the year ended 31 December 2015, which was mainly due to one of our loss-making project in Castle Peak Road for which loss was recognised starting from the second half of 2015. Our gross profit and gross profit margin from general building works increased from (HK\$5.1 million) and (2.5%) for the year ended 31 December 2015 to HK\$39.7 million and 11.5% for the year ended 31 December 2016, respectively, which was mainly due to the gross profit recognised for the Saipan Project and more profitable general building works projects in Hong Kong. Further details of the loss-making projects are set out in the paragraph headed "Business — Construction Projects — Loss-making projects" in this prospectus.

The following table sets forth a breakdown of our Group's gross profit and gross profit margin from construction contracts by sector during the Track Record Period:

	Year ended 31 December					
	2014		2015		2016	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%
Private sector . . . . .	71,422	18.6	91,587	16.9	73,250	12.9
Public sector . . . . .	18,520	28.7	28,138	33.0	53,217	36.4
<b>Total</b> . . . . .	<u>89,942</u>	20.0	<u>119,725</u>	19.0	<u>126,467</u>	17.7

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Our gross profit from private sector increased from HK\$71.4 million and 18.6% for the year ended 31 December 2014 to HK\$91.6 million while our gross profit margin decreased to 16.9% for the year ended 31 December 2015, which was mainly due to the increase in revenue from the Saipan Project with high profit margin, and partially offset by the effect of the Castle Peak Road loss-making project with negative gross profit margin. Our gross profit and gross profit margin from private sector decreased to HK\$73.3 million and 12.9% for the year ended 31 December 2016, respectively, which was mainly due to our loss-making project in Castle Peak Road for which loss was recognised starting from the second half of 2015 and throughout the year ended 31 December 2016. Further details of the loss-making projects are set out in the paragraph headed “Business — Construction Projects — Loss-making projects” in this prospectus.

Our gross profit and gross profit margin from public sector increased from HK\$18.5 million and 28.7% for the year ended 31 December 2014 to HK\$28.1 million and 33.0% for the year ended 31 December 2015, which was mainly due to the increase in revenue from a project for the redevelopment of school in Mid-Levels area with high gross profit margin. For this project, we recognised relatively larger gross profit and higher gross profit margin, because apart from the foundation works and ancillary services, we also designed the piling system of the foundation and adopted cost efficiency measures for our customer. Our gross profit and gross profit margin from public sector increased to HK\$53.2 million and 36.4% for the year ended 31 December 2016, respectively, which was mainly due to the increase in gross profit for the foundation and ELS work for Central Police Station conservation and revitalisation project that we recognised upon receipt of the approval of our certain claims from the customer in the year of 2016. As substantial costs of this project have been recognised in previous years, these claims led to an increase in gross profit margin for the year ended 31 December 2016. Further details of the aforesaid projects are set out in the paragraph headed “Business — Construction Projects” in this prospectus.

The following table sets forth a breakdown of our Group’s gross profit and gross profit margin from construction contracts by our role as main contractor or subcontractor during the Track Record Period:

	Year ended 31 December					
	2014		2015		2016	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%
Main contractor . . . . .	52,751	15.7	85,713	16.9	69,033	12.5
Subcontractor . . . . .	37,191	33.3	34,012	27.7	57,434	35.5
<b>Total</b> . . . . .	<u>89,942</u>	20.0	<u>119,725</u>	19.0	<u>126,467</u>	17.7

Our gross profit and gross profit margin for projects in which we acted as main contractor increased from HK\$52.8 million and 15.7% for the year ended 31 December 2014 to HK\$85.7 million and 16.9% for the year ended 31 December 2015, which was mainly due to the increase in revenue of the Saipan Project with high gross profit margin, and was partially offset by increase in revenue from general building works with low gross profit margin as well as the effect of the Castle Peak Road loss-making project. Our gross profit and gross profit margin for projects in which we acted as main contractor decreased to HK\$69.0 million and 12.5% for the year ended 31 December 2016, primarily attributable to less contribution from the Saipan Project for the latter period.

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Our gross profit for projects in which we acted as subcontractor remained relatively stable at HK\$37.2 million and HK\$34.0 million, respectively for the years ended 31 December 2014 and 2015. Our gross profit and gross profit margin for projects in which we acted as subcontractor increased to HK\$57.4 million and 35.5% for the year ended 31 December 2016, which was mainly attributable to the increase in gross profit and gross profit margin for the foundation and ELS work for Central Police Station conversation and revitalisation project in the year of 2016.

### Other income

Other income mainly include rental income from lease of machinery, sales of scrap materials, interest income on deposit element of life insurance policies and loss/gain on disposal of property, plant and equipment. We recorded other income of HK\$0.8 million, HK\$1.0 million and HK\$1.1 million, respectively for the years ended 31 December 2014, 2015 and 2016.

The following table sets forth a breakdown of our other income for the Track Record Period:

	Year ended 31 December					
	2014		2015		2016	
	HK\$'000	%	HK\$'000	%	HK\$'000	%
Rental income from lease of machinery . . .	525	65.6	200	20.0	562	49.2
Sales of scrap materials . . . . .	—	—	—	—	60	5.2
Interest income on deposit element of life insurance policies . . . . .	174	21.8	391	39.1	—	—
Gain on disposal of property, plant and equipment . . . . .	2	0.3	243	24.3	—	—
Exchange gain . . . . .	—	—	—	—	180	15.7
Miscellaneous income . . . . .	99	12.3	165	16.6	341	29.9
<b>Total other income . . . . .</b>	<b>800</b>	<b>100.0</b>	<b>999</b>	<b>100.0</b>	<b>1,143</b>	<b>100.0</b>

The steady increase in the other income during the Track Record Period was primarily due to (i) the increase in interest income on deposit element of life insurance policies and gain on disposal of property, plant and equipment for the year ended 31 December 2015; and (ii) the increase in exchange gain and miscellaneous income for the year ended 31 December 2016.

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### General and administrative expenses

General and administrative expenses primarily comprise staff costs, business development expenses, transportation expenses, depreciation, bank charges, office expenses and professional charges that includes the non-recurring listing related expenses. The following table sets forth a breakdown of our general and administrative expenses during the Track Record Period:

	Year ended 31 December					
	2014		2015		2016	
	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%
Staff costs . . . . .	10,995	31.8	17,056	33.5	20,024	28.6
Business development expenses . . .	9,850	28.4	11,125	21.9	10,962	15.6
Transportation . . . . .	4,055	11.7	5,036	9.9	4,263	6.1
Depreciation . . . . .	1,133	3.3	597	1.2	802	1.2
Bank charges . . . . .	1,238	3.6	1,136	2.2	1,460	2.1
Office expenses . . . . .	1,651	4.8	3,340	6.6	3,897	5.6
Rental, rates and building management fee . . . . .	2,057	6.0	3,109	6.1	3,601	5.1
Write-off of trade receivables . . . . .	—	—	—	—	—	—
Write-off of retention receivables . . .	1,908	5.5	442	0.9	1,400	2.0
Insurance . . . . .	796	2.3	727	1.4	789	1.1
Professional charges . . . . .	881	2.6	8,299	16.3	22,834	32.6
<b>Total general and administrative expenses . . . . .</b>	<b>34,564</b>	<b>100.0</b>	<b>50,867</b>	<b>100.0</b>	<b>70,032</b>	<b>100.0</b>

Our general and administrative expenses amounted to HK\$34.6 million, HK\$50.9 million and HK\$70.0 million for the years ended 31 December 2014, 2015 and 2016, respectively. Staff costs increased from HK\$11.0 million for the year ended 31 December 2014 to HK\$20.0 million for the year ended 31 December 2016, primarily due to increased number of administrative staff as a result of our business expansion. Business development expenses increased from HK\$9.9 million for the year ended 31 December 2014 to HK\$11.0 million for the year ended 31 December 2016, primarily due to increase in expenses spent on maintaining relationships with customers for our business expansion and development purposes. Transportation expenses increased from HK\$4.1 million for the year ended 31 December 2014 to HK\$4.3 million for the year ended 31 December 2016, primarily due to increase in staff transportation costs for exploration the new markets, especially for the travels to Saipan. Depreciation expenses decreased from HK\$1.1 million for the year ended 31 December 2014 to HK\$0.8 million for the year ended 31 December 2016 primarily because less machinery was leased to external parties in the year of 2015. Our Group incurred write-off of retention receivables of HK\$1.9 million, HK\$0.4 million and HK\$1.4 million for the years ended 31 December 2014, 2015 and 2016 as our management assessed that these retention receivables are not recoverable taking into account the repayment history of the customers and results of follow-up actions taken by management. Professional charges increased significantly from HK\$0.8 million for the year ended 31 December 2014 to HK\$22.8 million for the year ended 31 December 2016, primarily due to our non-recurring listing related expenses amounting to HK\$19.3 million incurred in the year of 2016.

## FINANCIAL INFORMATION

### Finance costs

Finance costs comprise mainly interest on bank loans, finance charges on obligations under finance leases and interest on bank overdrafts. Our finance costs amounted to HK\$2.3 million, HK\$2.4 million and HK\$2.4 million respectively for the years ended 31 December 2014, 2015 and 2016.

The following table sets forth a breakdown of our finance costs during the Track Record Period:

	Year ended 31 December					
	2014		2015		2016	
	HK\$'000	%	HK\$'000	%	HK\$'000	%
Finance charges on obligations under finance leases . . . . .	1,260	55.0	1,442	59.7	1,024	43.4
Interest on bank loans . . . . .	934	40.8	918	38.0	1,226	52.0
Interest on bank overdrafts . . .	98	4.2	55	2.3	108	4.6
<b>Total finance costs. . . . .</b>	<b>2,292</b>	<b>100.0</b>	<b>2,415</b>	<b>100.0</b>	<b>2,358</b>	<b>100.0</b>

The general increase in finance costs during the Track Record Period was primarily due to increase in finance charges on obligations under finance leases as a result of increase in finance leases that we entered into during the respective years for acquisitions of machinery and motor vehicles for our construction projects mainly in the year of 2014. During the Track Record Period, the interest rates on our bank loans ranged from 2.5% to 5.0%.

### Income tax

Our Group is subject to income tax on an individual legal entity basis on profits arising in or derived from the tax jurisdictions in which companies comprising our Group domicile or operate.

*(i) Cayman Islands profits tax*

Our Group is not subject to any income tax in the Cayman Islands.

*(ii) Hong Kong profits tax*

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits for the Track Record Period.

*(iii) Overseas profits tax*

Taxation for overseas subsidiaries is charged at the appropriate current rates of taxation ruling in the relevant jurisdictions.

Our income tax expenses were HK\$9.2 million, HK\$13.1 million and HK\$13.2 million for the years ended 31 December 2014, 2015 and 2016, respectively; the effective tax rate for the same period was 17.1%, 19.4% and 23.8%, respectively. The effective tax rates during the Track Record Period are higher than the statutory profits tax rate of 16.5% primarily due to the tax effect of non-deductible non-recurring listing expenses incurred.

As at the Latest Practicable Date and during the Track Record Period, we fulfilled all our tax obligation in all material respects, we have made sufficient tax provision where necessary in our combined financial statements and did not have any unresolved tax disputes.

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## FINANCIAL INFORMATION

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### REVIEW OF HISTORICAL RESULTS OF OPERATIONS

#### Year ended 31 December 2016 compared to year ended 31 December 2015

##### *Revenue*

Our revenue increased by HK\$86.4 million or 13.7% to HK\$715.1 million for the year ended 31 December 2016 from HK\$628.7 million for year ended 31 December 2015. The aforesaid increase was mainly attributable to the following two construction projects in the year of 2016:

- (i) revenue of HK\$60.5 million (the year of 2015: HK\$2.6 million) recognised for the residential development project in Tuen Mun for which we act as main contractor to perform the foundation works and ancillary services;
- (ii) revenue of HK\$50.9 million (the year of 2015: Nil) recognised for the residential development project in Peng Chau for which we act as main contractor to perform the general building works; and
- (iii) revenue of HK\$78.6 million (the year of 2015: HK\$29.3 million) recognised for the Mid-Levels area project for which we act as subcontractor to perform the foundation works and ancillary services.

##### *Direct costs*

Direct costs increased by HK\$79.6 million or 15.6% to HK\$588.6 million for the year ended 31 December 2016 from HK\$509.0 million for the year ended 31 December 2015. Such increase was mainly attributable to (i) the increase in subcontracting charges by HK\$41.4 million resulting from the increase in general building works project where we outsource a substantial part of our works to subcontractors; and (ii) the increase in construction material costs by HK\$38.6 million resulting from the increase in our total project numbers during the years ended 31 December 2015 and 2016.

##### *Gross profit and gross profit margin*

As a result of the foregoing, our gross profit increased by HK\$6.8 million or 5.7% to HK\$126.5 million for the year ended 31 December 2016 from HK\$119.7 million for the year ended 31 December 2015, mainly due to the increase in subcontracting charges included in our direct costs. Our gross profit margin decreased from 19.0% for the year ended 31 December 2016 to 17.7% for the year ended 31 December 2015, which was mainly due to the increased general building works projects which generally have lower gross profit margins.

##### *Other income*

Other income was insignificant and amounted to HK\$1.0 million and HK\$1.1 million, respectively, for the years ended 31 December 2015 and 2016.

##### *General and administrative expenses*

General and administrative expenses increased by HK\$19.1 million or 37.5% to HK\$70.0 million for the year ended 31 December 2016 from HK\$50.9 million for the year ended 31 December 2015. The increase was primarily attributable to the increase in non-recurring listing related expenses.

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## FINANCIAL INFORMATION

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### *Finance costs*

Finance costs remained relatively stable at HK\$2.4 million and HK\$2.4 million for the year ended 31 December 2015 and 2016.

### *Income tax*

Income tax remained relatively stable at HK\$13.1 million and HK\$13.2 million for the years ended 31 December 2015 and 2016 respectively. The effective tax rates for the year ended 31 December 2015 and 2016 were 19.4% and 23.8% respectively, which were higher than the statutory profits tax rate in Hong Kong of 16.5% mainly because of the tax effect of non-deductible listing and other expenses during the respective period.

### *Profit for the period*

Our profit decreased by HK\$12.2 million or 22.5% to HK\$42.1 million for the year ended 31 December 2016 from HK\$54.3 million for the year ended 31 December 2015, primarily due to the increase of direct costs by HK\$79.6 million and general and administrative expenses by HK\$19.1 million and was partially offset by the increase of revenue by HK\$86.4 million.

## **Year ended 31 December 2015 compared to year ended 31 December 2014**

### *Revenue*

Revenue increased by HK\$180.0 million or 40.1% to HK\$628.7 million for the year ended 31 December 2015 from HK\$448.7 million for the year ended 31 December 2014, primarily due to the revenue recognised for the following two projects during the year of 2015:

- (i) revenue of HK\$115.7 million (2014: nil) recognised for the foundation works of the Saipan Project which was completed in October 2015;
- (ii) revenue of HK\$106.6 million (2014: HK\$6.2 million) recognised for the residential development project in Peng Chau for which we act as main contractor to perform the general building works.

We did not record revenue for piles trading during the years ended 31 December 2014 and 2015 because we did not engage in any projects where we sell piling items to our subcontractors during the respective years.

### *Direct costs*

Direct costs increased by HK\$150.2 million or 41.9% to HK\$509.0 million for the year ended 31 December 2015 from HK\$358.8 million for the year ended 31 December 2014. Such increase was mainly attributable to the increase in subcontracting charges by HK\$135.6 million resulting from the increase in general building works projects where we outsourced a substantial part of our works to subcontractors; and was partially offset by the decrease in labour cost by HK\$19.5 million resulting from the decrease in number of construction labour upon completion of some major foundation works and ancillary services projects at the end of 2014.

### *Gross profit and gross profit margin*

As a result of the foregoing, our gross profit rose by HK\$29.8 million or 33.1% from HK\$89.9 million for the year ended 31 December 2014 to HK\$119.7 million for the year ended 31 December 2015, mainly due to our business expansion, especially the contribution from the



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## FINANCIAL INFORMATION

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Saipan Project. Our gross profit margin slightly decreased from 20.0% for the year ended 31 December 2014 to 19.0% for the year ended 31 December 2015, which was mainly due to the increased general building works projects which generally have lower gross profit margins.

### *Other income*

Other income remained stable at HK\$0.8 million and HK\$1.0 million for the years ended 31 December 2014 and 2015 respectively.

### *General and administrative expenses*

General and administrative expenses increased by HK\$16.3 million or 47.1% to HK\$50.9 million for the year ended 31 December 2015 from HK\$34.6 million for the year ended 31 December 2014. The increase was primarily attributable to (i) the increase in professional charges of HK\$7.4 million mainly being the listing expenses incurred for the year ended 31 December 2015; (ii) the increase in staff costs of HK\$6.1 million resulting from the increase in the number of administrative staff as a result of our business expansion; and (iii) the increase in business development expenses of HK\$1.3 million resulting from the increase in expenses spent on maintaining relationships with customers for business expansion and development purposes.

### *Finance costs*

Finance costs remained stable at HK\$2.3 million and HK\$2.4 million for the years ended 31 December 2014 and 2015 respectively.

### *Income tax*

Income tax increased by HK\$3.9 million or 42.4% to HK\$13.1 million for the year ended 31 December 2015 from HK\$9.2 million for the year ended 31 December 2014, which was generally in line with the increase in our profit before taxation. The effective tax rates for the years ended 31 December 2014 and 2015 were 17.1% and 19.4% respectively, which were higher than the statutory profits tax rate in Hong Kong of 16.5% mainly because of the tax effect of certain non-deductible expenses mainly including the non-recurring listing related expenses during the respective year.

### *Profit for the year*

Our profit increased by HK\$9.7 million or 21.7% to HK\$54.3 million for the year ended 31 December 2015 from HK\$44.6 million for the year ended 31 December 2014, primarily due to the increase in gross profit of HK\$29.8 million for the year ended 31 December 2015 that was generally in line with the increase in revenue, and was partially offset by the increase of the general and administrative expenses for the year ended 31 December 2015.

## FINANCIAL INFORMATION

### LIQUIDITY AND CAPITAL RESOURCES

#### Cash Flow

Our Group had met our liquidity requirements principally through a combination of cash generated from our operating activities, bank borrowings and advances from related parties during the Track Record Period. We manage the liquidity position primarily by monitoring the maturities of our assets and liabilities in an effort to ensure that we have sufficient funds to meet payment obligations when they fall due. Upon completion of the Global Offering, we currently expect that there will not be any material change in the sources and uses of cash of our Group in the future, except that we would have additional funds from proceeds of the Global Offering for implementing our future plans as detailed under the section headed “Future Plans and Use of Proceeds” in this prospectus. As at the Latest Practicable Date, we had not experienced any difficulty in raising funds by bank borrowings and we had not experienced any liquidity problems in settling our payables in the normal course of business and repaying our bank borrowings when they fall due.

The following table summarises, for the Track Record Period, our combined cash flow statements:

	<b>Year ended 31 December</b>		
	<b>2014</b>	<b>2015</b>	<b>2016</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Net cash generated from operating activities . . . .	109,125	15,946	27,323
Net cash (used in)/generated from investing activities. . . . .	(104,426)	(48,277)	72,751
Net cash generated from/(used in) financing activities. . . . .	<u>3,375</u>	<u>32,429</u>	<u>(94,377)</u>
<b>Net increase in cash and cash equivalents. . . . .</b>	8,074	98	5,697
<b>Cash and cash equivalents at the beginning of the year. . . . .</b>	<u>5,632</u>	<u>13,706</u>	<u>13,804</u>
<b>Cash and cash equivalents at the end of the year. . . . .</b>	<u><u>13,706</u></u>	<u><u>13,804</u></u>	<u><u>19,501</u></u>

#### *Operating activities*

During the Track Record Period, our operating cash inflows were primarily derived from the provision of foundation services and general building works and our operating cash outflows mainly include payment for purchase of construction materials, subcontracting charges, labour costs, as well as other working capital needs and tax payments. Our cash flows from operating activities are affected by a number of factors, which mainly include the progress of construction works and the settlement of trade receivables by our customers and trade payables by our Group.

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For the year ended 31 December 2016, our Group had net cash generated from operating activities of HK\$27.3 million, primarily as a result of the profit before taxation of HK\$35.4 million, as adjusted for income statement items with no operating cash effect of HK\$4.6 million and the changes in working capital. The changes in working capital was mainly due to (i) an increase in gross amounts due from customers for contract work of HK\$68.0 million; and was partially offset by an increase in trade and other payables of HK\$57.8 million resulting from the increase in trade creditors mainly for subcontracting fee; (ii) a decrease in gross amounts due to customers for contract work of HK\$4.4 million; and (iii) an increase in trade and other receivables of HK\$3.9 million resulting from the increase in both trade debtors and retention receivables due to our business expansion with increased number of construction projects undertaken by us. Gross amount due from/to customers for contract work of each year varies in volume and value due to different nature of our construction works.

For the year ended 31 December 2015, our Group had net cash generated from operating activities of HK\$15.9 million, primarily as a result of the profit before taxation of HK\$67.4 million, as adjusted for income statement items with no operating cash effect of HK\$2.8 million and the changes in working capital. The changes in working capital was mainly due to an increase in trade and other payables of HK\$35.8 million resulting from the increase in trade creditors mainly for subcontracting fee; and was partially offset by (i) an increase in gross amounts due to customers for contract work of HK\$43.3 million; (ii) an increase in trade and other receivables of HK\$18.8 million resulting from the increase in both trade debtors and retention receivables due to our business expansion with increased number of construction projects undertaken by us; and (iii) an increase in gross amounts due from customers for contract work of HK\$6.3 million. Gross amount due from/to customers for contract work of each year varies in volume and value due to different nature and progress of our construction works.

For the year ended 31 December 2014, our Group had net cash generated from operating activities of HK\$109.1 million, primarily as a result of the profit before taxation of HK\$53.9 million, as adjusted for income statement items with no operating cash effect of HK\$5.2 million and the changes in working capital. The changes in working capital was primarily due to an increase in trade and other receivables of HK\$39.3 million resulting from the increase in both trade debtors and retention receivables due to our business expansion with increased number of construction projects undertaken by us; and was partially offset by (i) an increase in trade and other payables of HK\$17.2 million resulting from the increase in trade creditors for subcontracting fee; (ii) an increase in gross amounts due to customers for contract work of HK\$65.4 million; and (iii) a decrease in gross amount due from customers for contract work of HK\$13.0 million. Gross amount due from/to customers for contract work of each year varies in volume and value due to different nature and progress of our construction works.

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## FINANCIAL INFORMATION

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### *Investing activities*

During the Track Record Period, our cash outflow used in investing activities was principally for the purchase of property, plant and equipment, changes in amounts due from related parties, and our cash inflow from investing activities was principally the proceeds from the disposal of property, plant and equipment.

For the year ended 31 December 2016, our Group had net cash generated from investing activities of HK\$72.8 million primarily attributable to a decrease in amounts due from related parties of HK\$73.4 million.

For the year ended 31 December 2015, our Group had net cash used in investing activities of HK\$48.3 million primarily attributable to (i) increase in amounts due from related parties of HK\$34.4 million; and (ii) our acquisitions of property, plant and equipment used mainly for our construction works of HK\$14.3 million, and was partially offset by the proceeds from the disposal of property, plant and equipment of HK\$0.5 million.

For the year ended 31 December 2014, our Group had net cash used in investing activities of HK\$104.4 million primarily attributable to (i) increase in amounts due from related parties of HK\$92.4 million; and (ii) our acquisitions of property, plant and equipment used mainly for our construction works of HK\$13.1 million, and was partially offset by the proceeds from the disposal of property, plant and equipment of HK\$1.0 million.

### *Financing activities*

During the Track Record Period, our cash inflow from financing activities was principally the proceeds from the issuance of new shares of our subsidiaries to fulfill our capital requirements for license renewal, capital injection and new bank loans. Our cash outflow used in financing activities was principally for the repayments of bank loans, capital element of finance lease rentals paid, dividend paid and changes in amounts due to related parties.

For the year ended 31 December 2016, our Group had net cash used in financing activities of HK\$94.4 million, which was primarily attributable to (i) dividend paid of HK\$36.4 million; (ii) the repayments from new bank loans of HK\$37.9 million; (iii) decrease in amounts due to related parties of HK\$18.2 million; (iv) the capital element of finance lease rentals of our plant and machinery paid of HK\$8.6 million; and (v) payment of listing expenses relating to the placing of Offer Shares.

For the year ended 31 December 2015, our Group had net cash generated from financing activities of HK\$32.4 million, which was primarily attributable to (i) the proceeds from new bank loans of HK\$39.5 million; (ii) increase in amounts due to related parties of HK\$8.2 million; and (iii) the proceeds from capital injection of HK\$1.6 million; and was partially offset by (i) the capital element of finance lease rentals of our plant and machinery paid of HK\$8.7 million; (ii) the repayments of bank loans of HK\$5.7 million; and (iii) the interest element of finance lease rentals paid of HK\$1.4 million.

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For the year ended 31 December 2014, our Group had net cash generated from financing activities of HK\$3.4 million, which was primarily attributable to (i) the proceeds from the issuance of new shares of HK\$22.0 million to fulfill our capital requirements for license renewal; and (ii) proceeds from new bank loans of HK\$5.7 million; and was partially offset by (i) the repayments of bank loans of HK\$7.6 million; (ii) the capital element of finance lease rentals of our plant and machinery paid of HK\$6.4 million; and (iii) a decrease in amounts due to related parties of HK\$8.1 million.

### Net Current Assets and Liabilities

We recorded net current assets of HK\$157.1 million, HK\$208.4 million, HK\$117.7 million and HK\$133.8 million as at 31 December 2014, 2015 and 2016 and 30 April 2017, respectively. The table below sets out selected information for our current assets and current liabilities as at 31 December 2014, 2015 and 2016 and 30 April 2017, respectively:

	As at 31 December			As at 30 April
	2014	2015	2016	2017
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i> (unaudited)
<b>Current Assets</b>				
Gross amounts due from customers for contract work . . . . .	39,742	64,600	151,240	131,779
Trade and other receivables . . . . .	140,968	142,170	150,662	172,207
Amounts due from related parties . . . . .	136,932	180,638	—	—
Cash and cash equivalents . . . . .	13,706	13,804	19,501	16,529
<b>Total current assets . . . . .</b>	<b><u>331,348</u></b>	<b><u>401,212</u></b>	<b><u>321,403</u></b>	<b><u>320,515</u></b>
<b>Current Liabilities</b>				
Gross amounts due to customers for contract work . . . . .	59,380	12,474	7,177	19,625
Trade and other payables . . . . .	56,554	92,367	150,208	123,818
Amounts due to related parties . . . . .	15,139	18,202	—	—
Obligations under finance leases . . . . .	8,646	8,566	7,823	7,635
Bank loans . . . . .	18,400	52,187	29,033	22,740
Tax payable . . . . .	16,144	9,046	9,453	12,848
<b>Total current liabilities . . . . .</b>	<b><u>174,263</u></b>	<b><u>192,842</u></b>	<b><u>203,694</u></b>	<b><u>186,666</u></b>
<b>Net Current Assets . . . . .</b>	<b><u>157,085</u></b>	<b><u>208,370</u></b>	<b><u>117,709</u></b>	<b><u>133,849</u></b>

As at 31 December 2014, we recorded net current assets of HK\$157.1 million. The key components of our current assets as at 31 December 2014 included trade and other receivables of HK\$141.0 million, amounts due from related parties of HK\$136.9 million and gross amounts due from customers for contract work of HK\$39.7 million. The key components of our current liabilities included trade and other payables of HK\$56.6 million, amounts due to related parties of HK\$15.1 million, bank loans of HK\$18.4 million and tax payable of HK\$16.1 million.

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As at 31 December 2015, we recorded net current assets of HK\$208.4 million, which increased by HK\$51.3 million or 32.7% from HK\$157.1 million as at 31 December 2014, primarily attributable to an increase in the gross amounts due from customers for contract work by HK\$24.9 million, an increase in the amounts due from related parties by HK\$43.7 million and an increase in trade and other receivables by HK\$1.2 million resulting from the increase in both trade debtors and retention receivables due to our business expansion with increased number of construction projects undertaken by us and an increase in trade and other payables by HK\$35.8 million resulting from the increase in trade creditors mainly for subcontracting fee, partially offset by an increase in the bank loans of HK\$33.8 million resulting from new bank loans borrowed.

As at 31 December 2016, we recorded net current assets of HK\$117.7 million, which decreased by HK\$90.7 million or 43.5% from HK\$208.4 million as at 31 December 2015, primarily attributable to a decrease in the amounts due from related parties by HK\$180.6 million, an increase in trade and other payables by HK\$57.8 million resulting from the increase in trade creditors mainly for subcontracting fee and a decrease in the gross amounts due to customers for contract work by HK\$5.3 million, partially offset by an increase in the gross amounts due from customers for contract work by HK\$86.6 million, a decrease in the bank loans by HK\$23.2 million resulting from the repayments of bank loans and a decrease in amounts due to related parties by HK\$18.2 million.

As at 30 April 2017, we recorded net current assets of HK\$133.8 million, which increased by HK\$16.1 million or 13.7% from HK\$117.7 million as at 31 December 2016, primarily attributable to a decrease in trade and other payables by HK\$26.4 million and an increase in trade and other receivables by HK\$21.5 million, partly offset by a decrease in gross amounts due from customers for contract work by HK\$19.5 million and an increase in gross amounts due to customers for contract work by HK\$12.4 million.

### **Working Capital**

Our Directors confirm that, taking into consideration the financial resources presently available to us, including available cash and cash equivalents, bank loans, the expected cash generated from operations, and the estimated net proceeds from the Global Offering, we have sufficient working capital for our present requirements and for at least the next 12 months commencing from the date of this prospectus.

Our Directors are not aware of any other factors that would have a material impact on our Group's liquidity save as disclosed in the paragraph headed "Risk Factors — Risks relating to our business" in this prospectus. Details of the funds necessary to meet our existing operations and to fund our future plans are set out in the section headed "Future Plans and Use of Proceeds" in this prospectus.

## FINANCIAL INFORMATION

### DESCRIPTION OF CERTAIN ITEMS OF COMBINED STATEMENTS OF FINANCIAL POSITION

#### Property, plant and equipment

Property, plant and equipment mainly consist of (i) plant and machinery comprising air compressor, crawler crane, excavator, hydraulic oscillator, piling rigs and reverse drills; (ii) furniture and fixtures; (iii) motor vehicles; and (iv) office equipment. The following table sets out the carrying amounts of each type of property, plant and equipment of our Group as at each reporting date:

	As at 31 December		
	2014	2015	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Plant and machinery . . . . .	43,667	33,466	14,522
Furniture and fixtures . . . . .	940	1,445	1,272
Motor vehicles . . . . .	760	555	602
Office equipment . . . . .	23	104	77
<b>Total</b> . . . . .	<b>45,390</b>	<b>35,570</b>	<b>16,473</b>

Our plant and machinery decreased by HK\$10.2 million or 23.3% from HK\$43.7 million as at 31 December 2014 to HK\$33.5 million as at 31 December 2015 primarily due to the depreciation expenses and relatively fewer machinery additions during the year of 2015. Our plant and machinery decreased by HK\$19.0 million or 56.7% to HK\$14.5 million as at 31 December 2016 primarily due to the depreciation expenses and relatively fewer machinery additions during the year ended 31 December 2016.

The apparent decreasing trend in the acquisition of machinery since 2015 was due to the reasons that (i) more foundation projects were awarded to us in the year ended 31 December 2014 than the preceding year; (ii) more general building works projects were awarded to us during the year ended 31 December 2015 and 2016, than the preceding year end period, respectively; and (iii) in our business model, less machinery would be used in general building works projects than foundation works and ancillary services projects.

Our Group acquired certain machinery and motor vehicles under finance leases. The carrying amount of machinery and motor vehicles held by our Group under finance leases amounted to HK\$33.3 million, HK\$18.5 million and HK\$6.2 million as at 31 December 2014, 2015 and 2016, respectively.

During the years ended 31 December 2014, 2015 and 2016, additions to machinery and motor vehicles of our Group financed by new finance leases were HK\$20.7 million, HK\$0.2 million and nil, respectively.

#### Gross amounts due from/to customers for contract work

Revenue from construction contracts is recognised based on the stage of completion of the contracts. The stage of completion of a contract is established according to the progress certificate issued by the customers or the progress payment application submitted to the customers. Our contract revenue may include variations in contract work, claims and incentive payments. There is normally a timing difference between the project progress (in terms of percentage of project completion) recorded by us and the issuance of written payment approval and billing of our projects.



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Gross amounts due from customers for contract work represent the net amount of the contract costs incurred plus recognised profits less recognised losses exceed progress billings received and receivables of construction contracts in progress at the end of the reporting period. Such items are typically comprised of completed projects or ongoing projects, for which (i) the progress certificates have yet to be received by us from our customers or (ii) the work done already certified but billings are yet to be issued to our customers. The level of gross amounts due from customers for contract work as at a given reporting date is mainly affected by the duration between our submission of progress payment applications and receipt of progress certificates from our customers and timing of issuance of billings to our customers. Gross amounts due to customers for contract work represent construction contracts in progress at the end of the reporting period and are incurred when the progress billings received and receivables exceeds contract costs incurred plus recognised profits less recognised losses.

The following table sets out our Group's gross amounts due from/to customers for contract work as at each reporting date:

	As at 31 December		
	2014	2015	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Gross amount due from customers for contract work</b>			
Contract costs incurred plus recognised profits less recognised losses . . . . .	474,270	1,079,989	1,483,963
Less: Progress billings received and receivable . . . . .	<u>(434,528)</u>	<u>(1,015,389)</u>	<u>(1,332,723)</u>
	<u>39,742</u>	<u>64,600</u>	<u>151,240</u>
<b>Gross amounts due to customers for contract work</b>			
Progress billings received and receivables . . . . .	651,093	250,188	195,807
Less: Contract costs incurred plus recognised profits less recognised losses . . . . .	<u>(591,713)</u>	<u>(237,714)</u>	<u>(188,630)</u>
	<u>59,380</u>	<u>12,474</u>	<u>7,177</u>
<b>Net amounts due from/to customers for contract work</b>	<u>(19,638)</u>	<u>52,126</u>	<u>144,063</u>

We recorded net gross amounts due from customers for contract work of HK\$52.1 million and HK\$144.1 million as at 31 December 2015 and 2016, respectively, and net gross amounts due to customers for contract work of HK\$19.6 million as at 31 December 2014. The gross amounts due from/to customers for contract work vary from period to period due to the impact from the difference in volume and value of construction works we performed close to the end of each reporting period and timing when we received payment certificates from our customers.

All gross amounts due from/to customers for contract work are expected to be recovered/settled within one year.

### Trade and other receivables

Our Group's trade and other receivables mainly consist of trade debtors and retentions receivables. Our Group's construction contracts normally require our customers to make progress payments on a monthly basis. Once our Group has submitted a payment application, the consultant or architect appointed by our customer will certify the amount of work done. Our customer usually settles the bill, net of any agreed retention money, within 60 days after receipt of the consultant/architect's certification. The retention money is normally 10% of the value of work done, subject to a maximum retention of 5% of the total contract sum. Further details of

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progress payment and retention money are set out in the paragraph headed “Business — Operation — 4. Completion Phase — Progress payment and retention money” in this prospectus.

The following table sets out the breakdown of trade and other receivables as at each reporting date:

	<b>As at 31 December</b>		
	<b>2014</b>	<b>2015</b>	<b>2016</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade debtors . . . . .	82,387	63,648	45,401
Deposits, prepayments and other receivables . . .	7,715	13,985	20,088
Retentions receivable. . . . .	44,591	66,163	86,194
Prepayment and deposit paid for life insurance policies . . . . .	6,451	—	—
	141,144	143,796	151,683
Less: Non-current portion . . . . .	(176)	(1,626)	(1,021)
<b>Total</b> . . . . .	<b>140,968</b>	<b>142,170</b>	<b>150,662</b>

### *Trade debtors*

Our trade debtors decreased from HK\$82.4 million as at 31 December 2014 to HK\$63.6 million as at 31 December 2015 and further decreased to HK\$45.4 million as at 31 December 2016, respectively. The decrease as at 31 December 2015 and 2016 was due to our active collection of the trade debtors during the respective periods.

Our Directors determine specific provision for doubtful debts on a case-by-case basis. During the Track Record Period, we did not make any provision for doubtful debts. Factors taken into account for such purpose include length of business relationship, past reputation, financial strength and repayment history of the relevant customers. We did not experience any difficulty in collecting our trade and retention receivables which caused a significant adverse impact to our business operation. If we notice any events or changes in circumstances which may result in difficulty in settling the outstanding payment, relevant provision of impairment of trade and retention receivables would be made. Trade debtors are normally due within 0 to 60 days from invoice date.

The following table sets forth the average turnover days of trade receivables during the Track Record Period:

	<b>Year ended 31 December</b>		
	<b>2014</b>	<b>2015</b>	<b>2016</b>
Average turnover days of trade receivables <sup>(1)</sup> . . .	58.6	42.4	27.8

(1) Average turnover days of trade receivables for the respective period is derived by dividing the arithmetic mean of the opening and closing balances of trade receivables for the respective period by revenue and multiplying by 365 days.

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Average trade receivables turnover days decreased from 58.6 days for the year ended 31 December 2014 to 42.4 days and 27.8 days for the years ended 31 December 2015 and 2016, respectively. All of our average trade receivables turnover days for the years ended 31 December 2014, 2015 and 2016 fell within the credit terms we granted to our customers. During the respective period, we imposed a tighter credit control on monitoring and collecting our trade debtors, resulting in the gradual decrease in our average trade receivables turnover days.

The following table sets forth the aging analysis of trade debtors, based on invoice date (net of allowance for doubtful debts) as at each reporting date:

	<b>As at 31 December</b>		
	<b>2014</b>	<b>2015</b>	<b>2016</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Within 1 month . . . . .	80,019	60,987	42,649
1 to 2 months . . . . .	667	1,041	350
2 to 3 months . . . . .	1,471	57	—
Over 3 months . . . . .	230	1,563	2,402
<b>Total</b> . . . . .	<b>82,387</b>	<b>63,648</b>	<b>45,401</b>

Impairment losses in respect of trade debtors are recorded using an allowance account unless we consider the recovery of the amount is remote, in which case the impairment loss is written off against trade debtors directly. As at 31 December 2014, 2015 and 2016, none of our Group's trade debtors were considered to be impaired. Receivables which were past due but not impaired related to a number of independent customers that have a good track record with our Group and no recent history of default. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been significant change in credit quality and the balances are still considered fully recoverable.

As at 30 April 2017, HK\$42.2 million or 92.9% of our trade debtors outstanding as at 31 December 2016 were settled.

### *Deposits, prepayments and other receivables*

Our deposits, prepayments and other receivables mainly consist of rental and utilities deposits, prepayments to subcontractors for general building works, prepayments for listing expenses and deposits placed with insurance companies for issuance of performance bonds of our projects.

Our deposits, prepayments and other receivables increased from HK\$7.7 million as at 31 December 2014 to HK\$14.0 million as at 31 December 2015, which was mainly attributable to the increase in deposits for performance bonds required by our customers for the increased number of projects carried out during the year of 2015.

Our deposits, prepayments and other receivables increased further to HK\$20.1 million as at 31 December 2016, which was mainly attributable to the increase in prepayment for listing expenses.

Except for the amounts of HK\$3.1 million, HK\$0.9 million and HK\$0.6 million as at 31 December 2014, 2015 and 2016, respectively, we expect them to be recovered or recognised as expense after one year, all of the remaining balances are expected to be recovered or recognised as expense within one year.

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### *Retentions receivable*

Retentions receivable represents the retention money required by our customers to secure our Group's due performance of the contracts.

As at 31 December 2014, 2015 and 2016, our retentions receivable amounted to HK\$44.6 million, HK\$66.2 million and HK\$86.2 million, respectively. The increase in the retentions receivable during the Track Record Period was generally consistent with our business expansion as we were involved in increased number of construction projects during the Track Record Period. Except for the amounts of HK\$30.8 million, HK\$63.5 million and HK\$71.3 million as at 31 December 2014, 2015 and 2016, respectively, which were expected to be recovered after one year, all of the remaining balances are expected to be recovered within one year.

We determine the provision for impairment of retentions receivable on a project-by-project basis having regard to a number of factors, comprising the terms of release of retention money as agreed with customers, the ageing of the receivable balance, results of follow-up procedures, customers' credit history, customers' financial position and the current market condition. For the years ended 31 December 2014, 2015 and 2016, our Group has experienced write off of retentions receivable of HK\$1.9 million, HK\$0.4 million and HK\$1.4 million respectively due to our Directors' assessment that the relevant receivables could not be recovered because of the long outstanding of such receivables.

### *Prepayment and deposit paid for life insurance policies*

During the Track Record Period, WWW Construction entered into certain life insurance policies with an insurance company in favour of Dr. Kan, Mr. SM Lee and Mr. Wong (the "**Insurance Policies**"). The beneficiary and policies holder is WWW Construction, and the Insurance Policies require WWW Construction to pay an upfront payment for the policies. WWW Construction may request a surrender of the policy at any time and receive cash back based on the value of the policy at the date of withdrawal, which is determined by the gross premium paid at inception plus accumulated guaranteed interest earned minus insurance policy expenses and surrender charges.

At the inception date, the upfront payment is separated into deposit element and prepayment of life insurance premium respectively, according to the terms set out in the Insurance Policies. The prepayment of life insurance premium is amortised to profit or loss over the insured period and the deposit element is measured at amortised cost and carries guaranteed interests at interest rates ranging from 2% to 4.2% plus a premium determined by the insurance company during the tenures of the policy.

The carrying amounts of deposit placed and prepayment of life insurance premium at the end of each reporting period are set out below:

	<b>As at 31 December</b>		
	<b>2014</b>	<b>2015</b>	<b>2016</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Deposit paid . . . . .	5,392	—	—
Prepayment . . . . .	1,059	—	—
	6,451	—	—

WWW Construction transferred the ownership of the Insurance Policies to Dr. Kan, Mr. SM Lee and Mr. Wong respectively with effect from 18 December 2015. Our Group recovered the deposit and prepayment paid through the current accounts with these related parties. As a result, the balance was nil as at 31 December 2015 and 2016.

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### Trade and other payables

Trade and other payables principally comprise (i) trade creditors to the suppliers of construction materials and for works performed by subcontractors; (ii) other payables and accruals related to miscellaneous expenses incurred; and (iii) retention monies in relation to our subcontractors for completed projects and projects in progress.

The following table sets forth the breakdown of trade and other payables as at each reporting date:

	As at 31 December		
	2014	2015	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade creditors . . . . .	39,400	63,797	78,063
Other payables and accruals . . . . .	17,154	24,433	59,306
Receipt in advance . . . . .	—	—	1,260
Retentions payables. . . . .	—	4,137	11,579
<b>Total</b> . . . . .	<b>56,554</b>	<b>92,367</b>	<b>150,208</b>

#### *Trade creditors*

Trade creditors increased from HK\$39.4 million as at 31 December 2014 to HK\$63.8 million as at 31 December 2015. Such increase was mainly due to the increase in subcontracting charges resulting from the increase in general building works projects. All of the trade creditors are expected to be settled within one year. Trade creditors increased to HK\$78.1 million as at 31 December 2016 primarily resulting from the increase in trade creditors mainly for subcontracting fee.

The following table sets forth the average trade payables turnover days during the Track Record Period:

	Year ended 31 December		
	2014	2015	2016
Average turnover days of trade payables <sup>(1)</sup> . . . . .	33.9	37.0	44.0

*Note:*

1. Average turnover days of trade payables for each of the respective period is derived by dividing the arithmetic mean of the opening and closing balances of trade payables for the relevant period by direct costs and multiplying the resulting value by 365 days.

All of our average trade payable turnover days fell within the credit terms ranging from 30 to 90 days that our major suppliers granted to us during the Track Record Periods. Further details of payment terms are set out in the paragraph headed “Business — Suppliers and subcontractors — Payment terms with our suppliers” in this prospectus. Average trade payables turnover days increased from 33.9 days in 2014 to 37.0 days in 2015, as we endeavor to improve the relationship with our suppliers and subcontractors on an on-going basis through speeding up our payments. Average trade payables turnover days increased from 37.0 days in 2015 to 44.0 days in 2016, which was mainly because more of our construction materials suppliers allowed settlement flexibility on account of our good payment records and increase of balance due to subcontractors as the subcontracting changes increase.

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The table below sets forth, as of the end of the reporting periods indicated, the aging analysis of our trade payables based on the invoice date:

	<b>As at 31 December</b>		
	<b>2014</b>	<b>2015</b>	<b>2016</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Within 1 month . . . . .	23,554	18,501	31,274
1 to 2 months . . . . .	5,418	15,164	17,750
2 to 3 months . . . . .	4,889	18,225	8,446
Over 3 months . . . . .	5,539	11,907	20,593
<b>Total</b> . . . . .	<b>39,400</b>	<b>63,797</b>	<b>78,063</b>

As at 30 April 2017, HK\$68.8 million or 88.2% of trade payables outstanding as at 31 December 2016 had been fully settled.

### *Other payables and accruals*

Our other payables and accruals mainly represent (i) other payables related to business development, travelling and electricity expenses; (ii) accruals related to staff costs and site expenses; and (iii) accruals related to certain trade creditors payable to our construction materials suppliers with no invoices received yet. Our other payables and accruals amounted to HK\$17.2 million, HK\$24.4 million and HK\$59.3 million as at 31 December 2014, 2015 and 2016. The significant increase as at 31 December 2016 within the Track Record Period was mainly attributable to increase in accruals related to certain trade creditors payable to our construction materials suppliers with no invoices received yet, which amount will be subsequently transferred to our trade creditors upon receipt of their respective invoices.

### *Retentions payable*

Retentions payable mainly represents the amounts we withheld from progress payments to our subcontractors for the general building works projects. Such retention money is released upon the end of the defect liability period.

The amount of retention money held by the Group from subcontractors at 10% of the monthly payment and is normally subject to a mutually agreed cap (which is normally 5% of the total subcontract sum).

We have no retentions payable as at 31 December 2014 as the general building works we engaged in during the respective years were of relatively small scale and we withheld no retention monies from progress payments to our subcontractors. Our retentions payable as at 31 December 2015 and 2016 were HK\$4.1 million and HK\$11.6 million, respectively, which were expected to be settled after one year.

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### Amounts due from/to related parties

As at 31 December 2014, 2015 and 2016, our Group had the following balances with related parties:

	As at 31 December		
	2014	2015	2016
	HK\$'000	HK\$'000	HK\$'000
<b><u>Amounts due from related parties</u></b>			
<b><i>Amounts due from directors</i></b>			
Dr. Kan . . . . .	28,035	46,818	—
Mr. SM Lee . . . . .	7,258	10,619	—
	35,293	57,437	—
<b><i>Amounts due from fellow subsidiaries</i></b>			
駿發集團投資有限公司 . . . . .	—	3	—
Hong Kong Jiantong Piles Co. Ltd . . . . .	—	2	—
Condover Limited . . . . .	—	2	—
	—	7	—
<b><i>Amounts due from related companies</i></b>			
Gold Trend International Investment Limited . . . . .	—	8	—
Moral Grace Investment Limited . . . . .	1,551	—	—
WWW Holdings . . . . .	61,031	76,034	—
Win Win Way Builder Limited . . . . .	4	4	—
WWW Construction (Samoa) . . . . .	39,053	47,148	—
	101,639	123,194	—
<b>Total amount due from related parties . . . . .</b>	<b>136,932</b>	<b>180,638</b>	<b>—</b>

	As at 31 December		
	2014	2015	2016
	HK\$'000	HK\$'000	HK\$'000
<b><u>Amounts due to related parties</u></b>			
<b><i>Amounts due to directors</i></b>			
Dr. Kan . . . . .	2	1,322	—
Mr. Wong . . . . .	6,973	6,003	—
	6,975	7,325	—
<b><i>Amount due to related companies</i></b>			
WWW Holdings . . . . .	8,164	8,164	—
WWW Construction (Samoa) . . . . .	—	2,713	—
	8,164	10,877	—
<b>Total amount due to related parties . . . . .</b>	<b>15,139</b>	<b>18,202</b>	<b>—</b>

During the Track Record Period, our amounts due from related parties primarily represented short-term advances to WWW Holdings and WWW Construction (Samoa). The amounts due to related parties mainly represented short-term advances due to Mr. SM Lee and Mr. Wong and WWW Holdings.



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Amount due from/to related parties are unsecured, interest-free, have no fixed repayment terms and of non-trade nature. In June 2016, the Controlling Shareholders and certain of the above related companies entered into deeds of novation and assignment with certain subsidiaries of the Company to restructure their debts due from and/or to the respective subsidiaries. As a result of the debt restructuring, the Controlling Shareholders owe WWW Construction an aggregate amount of HK\$107.2 million and WWW Construction declared dividends to settle the current account balances at the instructions of the Controlling Shareholders.

### CAPITAL EXPENDITURE

The following table sets out our Group's capital expenditure during the Track Record Period.

	<b>As at 31 December</b>		
	<b>2014</b>	<b>2015</b>	<b>2016</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Plant and machinery . . . . .	32,519	11,914	750
Furniture and fixtures . . . . .	808	855	254
Motor vehicles . . . . .	279	247	232
Office equipment . . . . .	14	101	—
<b>Total</b> . . . . .	<b>33,620</b>	<b>13,117</b>	<b>1,236</b>

Our Group's capital expenditure principally consists of expenditure on purchases of plant and machinery for our operations. During the Track Record Period, our Group incurred capital expenditure of HK\$33.6 million, HK\$13.1 million and HK\$1.2 million, respectively, majority of which came from purchases of machineries and equipment primarily used for our construction projects. Between 31 December 2016 and the Latest Practicable Date, we did not make any material capital expenditure.

Our Group's projected capital expenditure is subject to revision based upon any future changes in our business plan, market conditions, and economic and regulatory environment. Please see the section headed "Future Plans and Use of Proceeds" in this prospectus for further information.

We expect to fund our capital expenditure principally through the net proceeds we receive from the Global Offering and cash generated from our operating activities. We believe that these sources of funding will be sufficient to finance our capital expenditure needs for the next 12 months.

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### CONTRACTUAL COMMITMENTS

#### Capital commitment

As at 31 December 2014, 2015 and 2016, our Group did not have any capital commitment.

#### Operating lease commitments

As at 31 December 2014, 2015 and 2016, our Group's total future minimum lease payments under non-cancellable operating leases were payable as follows:

	As at 31 December		
	2014	2015	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Within 1 year . . . . .	2,468	2,729	1,965
After 1 year but within 5 years . . . . .	2,115	1,267	83
	4,583	3,996	2,048

Our Group is the lessee in respect of a number of properties held under operating leases. The leases typically run for an initial period of 2 to 5 years, with an option to renew the lease when all terms are renegotiated. None of the leases includes contingent rentals.

In 2015, Mr. SM Lee has provided personal guarantee to observe all terms and conditions, including the rental payments of HK\$13,000 per month, of one of our Group's tenancy agreements entered into with a landlord for the lease period commencing from 6 November 2015 to 5 November 2017. On 13 October 2016, our Group has served a notice to the landlord to terminate the aforesaid tenancy agreement effective from 12 November 2016.

### INDEBTEDNESS

The following table sets forth our Group's indebtedness as at the respective financial position dates:

	As at 31 December			As at 30 April
	2014	2015	2016	2017
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i> (unaudited)
Current liabilities:				
Obligations under finance leases . . . . .	8,646	8,566	7,823	7,635
Bank loans . . . . .	18,400	52,187	29,033	22,740
	27,046	60,753	36,856	30,375
Non-current liabilities:				
Obligations under finance leases . . . . .	25,348	16,958	9,135	6,692
<b>Total</b> . . . . .	<b>52,394</b>	<b>77,711</b>	<b>45,991</b>	<b>37,067</b>

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### Bank loans

The bank loans were repayable as follows:

	As at 31 December			As at 30 April
	2014	2015	2016	2017
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i> (unaudited)
Within 1 year or on demand. . . . .	18,400	52,187	29,033	22,740

As at 31 December 2014, 2015 and 2016 and 30 April 2017, our Group's banking facilities were secured and guaranteed by:

- (a) a guarantee to the extent of HK\$4.8 million granted by the Hong Kong Government under the Special Loan Guarantee Scheme;
- (b) legal charges over bonds, deposits and certain properties held by related parties;
- (c) unlimited personal guarantees jointly provided by the Controlling Shareholders of the Company;
- (d) unlimited corporate guarantees provided by related parties;
- (e) limited personal guarantees provided by the Controlling Shareholders of the Company;
- (f) limited corporate guarantees provided by a related party;
- (g) assignments of insurance proceeds over the Controlling Shareholders of the Company; and
- (h) counter-indemnity from provided by a subsidiary for the issuance of guarantee or performance bond.

Except for (a), the above pledge of properties and guarantees will be released and replaced by guarantees of the Company upon listing.

The bank loans bear interest ranging from 2.5% to 5% per annum for the year ended 31 December 2014, from 2.75% to 5% per annum for the year ended 31 December 2015, from 3% to 5% per annum for the year ended 31 December 2016 and from 3.25% to 5% per annum for the four months ended 30 April 2017, respectively.

The bank loans are classified by our Group as current liabilities as they are repayable within one year or the lender possesses unconditional right to call the loan at any time on demand.

For details of the maturity analysis of our bank loans, please see the note 20(b) of "Accountants' Report" of page I-33 to this prospectus.

At the close of business on 30 April 2017, being the latest practicable date for the purpose of this indebtedness statement, we had existing banking facilities in amount of HK\$148.5 million, of which HK\$87.2 million remain unused.

Our bank loans significantly increased from HK\$18.4 million as at 31 December 2014 to HK\$52.2 million as at 31 December 2015. This was primarily attributable to five new bank loans borrowed during the year ended 31 December 2015 for our daily operations and business expansion, and tax payments.

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Our bank loans decreased from HK\$52.2 million as at 31 December 2015 to HK\$29.0 million as at 31 December 2016. This was primarily attributable to the repayments of certain bank loans.

Our bank loans decreased to HK\$22.8 million as at 30 April 2017, primarily attributable to the scheduled repayments of our bank loans.

### Obligations under finance leases

#### Charge over assets

Our Group's obligation under finance leases are secured by the lessors' charge over the leased assets with net book values of HK\$33.3 million, HK\$18.5 million, HK\$6.2 million and HK\$3.2 million as at 31 December 2014, 2015 and 2016 and 30 April 2017, respectively.

As at 31 December 2014, 2015 and 2016 and 30 April 2017, our Group had obligations under finance leases repayable (including both current and non-current portions) as follows:

	As at 31 December			As at 30 April
	2014	2015	2016	2017
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i> (unaudited)
<b>Total minimum lease payments</b>				
Within 1 year . . . . .	10,079	9,590	8,454	8,141
After 1 year but within 2 years . . . . .	9,484	8,454	6,952	5,916
After 2 years but within 5 years . . . . .	17,828	9,454	2,502	967
	<u>27,312</u>	<u>17,908</u>	<u>9,454</u>	<u>6,883</u>
	<u>37,391</u>	<u>27,498</u>	<u>17,908</u>	<u>15,024</u>
Less: total future interest expenses . . . . .	(3,397)	(1,974)	(950)	(697)
<b>Total</b> . . . . .	<u><u>33,994</u></u>	<u><u>25,524</u></u>	<u><u>16,958</u></u>	<u><u>14,327</u></u>

The present value of the minimum lease payments is as follows:

	As at 31 December			As at 30 April
	2014	2015	2016	2017
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i> (unaudited)
Within 1 year . . . . .	8,646	8,566	7,823	7,635
After 1 year but within 2 years . . . . .	8,468	7,823	6,674	5,737
After 2 years but within 5 years . . . . .	16,880	9,135	2,461	955
	<u>25,348</u>	<u>16,958</u>	<u>9,135</u>	<u>6,692</u>
<b>Total</b> . . . . .	<u><u>33,994</u></u>	<u><u>25,524</u></u>	<u><u>16,958</u></u>	<u><u>14,327</u></u>

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The average interest rates of these obligations under finance leases was 4.7% and 4.7% per annum for the years ended 31 December 2014 and 2015, respectively, and 4.7% and 4.7% per annum for the year ended 31 December 2016 and four months ended 30 April 2017, respectively.

### Contingent liabilities

As at 31 December 2014, 2015 and 2016 and 30 April 2017, our Group had contingent liabilities in respect of performance bonds to guarantee the due and proper performance of the obligations undertaken by our Group's subsidiaries for projects amounting to HK\$55.0 million, HK\$47.7 million, HK\$84.1 million and HK\$69.8 million, respectively.

In 2012, WWW Construction set up an arrangement with a third party to jointly undertake a construction project with a contract sum of HK\$270.0 million. Pursuant to the requirements of the construction contract, WWW Construction and the third party entered into an agreement with the customer to jointly and severally guarantee the due and proper performance of the construction contract and thus our Group had contingent liabilities in this respect as at 31 December 2014, 2015 and 2016. Given the defect liability period for the construction contract had expired in October 2015 and no claims were received from the customer up to the date of this report, our Directors do not consider it is probable that a claim would be made against our Group and no provisions has been made in the financial statements.

Our Group initiated legal proceedings in December 2015 and filed a statement of claims in January 2016 against a subcontractor and its director for their breach of a sub-contracting agreement in relation to a project (the "**Project**") and claimed an amount of HK\$9.9 million, representing our Group's direct payments to other subcontractors in relation to the Project were made on behalf of the subcontractor. In May 2016, the subcontractor filed a defence and made passing reference to a counterclaim of HK\$41.3 million. However, no counterclaim is formulated and presented in the defence by the subcontractor. Based on the opinion of our Legal Advisers on Sub-contract, our Directors are of the view that the claim from the subcontractor is invalid with little prospect of success and accordingly no provision has been made in the financial statements.

Regarding the Project, there was delay in completion by our Group. The architect appointed by our customer indicated that our customer was entitled to deduct a sum of approximately HK\$21.1 million for liquidated damages ("**LD Claim**"), in addition to the liquidated damages of approximately HK\$2.0 million already deducted by our customer. Our Group has engaged an external contract consultant to assess the exposure of the potential LD Claim. Based on the opinion of the contract consultant, our Directors consider that the likelihood of our Group being liable to such LD Claim is highly unlikely and hence no provision has been made in the financial statements.

Save as aforesaid or as otherwise disclosed herein, 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, or other material contingent liabilities as at 30 April 2017, being the latest practicable date for our indebtedness statement.

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### OFF-BALANCE SHEET ARRANGEMENT

As at the Latest Practicable Date, we did not have any material off-balance sheet arrangement or contingencies except as disclosed under the paragraph headed “Indebtedness” in this section.

During the Track Record Period and up to the Latest Practicable Date, our Directors confirm that, to the best of their knowledge, they are not aware of any material defaults in the payment of trade and non-trade payables or bank borrowings or any defaults in material financial covenants. Our bank loan agreements do not contain any material covenants that will have a material adverse effect on our ability to make additional borrowings or issue debt or equity securities in the future.

### TRANSACTIONS WITH RELATED PARTIES

With respect to the related party transactions set forth in the “Accountants’ Report” in Appendix I to this prospectus, our Directors confirm that these transactions were conducted on normal commercial terms or such terms that were no less favourable to our Group than those available to Independent Third Parties and were fair and reasonable and in the interest of our Shareholders as a whole.

### KEY FINANCIAL RATIOS

The following table sets forth our key financial ratios as at each of the dates indicated:

	Year ended 31 December		
	2014	2015	2016
Gross profit margin (%) <sup>(1)</sup>	20.0	19.0	17.7
Net profit margin (%) <sup>(2)</sup>	10.0	8.6	5.9
Return on equity (%) <sup>(3)</sup>	25.6	23.9	33.5
Return on total assets (%) <sup>(4)</sup>	11.8	12.4	12.4

	As at 31 December		
	2014	2015	2016
Current ratio <sup>(5)</sup>	1.9	2.1	1.6
Gearing ratio (%) <sup>(6)</sup>	30.0	34.2	36.5
Net debt to equity ratio (%) <sup>(7)</sup>	22.2	28.1	21.0
Interest coverage ratio <sup>(8)</sup>	24.5	28.9	24.4

*Notes:*

1. We calculated the gross profit margin for each of the respective period on gross profit divided by revenue for the respective year and multiplied by 100%. See the paragraph headed “Review of Historical Results of Operations” in this section for more details on our gross profit margins.
2. We calculated the net profit margin for each of the respective period on net profit for the year divided by revenue for the respective period and multiplied by 100%.
3. We calculated the return on equity for each of the respective period based on the net profit for the year for the respective periods divided by the total equity as of the respective period and multiplied by 100%.
4. We calculated the return on total assets for respective period based on the net profit for the respective years divided by the total assets of the respective period and multiplied by 100%.
5. We calculated the current ratios as at 31 December 2014, 2015 and 2016 based on the total current assets as at the respective dates divided by the total current liabilities as at the respective date.

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## FINANCIAL INFORMATION

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6. We calculated the gearing ratios as at 31 December 2014, 2015 and 2016 based on the total debt (which includes bank loans and obligations under finance leases) divided by total equity as at the respective dates and multiplied by 100%.
7. We calculated the net debt to equity ratios as at 31 December 2014, 2015 and 2016 based on net debts (which include bank loans and obligations under finance leases less cash and cash equivalents) divided by total equity as of the respective dates and multiplied by 100%.
8. We calculated the interest coverage for each of the respective period based on the profit before taxation and interest divided by the total interest expense incurred for the respective period.

### **Gross profit margin**

For details, please see the paragraph headed “Description of Selected Items in Combined Statements of Profit or Loss and Other Comprehensive Income — Gross profit and gross profit margin” in this section.

### **Net profit margin**

Our net profit margin was 10.0%, 8.6% and 5.9% for the years ended 31 December 2014, 2015 and 2016, respectively. Our net profit margin decreased for the year ended 31 December 2015, mainly because direct costs and general and administrative expenses increased more than revenue in terms of percentage, mainly resulting from increase in subcontracting fees, which was in line with the decrease in our gross profit margin. For the same reasons and coupled with non-recurring listing related expenses, our net profit margin decreased to 5.9% for the year ended 31 December 2016.

The decline in our overall gross and net profit margin during the Track Record Period was mainly attributable to (i) the declining trend in our gross and net profit margin for general building works during the Track Record Period; and (ii) the non-recurring listing related expenses incurred for the year ended 31 December 2015 and 2016.

Our Directors are of the view that the declining trend is not expected to continue going forward since the listing related expenses incurred for the years ended 31 December 2015 and 2016 is non-recurring in nature. As to the declining trend in our gross and net profit margin for general building works, our Directors do not expect such trend to continue (i) since the decline was mainly due to our loss-making project in Castle Peak Road for which loss was recognised starting from the second half of 2015 and throughout the year ended 31 December 2016. Further details of the loss-making projects are set out in the paragraph headed “Business — Construction Projects — Loss-making projects” in this prospectus; and (ii) due to our Directors’ estimation of the gross profit margin based on our projects in backlog as at 31 December 2016.

### **Return on equity**

Our return on equity was 25.6%, 23.9% and 33.5% for the years ended 31 December 2014, 2015 and 2016, respectively. Our return on equity decreased to 23.9% for the year ended 31 December 2015, mainly due to the larger effect of total equity growth resulting from the increase in accumulated undistributed profits and share capital of certain subsidiaries, compared with the smaller scale of net profit growth. Due to the decrease in total equity from dividend declared in 2016, our return on equity further increased to 33.5% for the year ended 31 December 2016.



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### Return on total assets

Our return on total assets was 11.8%, 12.4% and 12.4% for the years ended 31 December 2014, 2015 and 2016, respectively. Our return on total assets increased to 12.4% for the years ended 31 December 2015 and 2016, respectively, mainly due to the relatively smaller total assets growth resulting from the increase in gross amounts due from customers for contract work, compared with the significant net profit growth during the respective periods.

### Current ratio

Our current ratio was 1.9, 2.1 and 1.6 as at 31 December 2014, 2015 and 2016, respectively. Our current ratio remained relatively stable as at 31 December 2014 and 2015, mainly because our current liabilities growth were kept in the same pace with our current assets growth as at the respective year ends. Our current ratio decreased to 1.6 as at 31 December 2016, mainly due to the settlement of amounts due from related parties.

### Gearing ratio

Our gearing ratio was 30.0%, 34.2% and 36.5% as at 31 December 2014, 2015 and 2016, respectively. Our gearing ratio was relatively low as at 31 December 2014, mainly due to the relatively high level of total equity as a result of the increase in accumulated undistributed profits and share capital of certain subsidiaries, compared with the low level of total debt. The relatively high gearing ratio as at 31 December 2016 as a result of the low level of equity due to the declaration and payment of dividends.

### Net debt to equity ratio

Our net debt to equity ratio was 22.2%, 28.1% and 21.0% as at 31 December 2014, 2015 and 2016, respectively. Our net debt to equity ratio increased from 22.2% as at 31 December 2014 to 28.1% as at 31 December 2015 and decreased to 21.0% as at 31 December 2016. The relatively high net debt to equity ratio was mainly because the total equity did not increase as much as the net debt resulting from the increase in bank loan balances as at 31 December 2015.

### Interest coverage

Our interest coverage was 24.5, 28.9 and 24.4 for the years ended 31 December 2014, 2015 and 2016, respectively. The relatively low interest coverage for the year ended 31 December 2014 and the year ended 31 December 2016 was primarily because finance costs was high compared with profit before interest and tax in terms of percentage. The relatively high interest coverage for year ended 31 December 2015 was primarily due to the larger effect of profit before interest and tax, compared with a relatively stable level of finance costs.

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### QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT FINANCIAL RISKS

We are exposed to credit, liquidity, interest rate and currency risks arise in the normal course of our Group's business. Our Group's exposure to these risks and the financial risk management policies and practices used by our Group to manage these risks are described below.

#### Credit risk

Our Group's credit risk is primarily attributable to bank deposits and trade and other receivables. Our Group has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

We deposit cash with financial institutions with sound credit ratings and our Group has exposure limit to any single financial institution. Given their high credit ratings, management does not expect any of these financial institutions and counterparties will fail to meet their obligations.

In respect of trade and other receivables, we perform individual credit evaluations as part of the acceptance procedures for new construction contracts. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade receivables are due within 0–60 days from the date of billing. Normally, our Group does not obtain collateral from customers.

At the end of the reporting period, our Group has significant concentration of credit risk in a few customers. In view of their credit standing, good payment record and long established relationships with our Group, management does not consider our Group's credit risk to be significant. As at 31 December 2014, 2015 and 2016, 23% , 28% and 36% of the total trade debtors was due from our Group's largest customer respectively and 58%, 76% and 78% of the total trade debtors was due from our Group's five largest customers respectively.

#### Liquidity risk

Individual subsidiaries within our Group are responsible for their own cash management, including the raising of loans to cover the expected cash demands. Our Group's policy is to regularly monitor current and expected liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed funding lines from major financial institutions to meet its liquidity requirements in the short and longer term.

Given the balances with related parties at 31 December 2014, 2015 and 2016 had no fixed repayment terms, it is not practical to disclose their remaining contractual maturities at the end of the reporting period. Except for these, please see the note 20(b) of "Accountants' Report" of pages I-31 and I-32 in Appendix I to this prospectus for details about the remaining contractual maturities at the end of the reporting period of our Group's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date our Group can be required to pay.

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## FINANCIAL INFORMATION

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### **Interest rate risk**

Our Group's interest rate risk arises primarily from bank borrowings. Borrowings issued at variable rates expose our Group to cash flow interest rate risk. Our Group has not used financial derivatives to hedge against the interest rate risk. However, from time to time, if interest rate fluctuates significantly, appropriate measures would be taken to manage interest risk exposure. Please see the note 20(c)(i) of "Accountants' Report" of pages I-32 and I-33 in Appendix I to this prospectus for our Group's interest rate profile as monitored by management.

The interest rates and terms of repayment of interest-bearing borrowings of our Group are disclosed in the note 18 of "Accountants' Report" of page I-30 in Appendix I to this prospectus.

### *Sensitivity analysis*

As at 31 December 2014, 2015 and 2016, it is estimated that a general increase/decrease of 100 basis points in interest rates, with all other variables held constant, would have decreased/increased our Group's profit after taxation and retained profits by HK\$154,000, HK\$436,000 and HK\$242,000, respectively, in response to the general increase/decrease in interest rates.

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the end of the reporting period and had been applied to the exposure to interest rate risk for non-derivative financial instruments in existence at that date. The analysis has been performed on the same basis during the Relevant Periods.

### **Foreign currency risk**

Our Group has no significant exposure to foreign currency risk as substantially all of our Group's transactions are denominated in Hong Kong dollars and United States dollars. As the Hong Kong dollars is pegged to the United States dollars, our Group considers the risk of movements in exchange rates between the Hong Kong dollars and the United States dollars to be insignificant.

### **Fair values measurement**

The carrying amounts of our Group's financial assets and liabilities carried at cost or amortised cost are not materially different from their fair values as at 31 December 2014, 2015 and 2016.

### **DISCLOSURE REQUIRED UNDER THE LISTING RULES**

Our Directors confirm that as of the Latest Practicable Date, there were no circumstances that would give rise to the disclosure requirements under Rules 13.13 to 13.19 of the Listing Rules.

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## FINANCIAL INFORMATION

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### LISTING EXPENSES

We estimate that the total amount of listing expenses, commissions and the maximum incentive fee (if any), together with SFC transaction levy and Stock Exchange trading fee in connection with the Global Offering to be approximately HK\$59.4 million (based on the mid-point of our Offer Price range of HK\$0.9 for the Global Offering and assuming that the Over-allotment Option is not exercised), of which HK\$26.1 million has been charged to our combined profit or loss and HK\$7.8 million has been included in prepayments which will be further recognised as a deduction in equity upon completion of the Global Offering. We expect to incur an additional listing expenses of HK\$25.5 million until the completion of the Global Offering, of which HK\$14.8 million is expected to be charged to our combined profit or loss for the year ending 31 December 2017 and HK\$10.7 million is expected to be recognised as a deduction in equity directly. We do not expect these expenses to have a material adverse impact on our results of operations for the year ending 31 December 2017.

### DIVIDEND

No dividend had been declared or distributed by our Company since its incorporation up to and including the Latest Practicable Date. During the years ended 31 December 2014, 2015 and 2016, non-recurring dividends of HK\$10.0 million, nil and HK\$143.6 million were declared and settled by WWW Construction to the then equity shareholders. The non-recurring dividends in the year of 2014 were set off against “Amounts due from related parties”.

During the year ended 31 December 2016, our Group declared non-recurring dividends of HK\$143.6 million to WWW Holdings, of which HK\$107.2 million was set off against “Amount due from the related parties” and HK\$36.4 million has been settled by internal resources of our Group on 28 June 2016. Further details on the dividends to set off against the amount due from related parties are set out in the paragraph headed “History and Corporate Structure — Reorganisation” in this prospectus.

The recommendation of the payment of dividend is subject to the absolute discretion of our Board, and, after listing, any declaration of final dividend for the year will be subject to the approval of our Shareholders. Our Directors may recommend a payment of dividend in the future after taking into account our operations, profits, financial condition, cash requirements and availability, capital expenditure and future development requirements and other factors as it may deem relevant at such time. Any declaration and payment as well as the amount of the dividend will be subject to our constitutional documents and the Companies Law, including the approval of our Shareholders. The Company currently does not have a pre-determined dividend pay-out ratio.

Any distributable profits that are not distributed in any given year will 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 operations.

There can be no assurance that we will be able to declare or distribute any dividend after completion of the Global Offering, and as at the Latest Practicable Date, we did not have any specific dividend policy nor pre-determined dividend payout ratio.

## FINANCIAL INFORMATION

### DISTRIBUTABLE RESERVES

Our Company was incorporated on 5 October 2015 and is an investment holding company. There were no reserves available for distribution to the Shareholders as at the Latest Practicable Date.

### UNAUDITED PRO FORMA ADJUSTED NET TANGIBLE ASSETS

The following unaudited pro forma statement of adjusted combined net tangible assets prepared in accordance with Rule 4.29 of the Listing Rules is set out to illustrate the effect of the Global Offering on our net tangible assets as at 31 December 2016 as if it had taken place on that date. The unaudited pro forma statement of adjusted combined net tangible assets has been prepared for illustration purpose only and, because of its hypothetical nature, it may not give a true picture of our net tangible assets as at 31 December 2016 or any future date following the Global Offering. It is prepared based on our net assets as at 31 December 2016 as set out in the “Accountants’ Report” in Appendix I to this prospectus, and adjusted as described below. The unaudited pro forma statement of adjusted net tangible assets does not form part of the Accountants’ Report in Appendix I to this prospectus.

	Combined net tangible assets attributable to shareholders of the Company as of 31 December 2016 <u>HK\$'000<sup>(1)</sup></u>	Estimated net proceeds from the Global Offering <u>HK\$'000<sup>(2)</sup></u>	Unaudited pro forma adjusted net tangible assets <u>HK\$'000<sup>(3)</sup></u>	Unaudited pro forma adjusted net tangible assets per Share <u>HK\$<sup>(4)</sup></u>
Based on an offer price of HK\$1.00 per share . . . . .	125,864	94,092	219,956	0.43
Based on an offer price of HK\$0.80 per share . . . . .	125,864	69,772	195,636	0.38

*Notes:*

1. The combined net tangible assets attributable to shareholders of the Company as of 31 December 2016 is compiled based on the combined financial information included in the Accountants’ Report set out in Appendix I to this prospectus. The Group had no goodwill or other intangible assets as at 31 December 2016.
2. The estimated net proceeds from the Global Offering are based on the Offer Price of HK\$0.80 (being the minimum offer price) and HK\$1.00 per Share (being the maximum offer price) and the assumption that there are 128,000,000 newly issued Shares in the Global Offering, after deduction of the underwriting fees and other listing-related expenses paid and payable by the Company (excluding listing expenses of approximately HK\$26,088,000 which have been recognised in profit or loss up to 31 December 2016), assuming that the Over-allotment Option is not exercised and without taking into account any discretionary incentive fees.

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3. No adjustment has been made to the unaudited pro forma adjusted net tangible assets to reflect any trading results or other transactions of our Group entered into after 31 December 2016.
4. The unaudited pro forma adjusted net tangible assets per Share is arrived at after the adjustments referred to in the preceding paragraphs and on the basis that 512,000,000 Shares (including the Shares in issue as at the date of this prospectus and Shares that may be issued pursuant the Global Offering and the Capitalisation Issue) were in issue immediately following the completion of the Global Offering. It does not take into account any Shares which may be issued pursuant to the issuing mandate or the exercise of the Over-allotment Option or the options that may be granted under the Share Option Scheme, or any Shares which may be repurchased pursuant to the Repurchase Mandate.

### **RECENT DEVELOPMENT AND NO MATERIAL ADVERSE CHANGE**

Please see the paragraph headed “Summary — Recent Development and No Material Adverse Change” in this prospectus for details.

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## FUTURE PLANS AND USE OF PROCEEDS

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### REASONS FOR LISTING

Our Directors believe that the Listing will facilitate the implementation of our business strategies for continued growth and further business expansion. To continue to take advantage on the continued growth in the Hong Kong construction industry, we intend to (i) strengthen our position in Hong Kong to capture more sizeable and profitable projects; (ii) acquire additional machinery and equipment to upgrade and replace some of our aged machinery; and (iii) strengthen our capital base. To achieve these, our Directors consider that additional funding will be required after having taken consideration of:

1. the forecasted continued growth in the construction industry in Hong Kong as stated in the CIC Report;
2. our competitive strengths;
3. the current project backlog;
4. the number of invitations for tender that we received from our customers during the Track Record Period and up to the Latest Practicable Date;
5. the rising competitive environment;
6. the continued rising labour costs of construction works; and
7. our Directors believe that our Group can take on more sizeable and profitable foundation and general building works projects if we can strengthen our available operational and financial resources.

As at 31 December 2016, we had cash and cash equivalents of approximately HK\$19.5 million and outstanding bank loans of approximately HK\$29.0 million. Our finance costs during the Track Record Period amounted to approximately HK\$2.3 million, HK\$2.4 million, and HK\$2.4 million, respectively while our gearing ratio was 30.0%, 34.2%, and 36.5%, respectively. The interest expenses from bank loans and finance leases will be incurred when we pursue debt financing, which may adversely affect our financial performance. In addition, our customers, in particular, prefer to work with contractor who has a strong balance sheet, i.e. less debt burden and/or lower gearing ratio.

Our Directors also took into account the fact that equity financing does not need to be repaid while bank borrowing does. As such, a combination of equity financing and debt financing will be more beneficial to our Group as it can maximise the return for our Shareholders. In order to obtain additional funding while minimising interest expenses, our Directors believe that the net proceeds from the Global Offering will provide us with the necessary additional financial resources, which is interest-free, to achieve our business strategies.

In addition, our Directors believe that Listing is important and beneficial to our Company and our Shareholders as a whole for the following reasons:

1. during the Track Record Period, our Controlling Shareholders and/or companies controlled by them have provided guarantees and securities for certain of our bank borrowings and for securing a lease of a property by our Group. For further details, please see the paragraph headed “Financial Information — Indebtedness” and note 18 of “Accountants’ Report” of page I-31 in Appendix I to this prospectus. Our Directors consider that as part of a group of private companies, our Company, without a listing status, would be difficult to obtain bank borrowings at reasonable financing



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## FUTURE PLANS AND USE OF PROCEEDS

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costs without guarantees or pledge of physical assets to be provided by our Controlling Shareholders. We anticipate that additional bank borrowings to our Group would require our Controlling Shareholders to provide additional guarantee if our Company were not listed;

2. a public listing status will enhance our brand, corporate profile and recognition, which in turn will provide higher confidence to our existing and new customers and business partners; a public listing status also provides better corporate governance, transparent financial disclosures and regulatory supervision;
3. a public listing status will help us remain competitive in the market as our Directors have also taken into consideration the fact that a number of our competitors including both main contractors and sub-contractors in the foundation and general building works industry in Hong Kong have already been listed on the Stock Exchange;
4. we believe that our internal control and corporate governance practices could be further enhanced after Listing;
5. people are an important asset to our business and it is important for us to keep and retain sufficient and quality manpower, and our Directors believe that our ability to offer an equity-based incentive program after Listing will help us achieve such goal;
6. Listing will enhance the liquidity of our Shares which will be freely traded on the Stock Exchange as compared to the limited liquidity of our Shares as a private company; and
7. Listing will offer our Company a broader shareholder base which could lead to a more liquid market in the trading of our Shares.

### FUTURE PLANS

Please see the paragraph headed “Business — Business Strategies” in this prospectus for a detailed description of our future plans.

### IMPLEMENTATION PLAN

Our Group’s implementation plans are set forth below for each of the six-month periods until 31 December 2018. Investors should note that the implementation plans and their scheduled times for attainment are formulated on the bases and assumptions referred to in the paragraph headed “Bases and assumptions” below. These bases and assumptions are inherently subject to many uncertainties, variables and unpredictable factors, in particular the risk factors set out in the section headed “Risk Factors” in this prospectus. Our Group’s actual course of business may vary from the business objective set out in this prospectus. There can be no assurance that the plans of our Group will materialise in accordance with the expected

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## FUTURE PLANS AND USE OF PROCEEDS

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time frame or that the objective of our Group will be accomplished at all. Based on our Group's business objectives, our Directors intend to carry out the following implementation plans:

### For the six months ending 31 December 2017

<u>Business strategies</u>	<u>Implementation activities</u>	<u>Source of funding</u>
Strengthen our Hong Kong market position to capture profitable projects	— Undertake more projects should we be able to identify and secure suitable business opportunities	Listing proceeds of approximately HK\$19.5 million
	— Submit more tenders for both foundation and general building works projects	
Acquire additional machinery and equipment	— Purchase one piling rig, one luffing crane and one excavator for use in our projects	Listing proceeds of approximately HK\$5.6 million
	— Evaluate the effectiveness and efficiency of machinery and equipment and assess our need for additional machinery and equipment in view of our business development and obtain quotation for new machinery and equipment	
Finance the issue of surety bonds for future projects	— To finance the bank deposits required for securing performance bond following the award of projects to us	Listing proceeds of approximately HK\$19.5 million

### For the six months ending 30 June 2018

<u>Business strategies</u>	<u>Implementation activities</u>	<u>Source of funding</u>
Strengthen our Hong Kong market position to capture profitable projects	— Continue to submit more tenders for both foundation and general building works projects and undertake more projects should we be able to identify and secure suitable business opportunities	Our internal resources
Acquire additional machinery and equipment	— Purchase one piling rig and one excavator for use in our projects	Listing proceeds of approximately HK\$4.5 million
	— Evaluate the effectiveness and efficiency of machinery and equipment and assess our need for additional machinery and equipment in view of our business development and obtain quotation for new machinery and equipment	
Finance the issue of surety bonds for future projects	— To finance the bank deposits required for securing performance bond following the award of projects to us	Our internal resources

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## FUTURE PLANS AND USE OF PROCEEDS

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**For the six months ending 31 December 2018**

<u>Business strategies</u>	<u>Implementation activities</u>	<u>Source of funding</u>
Strengthen our Hong Kong market position to capture profitable projects	— Continue to submit more tenders for both foundation and general building works projects and undertake more projects should we be able to identify and secure suitable business opportunities	Our internal resources
Finance the issue of surety bonds for future projects	— To finance the bank deposits required for securing performance bond following the award of projects to us	Our internal resources

### **BASES AND ASSUMPTIONS**

The business objectives set out by our Directors are based on the following bases and assumptions:

- our Group will have sufficient financial resources to meet the planned business development requirements during the period to which our future plans relate;
- there will be no material change 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 change in existing laws and regulations, or other governmental policies relating to our Group, or in the political, economic or market conditions in which our Group operates;
- there will be no change in the effectiveness of the licences, permits and qualifications obtained by our Group;
- 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 under the section headed "Risk factors" in this prospectus.

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## FUTURE PLANS AND USE OF PROCEEDS

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### USE OF PROCEEDS

The net proceeds from the Global Offering, after deducting underwriting fees and estimated total expenses paid and payable by us in connection thereto, are estimated to be approximately HK\$55.8 million before any exercise of the Over-allotment Option, assuming an Offer Price of HK\$0.9 per Share, being the mid-point of the proposed Offer Price range of HK\$0.80 to HK\$1.00 per Share. We intend to use such net proceeds as follows:

1. approximately 35.0%, or HK\$19.5 million, will be used to strengthen our Hong Kong market position to capture profitable projects;
  - In view of the growth prospects for construction industry in Hong Kong, we intend to expand our business capacity and scale to strengthen our market position in Hong Kong and to capture more sizeable and profitable projects. We generally are required to pay for certain up-front costs such as deposits, insurance, prepayment for construction materials, subcontracting costs, machinery and equipment, etc. on or before the commencement and at the beginning of our construction projects. Since 2012, we have implemented a strategy to proactively undertake more general buildings works projects, as a main contractor, from both private and public sectors. In our business model, more up-front costs are required in respect of general building works projects comparing to foundation projects, especially in terms of subcontracting charges. Please see the paragraph headed “Financial Information — Key Factors Affecting Our Results of Operations and Financial Condition — Fluctuations in costs directly attributable to our projects” for the sensitivity analysis of the hypothetical fluctuations in construction material costs, subcontracting charges and labour costs. With the net proceeds, we are able to carry out such a strategy more effectively and cost-efficiently, and to cope with market fluctuations more easily;
  - After the Track Record Period and up to the Latest Practicable Date, we have submitted 32 tenders with an average contract sum of HK\$22.9 million. As at the Latest Practicable Date, the tendering process of those tenders are still on-going and the outcome has not yet been released. We will apply the portion of the net proceeds which is allocated to strengthen our Hong Kong market position to capture profitable projects, to the construction projects under those tenders, if awarded, depending on the timing of the project potentially to be awarded to us, and the excess will be financed through our internal resources.
2. approximately 20.0%, or HK\$11.2 million, will be used to acquire additional machinery and equipment to upgrade and replace some of our aged machinery;

Our Directors believe that construction companies in Hong Kong require a massive and continuous capital investment in machinery to remain competitive in the market. Such usage is consistent with our business strategy and will contribute to our competitiveness of having self-owned machinery with in-house modification capability. By acquiring additional machinery and equipment, we can enhance our technical ability and strengthen our capability to cope with different needs and requirements of different customers and different project conditions;

Approximately 20.0%, or HK\$11.2 million, will be used to acquire air compressor, excavator, piling rigs and luffing crane required for our projects. To enhance our competitiveness among contractors, we consider that it is imperative to upgrade our fleet of machinery to strengthen our execution effectiveness and efficiency and replace aged machinery with reference to their operating condition and the cost effectiveness of such replacement. Our machinery and equipment are estimated to

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## FUTURE PLANS AND USE OF PROCEEDS

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have useful lives of 3-5 years. Certain of our machinery were second-hand purchases of used machinery, which had shorter useful life and are close to full depreciation. We therefore plan to purchase two air compressors, one excavator and one piling rigs which are upgraded models. These upgraded models of machinery are expected to be more environmentally friendly with better operating efficiency and lower maintenance cost as compared to aged machinery. In particular, these new models include machinery which comply with the emission standard prescribed under Air Pollution Control (Non-road Mobile Machinery) (Emission) Regulation as well as machinery with proper QPME (Quality Powered Mechanical Equipment) label issued by Environmental Protection Department which are expected to be notably more quiet and more efficient than aged machinery. Our Directors believe that our customers expect a contractor to keep upgrading its fleet of machinery with better efficiency and environmental-friendliness and our machinery upgrade will enhance our competitiveness among contractors. Furthermore, we plan to purchase one luffing crane for the general building works project. We consider such machinery upgrade will enable us to increase our tender success rate, enhance our works efficiency and ultimately enhance our competitiveness.

3. approximately 35.0%, or HK\$19.5 million, will be used for financing for the issue of surety bonds for future projects;

It is common practice for construction projects in Hong Kong that contractors are required to take out surety bonds which usually amount to 10.0% of the total contract sum. With the net proceeds, we are able to satisfy the amount of bank deposits requirements for the issue of surety bonds for future contracts, which in turn enables us to undertake more projects and projects of larger contract sum;

4. approximately 10.0%, or HK\$5.6 million, will be used as our Group's general working capital.

If the Offer Price is set at the highest or lowest point of the indicative Offer Price range, the net proceeds of the Global Offering, assuming that the Over-allotment Option is not exercised, will increase by approximately HK\$12.2 million or decrease by approximately HK\$12.2 million, respectively. In such event, we will increase or decrease the intended use of the net proceeds for the above purposes on a pro-rata basis.

If the Over-allotment Option is exercised in full, the net proceeds from the Global Offering will increase by approximately HK\$16.4 million, assuming an Offer Price of HK\$0.9 per Share, being the mid-point of the proposed Offer Price range. If the Offer Price is set at the high-end or low-end of the proposed Offer Price range, the net proceeds of the Global Offering, including the proceeds from the exercise of the Over-allotment Option, will increase or decrease by approximately HK\$14.0 million or HK\$14.0 million, respectively. In such event, we will increase or decrease the allocation of the net proceeds to the above purposes on a pro-rata basis.

To the extent that the net proceeds of the Global Offering are not immediately used for the above purposes and to the extent permitted by the relevant laws and regulations, we intend to deposit such net proceeds into interest-bearing bank accounts with licensed banks and/or financial institutions.

We will issue an appropriate announcement if there is any material change to the above proposed use of proceeds.

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## UNDERWRITING

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### HONG KONG UNDERWRITERS

#### **Sole Global Coordinator**

KGI Capital Asia Limited

#### **Joint Bookrunners and Joint Lead Managers**

KGI Capital Asia Limited

Great Roc Capital Securities Limited

VMS Securities Limited

### UNDERWRITING ARRANGEMENTS

#### **Hong Kong Public Offer**

##### *Hong Kong Underwriting Agreement*

In connection with the Hong Kong Public Offer, our Company, amongst other parties, has entered into the Hong Kong Underwriting Agreement, with the Hong Kong Underwriters. As described in the Hong Kong Underwriting Agreement, we are offering the Hong Kong Offer Shares (subject to adjustment) for subscription on and subject to the terms and conditions of this prospectus and the Application Forms at the Offer Price.

Subject to the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, our Shares in issue and to be issued, and to certain other conditions described in the Hong Kong Underwriting Agreement, the Hong Kong Underwriters have agreed severally to subscribe, or procure subscribers to subscribe, for the Hong Kong Offer Shares which are being offered but not taken up under the Hong Kong Public Offer on and subject to the terms and conditions of this prospectus, the Application Forms and the Hong Kong Underwriting Agreement.

The Hong Kong Underwriting Agreement is conditional upon and subject to, amongst other things, the International Underwriting Agreement having been signed and becoming unconditional and not having been terminated in accordance with its terms or otherwise, prior to 8:00 a.m. on the Listing Date.

##### *Grounds for termination*

The Sole Global Coordinator, at its sole and absolute discretion, may, for itself and on behalf of the Hong Kong Underwriters, upon giving notice in writing to our Company, terminate the Hong Kong Underwriting Agreement with immediate effect if any of the following events occurs before 8:00 a.m. on the Listing Date:

- (a) there has come to the notice of the Sole Global Coordinator:
  - (i) either (a) there has been a material breach of any of the representations, warranties, undertakings or provisions of either the Hong Kong Underwriting Agreement or the International Underwriting Agreement by our Company or our Controlling Shareholders; or (b) any of our representations, warranties and undertakings given by our Company or our Controlling Shareholders in the Hong Kong Underwriting Agreement or the International Underwriting Agreement, as applicable, is (or would when repeated be) untrue, incorrect or misleading in any material respect; or

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## UNDERWRITING

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- (ii) that any statement contained in any of the prospectus, the Application Forms (the **“Hong Kong Public Offer Documents”**) and any supplemental offering materials, announcement, the formal notice to be published in connection with the Hong Kong Public Offer, the roadshow materials and any other document published or issued by or on behalf of our Company or the International Underwriters for the purposes of or in connection with the International Offer (the **“International Offer Documents”**, together with the Hong Kong Public Offer Documents, the **“Offer Documents”**) and/or any notices, announcements, advertisements, communications or other documents issued or used by or on behalf of our Company in connection with the Global Offering (including any supplement or amendments thereto) (collectively, the **“Relevant Documents”**), was, when the same was issued, or has become or has been discovered to be, untrue, incorrect, misleading or deceptive in any material respect; or
- (iii) that any matter has arisen or has been discovered which would or might, had it arisen or been discovered immediately before the respective dates of the publication of the Relevant Documents, constitute a material omission therefrom; or
- (iv) any material breach of any of the obligations imposed or to be imposed upon any party to the Hong Kong Underwriting Agreement (other than on the part of the Hong Kong Underwriters); or
- (v) any event, act or omission which gives or is likely to give rise to any material liability of any of our Controlling Shareholders pursuant to the indemnity clause of the Hong Kong Underwriting Agreement; or
- (vi) any material adverse change or any development involving a prospective material adverse change in the business, assets, liabilities, general affairs, management, business prospects, shareholders' equity, profits, losses, results of operations, position or conditions (financial, trading or otherwise) or performance of our Group; or
- (vii) the approval by the Listing Committee of the Stock Exchange of the listing of, and permission to deal in, the Shares (including any additional Shares that may be issued upon the exercise of the Over-allotment Option) is refused or not granted on or before the Listing Date, or if granted, the approval is subsequently withdrawn or withheld; or
- (viii) our Company withdraws any of the Relevant Documents or the Global Offering; or
- (ix) any person (other than the Hong Kong Underwriters) has withdrawn its consent to being named in this prospectus or to the issue of this prospectus; or
- (x) that a petition or an order is presented for the winding-up or liquidation of any member of our Group or any member of our Group makes any composition or arrangement with its creditors or enters into a scheme of arrangement or any resolution is passed for the winding-up of any member of our Group or a provisional liquidator, receiver or manager is appointed to take over all or part of the assets or undertaking of any member of our Group or anything analogous thereto occurs in respect of any member of our Group; or



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## UNDERWRITING

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- (b) there shall develop, occur, exist or come into effect:
- (i) any local, national, regional, international event or circumstance, or series of events or circumstances, beyond the reasonable control of the Underwriters (including, without limitation, any acts of government or orders of any courts, strikes, calamity, crisis, lock-outs, fire, explosion, flooding, civil commotion, acts of war, outbreak or escalation of hostilities (whether or not war is declared), acts of God, acts of terrorism, declaration of a local, regional, national or international emergency, riot, public disorder, economic sanctions, outbreaks of diseases, pandemics or epidemics (including, without limitation, Severe Acute Respiratory Syndrome, avian influenza A (H5N1), Swine Flu (H1N1) or such related or mutated forms) or interruption or delay in transportation); or
  - (ii) any change or development involving a prospective change, or any event or circumstance or series of events or circumstances likely to result in any change or development involving a prospective change, in any local, regional, national, international, financial, economic, political, military, industrial, fiscal, legal regulatory, currency, credit or market conditions (including, without limitation, conditions in the stock and bond markets, money and foreign exchange markets, the interbank markets and credit markets); or
  - (iii) any moratorium, suspension or restriction on trading in securities generally (including, without limitation, any imposition of or requirement for any minimum or maximum price limit) on the Stock Exchange and the New York Stock Exchange;
  - (iv) any new laws, or any change or development involving a prospective change in existing laws, or any event or circumstance or series of events or circumstances likely to result in any change or development involving a prospective change in the interpretation or application of existing laws by any court or other competent authority, in each case, in or affecting any of Hong Kong, the CNMI, the Cayman Islands, the British Virgin Islands, or any other jurisdictions relevant to any member of our Group or the Global Offering (the “**Specific Jurisdictions**”); or
  - (v) any general moratorium on commercial banking activities, or any disruption in commercial banking activities, foreign exchange trading or securities settlement or clearance services or procedures or matters, in or affecting any of the Specific Jurisdictions; or
  - (vi) the imposition of economic sanctions, in whatever form, directly or indirectly, by or for any of the Specific Jurisdictions; or
  - (vii) an adverse change or a development involving a prospective adverse change in or affecting taxation or exchange control (or the implementation of any exchange control), currency exchange rates or foreign investment laws (including, without limitation, any change in the system under which the value of the Hong Kong currency is linked to that of the currency of the United States or a material fluctuation in the exchange rate of the Hong Kong dollar or the Renminbi against any foreign currency) in or affecting any of the Specific Jurisdictions or affecting an investment in the Shares; or
  - (viii) any litigation or claim of any third party being threatened or instigated against any member of our Group or any of our Controlling Shareholders; or

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## UNDERWRITING

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- (ix) any of the Directors being charged with an indictable offence or prohibited by operation of law or otherwise disqualified from taking part in the management of a company; or
- (x) the chairman or chief executive officer of our Company vacating his office; or
- (xi) the commencement by any governmental, regulatory or political body or organisation of any action against a Director in his or her capacity as such or an announcement by any governmental, regulatory or political body or organisation that it intends to take any such action; or
- (xii) a contravention by any member of our Group or any Director of the Listing Rules, the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Securities and Futures Ordinance, or any other laws applicable to the Global Offering; or
- (xiii) a prohibition on our Company for whatever reason from allotting, issuing or offering the Offer Shares and/or the Over-allotment Shares pursuant to the terms of the Global Offering; or
- (xiv) the issue or requirement to issue by our Company of a supplement or amendment to this prospectus and/or any other documents in connection with the Global Offering pursuant to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Listing Rules or any requirement or request of the Stock Exchange and/or SFC; or
- (xv) a valid demand by any creditor for repayment or payment of any indebtedness of any member of our Group prior to its stated maturity or in respect of which any member of Group is liable prior to its stated maturity;

which in each case individually or in aggregate in the sole and absolute opinion of the Sole Global Coordinator (for itself and on behalf of the Hong Kong Underwriters):

- (a) has or is likely to have a material adverse effect on the assets, liabilities, business, general affairs, management, shareholders' equity, profits, losses, results of operation, financial, trading or other condition or prospects or risks of our Group as a whole; or
- (b) has or is likely to have a material adverse effect on the success of the Global Offering or the level of applications under the Hong Kong Public Offer or the level of interest under the International Offer; or
- (c) makes it inadvisable, inexpedient or impracticable for any part of the Hong Kong Underwriting Agreement, the International Offer or the Global Offering to be performed or implemented or proceeded with as envisaged or to market the Global Offering or shall otherwise result in an interruption to or delay thereof.

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## UNDERWRITING

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### UNDERTAKINGS TO THE STOCK EXCHANGE PURSUANT TO THE LISTING RULES

#### Undertaking by our Company

Pursuant to Rule 10.08 of the Listing Rules, we have undertaken to the Stock Exchange that no further Shares or securities convertible into our equity securities (whether or not of a class already listed) may be issued by us or form the subject of any agreement to such an issue by us within six months from the Listing Date (whether or not such issue of Shares or our securities will be completed within six months from the Listing Date), except pursuant to the Global Offering, the Over-allotment Option, the Share Option Scheme or any of the circumstances prescribed by Rule 10.08 of the Listing Rules.

#### Undertaking by our Controlling Shareholders

Pursuant to Rule 10.07(1) of the Listing Rules, our Controlling Shareholders immediately before completion of the Global Offering, have undertaken to the Stock Exchange that except pursuant to the Global Offering or permitted by the Listing Rules, each of them shall not, and shall procure that any other registered holder (if any) of our Shares in which our respective Controlling Shareholders have a beneficial interest shall not, without the prior written consent of the Stock Exchange or unless otherwise in compliance with the requirements of the Listing Rules:

- (a) in the period commencing on the date by reference to which disclosure of the shareholding of our Controlling Shareholders is made in this prospectus and ending on the date which is six months from the date on which dealings in our Shares commence on the Stock Exchange (the “**First Six-month Period**”), dispose of, or enter into any agreement to dispose of, or otherwise create any options, rights, interests, or encumbrances in respect of any of our Shares or securities in respect of which any of them are shown in this prospectus to be the beneficial owner(s); and
- (b) in the six months period commencing from the expiry of the First Six-month Period (the “**Second Six-month Period**”) dispose of, or enter into any agreement to dispose of, or otherwise create any options, rights, interests or encumbrances in respect of any of our Shares or securities in respect of which any of them are shown in this prospectus to be the beneficial owner(s), if immediately following such disposal, or upon the exercise or enforcement of such options, rights, interests or encumbrances, any of them would then cease to be a controlling shareholder (as the term is defined under 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 undertaken to the Stock Exchange and to our Company that within the First Six-month Period and the Second Six-month Period, they will:

- (i) when any of them pledges or charges any of our Shares or securities beneficially owned by any of them in favor of an authorised institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)) for a bona fide commercial loan, immediately inform our Company of such pledge or charge together with the number of our Shares or securities so pledged or charged; and
- (ii) when any of them receives indications, either verbal or written, from the pledgee or chargee of any of our Shares or securities that any of the pledged or charged Shares or securities will be disposed of, immediately inform our Company of such indications.

We shall also inform the Stock Exchange as soon as we have been informed of any of the above matters (if any) by any of our Controlling Shareholders and disclose such matters by way of announcement in accordance with the publication requirements under Rule 2.07C of the Listing Rules as soon as possible after being so informed by any of our Controlling Shareholders.

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## UNDERWRITING

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### UNDERTAKINGS PURSUANT TO THE HONG KONG UNDERWRITING AGREEMENT

#### Undertaking by our Company

Pursuant to the Hong Kong Underwriting Agreement, our Company has undertaken to each of the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers and the other Hong Kong Underwriters not to, except pursuant to the Global Offering (including pursuant to the Over-allotment Option) and the exercise of any options granted or to be granted under the Share Option Scheme, during the First Six-month Period, without the prior written consent of the Sole Sponsor and Sole Global Coordinator (for itself and on behalf of the other Hong Kong Underwriters) and unless in compliance with the requirements of the Listing Rules:

- (a) allot, issue, sell, accept subscription for, offer to allot, issue or sell, contract or agree to allot, issue or sell, mortgage, charge, pledge, hypothecate, lend, grant or sell any option, warrant, contract or right to subscribe for or purchase, grant or purchase any option, warrant, contract or right to allot, issue or sell, or otherwise transfer or dispose of or create an encumbrance over, or agree to transfer or dispose of or create an encumbrance over, either directly or indirectly, conditionally or unconditionally, any Shares or any other securities of our Company or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any other warrants or other rights to purchase, any Shares), or deposit any Shares or other securities of the Company with a depository in connection with the issue of depository receipts; or repurchase any Shares or other securities of our Company; or
- (b) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of Shares or any other securities of our Company or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares or any other securities of our Company); or
- (c) enter into any transaction with the same economic effect as any transaction specified in (a) or (b) above; or
- (d) offer to or agree to or announce any intention to effect any transaction specified in (a), (b) or (c) above,

in each case, whether any of the transactions specified in (a), (b) or (c) above is to be settled by delivery of Shares, or in cash or otherwise (whether or not the issue of such Shares or other shares or securities will be completed within the aforesaid period). Our Company will not, and will procure each other member of our Group not to, enter into any of the transactions specified in (a), (b) or (c) above or offer to or agree to or announce any intention to effect any such transaction, such that our Controlling Shareholder would cease to be a controlling shareholder (as defined in the Listing Rules) of our Company during the Second Six-Month Period. In the event that, during the Second Six-month Period, our Company enters into any of the transactions specified in (a), (b) or (c) above or offers to or agrees to or announces any intention to effect any such transaction, our Company shall take all reasonable steps to ensure that it will not create a disorderly or false market in the securities of our Company.

#### Undertaking by our Controlling Shareholders

Each of our Controlling Shareholders has, jointly and severally, undertaken to each of our Company, the Stock Exchange, the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers and the other Hong Kong Underwriters that, except pursuant to the Stock Borrowing Agreement and in compliance with the requirements of the Listing Rules, without the prior written consent of the Sole Sponsor and the Sole Global Coordinator (for itself and on behalf of the other Hong Kong Underwriters):

- (a) at any time during the First Six-month Period it/he shall not, and shall procure that the relevant registered holder(s), any nominee or trustee holding on trust for it/him and the companies controlled by it/him (together, the “**Controlled Entities**”) shall not:

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## UNDERWRITING

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- (i) sell, offer to sell, contract or agree to sell, mortgage, charge, pledge, hypothecate, lend, grant or sell any option, warrant, contract or right to sell, or otherwise transfer or dispose of or create an encumbrance over, or agree to transfer or dispose of or create an encumbrance over, either directly or indirectly, conditionally or unconditionally, any Shares or any other securities of our Company or any interest therein (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares) beneficially owned by it/him directly or indirectly through its Controlled Entities (the “**Relevant Securities**”), other than any pledge or charge of the Relevant Securities beneficially owned by it/him in favour of an authorised institution as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong) for a bona fide commercial loan as contemplated under Note 2 to Rule 10.07(2) of the Listing Rules, or deposit any Relevant Securities with a depository in connection with the issue of depository receipts; 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; or
- (iii) enter into or effect any transaction with the same economic effect as any transaction specified in (i) or (ii) above; or
- (iv) offer to or agree to or announce any intention to enter into or effect any transaction specified in (i), (ii) or (iii) above,

which any of the transactions specified in (i), (ii), (iii) or (iv) above is to be settled by delivery of Shares or such other securities of our Company or in cash or otherwise (whether or not the issue of Shares or such other securities will be completed within the First Six-month Period);

- (b) at any time during the Second Six-month Period, it/he shall not, and shall procure that the Controlled Entities shall not, enter into any of the transactions specified in paragraphs (a)(i), (ii) or (iii) above or offer to or agree to or announce any intention to enter into any such transaction if, immediately following any sale, transfer or disposal or upon the exercise or enforcement of any option, right, interest or encumbrance pursuant to such transaction, it will cease to be a controlling shareholder (as defined in the Listing Rules) 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;
- (c) in the event that it/he enters into any of the transactions specified in paragraphs (a)(i), (ii) or (iii) above or offer to or agrees to or announce any intention to effect any such transaction within the Second Six-month Period, it/he will take all reasonable steps to ensure that it/he will not create a disorderly or false market for any Shares or other securities of our Company; and
- (d) it/he shall, and shall procure that the relevant registered holder(s) and other Controlled Entities shall, comply with all the restrictions and requirements under the Listing Rules on the sale, transfer or disposal by it/he or by the registered holder(s) and/or other Controlled Entities of any Shares or other securities of our Company.

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## UNDERWRITING

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We will also, as soon as we have been informed of the above matters (if any) by the Controlling Shareholders, inform the Sole Global Coordinator and disclose such matters as soon as possible by way of an announcement to be published as required under the Listing Rules.

### **International Offer**

#### *International Underwriting Agreement*

In connection with the International Offer, our Company, amongst other parties, expects to enter into the International Underwriting Agreement with the International Underwriters. Under the International Underwriting Agreement, subject to the conditions set forth therein, the International Underwriters are expected to severally, but not jointly, agree to procure subscribers or purchasers to subscribe for or purchase, or failing which they shall subscribe for or purchase, the International Offer Shares initially being offered pursuant to the International Offer.

It is expected that under the International Underwriting Agreement, our Company will grant to the International Underwriters the Over-allotment Option, exercisable by the Sole Global Coordinator on behalf of the International Underwriters at any time during the 30-day period from the last day for lodging applications under the Hong Kong Public Offer, at its sole and absolute discretion, to require our Company to allot and issue up to an aggregate of 19,200,000 additional Shares, representing 15% of the Offer Shares initially available under the Global Offering. These additional Shares will be issued at the Offer Price and will be solely for the purpose of covering over-allocations in the International Offer, if any.

### **EXPENSES**

#### **Total commissions, fees and expenses**

The Hong Kong Underwriters will receive an underwriting commission of 5% of the aggregate Offer Price of all the Hong Kong Offer Shares, out of which they will pay any sub-underwriting commissions. For unsubscribed Hong Kong Offer Shares reallocated to the International Offer, our Company will pay an underwriting commission at the rate applicable to the International Offer and such commission will be paid to the Sole Global Coordinator and the relevant International Underwriters, but not the Hong Kong Underwriters. In addition, we, may, at our sole discretion, pay the Sole Global Coordinator an incentive fee of up to 1% of the aggregate Offer Price of all the Shares offered and sold in the Global Offering. Furthermore, the Sole Sponsor will receive a sponsorship and documentation fee in relation to the Global Offering.

Assuming the Offer Price of HK\$0.90 per Share (being the mid-point of the indicative Offer Price range stated in this prospectus), the total expenses in connection with the Listing and the Global Offering are estimated to be approximately HK\$59.4 million (including underwriting commission, brokerage, the Stock Exchange trading fee, the SFC transaction levy, the sponsorship and documentation fee, the listing fee, the legal and other professional fees, printing cost and other expenses relating to the Global Offering) which shall be borne by our Company.

#### **Indemnity**

Our Company and the Controlling Shareholders have agreed to indemnify, amongst others, the Sole Global Coordinators, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers and the Hong Kong Underwriters for certain losses which they may suffer, including losses incurred arising from their performance of their obligations under the Underwriting Agreements, and any breach by our Company and other parties of the Underwriting Agreements.

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## UNDERWRITING

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### **Independence of the Sole Sponsor**

The Sole Sponsor satisfies the independence criteria applicable to sponsors set forth in Rule 3A.07 of the Listing Rules.

### **The Hong Kong Underwriters' interests in our Company**

Save as disclosed in this prospectus and save for its obligations under the Hong Kong Underwriting Agreement, none of the Hong Kong Underwriters has any shareholding interest in our Company or the right or option (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in our Company.

Following the completion of the Global Offering, the Hong Kong Underwriters and their respective affiliated companies may hold a certain portion of the Shares as a result of fulfilling their obligations under the Hong Kong Underwriting Agreement.



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## STRUCTURE OF THE GLOBAL OFFERING

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### THE GLOBAL OFFERING

This prospectus is published in connection with the Hong Kong Public Offer as part of the Global Offering. The Global Offering consists of (subject to adjustment and the Over-allotment Option):

- (i) the Hong Kong Public Offer of 12,800,000 Offer Shares (subject to re-allocation as mentioned below) in Hong Kong as described below in the paragraph headed “Hong Kong Public Offer” in this section; and
- (ii) the International Offer of 115,200,000 Offer Shares (subject to re-allocation and the Over-allotment Option as mentioned below) which will conditionally be placed with selected professional, institutional, and other investors outside the United States.

Investors may apply for the Offer Shares under the Hong Kong Public Offer or indicate an interest, if qualified to do so, for the Offer Shares under the International Offer, but may not do both.

The number of Offer Shares to be offered under the Hong Kong Public Offer and the International Offer respectively may be subject to reallocation as described in the paragraph headed “Hong Kong Public Offer — Reallocation” in this section.

### HONG KONG PUBLIC OFFER

#### Number of Shares initially offered

We are initially offering 12,800,000 Offer Shares at the Offer Price, representing 10% of the Shares initially available under the Global Offering, for subscription by the public in Hong Kong. Subject to reallocation of Offer Shares between the International Offer and the Hong Kong Public Offer, the number of Shares initially offered under the Hong Kong Public Offer will represent approximately 2.5% of our Company’s enlarged issued share capital immediately after completion of the Global Offering without taking into account Shares issuable upon exercise of options as may be granted under the Share Option Scheme and assuming the Over-allotment Option is not exercised.

The Hong Kong Public Offer is open to members of the public in Hong Kong as well as to institutional or professional investors. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities.

Completion of the Hong Kong Public Offer is subject to the conditions as set out in the paragraph headed “Structure of the Global Offering — Conditions of the Global Offering” in this section.

#### Allocation

Allocation of Shares to investors under the Hong Kong Public Offer will be based solely on the level of valid applications received under the Hong Kong Public Offer. The basis of allocation may vary, depending on the number of Hong Kong Offer Shares validly applied for by applicants. The allocation of the Hong Kong 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 Hong Kong Offer Shares, and those applicants who are not successful in the ballot may not receive any Hong Kong Offer Shares.

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## STRUCTURE OF THE GLOBAL OFFERING

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The total number of Hong Kong Offer Shares available under the Hong Kong Public Offer will initially be divided into two pools for allocation purposes as follows:

- Pool A: The Offer Shares in pool A will be allocated on an equitable basis to applicants who have applied for Hong Kong Offer Shares with a total subscription amount (excluding brokerage fee, SFC transaction levy and Stock Exchange trading fee) of HK\$5 million or less; and
- Pool B: The Offer Shares in pool B will be allocated on an equitable basis to applicants who have applied for Hong Kong Offer Shares with a total subscription amount (excluding brokerage fee, SFC transaction levy and Stock Exchange trading fee) of more than HK\$5 million and up to the value of pool B.

Applicants should be aware that applications in pool A and pool B are likely to receive different allocation ratios. If Hong Kong Offer Shares in one pool (but not both pools) are under-subscribed, the surplus Hong Kong Offer Shares will be transferred to the other pool to satisfy demand in that other pool and be allocated accordingly.

Applicants can only receive an allocation of Hong Kong Offer Shares from either pool A or pool B but not from both pools. Multiple or suspected multiple applications and any application for more than 50% of the Hong Kong Offer Shares available under the Hong Kong Public Offer will be rejected.

### **Reallocation**

The allocation of Offer Shares between the Hong Kong Public Offer and the International Offer is subject to reallocation. Paragraph 4.2 of Practice Note 18 of the Listing Rules requires a clawback mechanism to be put in place which would have the effect of increasing the number of Offer Shares under the Hong Kong Public Offer to a certain percentage of the total number of Offer Shares offered under the Global Offering if certain prescribed total demand levels are reached as described below:

- If the number of Offer Shares validly applied for under the Hong Kong Public Offer represents 15 times or more but less than 50 times the number of Offer Shares initially available for subscription under the Hong Kong Public Offer, then Offer Shares will be reallocated to the Hong Kong Public Offer from the International Offer so that the total number of Offer Shares available under the Hong Kong Public Offer will be 38,400,000 Offer Shares, representing 30% of the Offer Shares initially available under the Global Offering;
- If the number of Offer Shares validly applied for under the Hong Kong Public Offer represents 50 times or more but less than 100 times the number of Offer Shares initially available for subscription under the Hong Kong Public Offer, then Offer Shares will be reallocated to the Hong Kong Public Offer from the International Offer so that the total number of Offer Shares available under the Hong Kong Public Offer will be 51,200,000 Offer Shares, representing 40% of the Offer Shares initially available under the Global Offering; and
- If the number of Offer Shares validly applied for under the Hong Kong Public Offer represents 100 times or more the number of Offer Shares initially available for subscription under the Hong Kong Public Offer, then Offer Shares will be reallocated to the Hong Kong Public Offer from the International Offer so that the total number of

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## STRUCTURE OF THE GLOBAL OFFERING

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Offer Shares available under the Hong Kong Public Offer will be 64,000,000 Offer Shares, representing 50% of the Offer Shares initially available under the Global Offering.

In each case, the additional Offer Shares reallocated to the Hong Kong Public Offer will be allocated between pool A and pool B and the number of Offer Shares allocated to the International Offer will be correspondingly reduced, in such manner as the Sole Global Coordinator (for itself and on behalf of the Underwriters) deems appropriate. In addition, the Sole Global Coordinator (for itself and on behalf of the Underwriters) may in its sole and absolute discretion reallocate Offer Shares from the International Offer to the Hong Kong Public Offer to satisfy valid applications under the Hong Kong Public Offer.

If the Hong Kong Offer Shares are not fully subscribed, the Sole Global Coordinator (for itself and on behalf of the Underwriters) will have the discretion (but shall not be under any obligation) to reallocate all or any unsubscribed Hong Kong Offer Shares to the International Offer in such amount as the Sole Global Coordinator (for itself and on behalf of the Underwriters) deems appropriate. If the International Offer Shares are not fully subscribed or purchased, the Sole Global Coordinator (for itself and on behalf of the Underwriters) will have the discretion (but shall not be under any obligation) to reallocate all or any unsubscribed or unpurchased International Offer Shares to the Hong Kong Public Offer in such amount as the Sole Global Coordinator (for itself and on behalf of the Underwriters) deems appropriate.

References in this prospectus to applications, Application Forms, application monies or the procedure for application relate solely to the Hong Kong Public Offer.

### **INTERNATIONAL OFFER**

#### **Number of Offer Shares initially offered**

Subject to the reallocation as described above, the number of Offer Shares to be initially offered under the International Offer will be 115,200,000 Offer Shares, representing approximately 90% of the total number of the Offer Shares initially available under the Global Offering. Subject to the reallocation of the Offer Shares between the International Offer and the Hong Kong Public Offer, the number of Offer Shares initially offered under the International Offer will represent approximately 22.5% of our Company's enlarged issued share capital immediately after the completion of the Global Offering without taking into account Shares issuable upon exercise of options granted under the Share Option Scheme and assuming the Over-allotment Option is not exercised.

#### **Allocation**

Pursuant to the International Offer, the International Offer Shares will be conditionally placed on behalf of our Company by the International Underwriters or through selling agents appointed by them. International Offer Shares will be selectively placed to certain professional and institutional and other investors who generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities. The International Offer is subject to the Hong Kong Public Offer being unconditional.

Allocation of Offer Shares pursuant to the International Offer will be effected in accordance with the book-building process described in the paragraph headed "Pricing and Allocation" in this section and based on a number of factors, including the level and timing of demand, the 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 Offer Shares, and/

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## STRUCTURE OF THE GLOBAL OFFERING

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or hold or sell its Offer Shares, after the listing of the Shares on the Stock Exchange. Such allocation is intended to result in a distribution of the Shares on a basis which would lead to the establishment of a solid professional and institutional shareholder base to the benefit of our Company and our Shareholders as a whole.

The Sole Global Coordinator may require any investor who has been offered Offer Shares under the International Offer, and who has made an application under the Hong Kong Public Offer, to provide sufficient information to it so as to allow it to identify the relevant applications under the Hong Kong Public Offer and to ensure that they are excluded from any application for Offer Shares under the Hong Kong Public Offer.

### **Reallocation**

The total number of Offer Shares to be issued pursuant to the International Offer may change as a result of the clawback arrangement described in the paragraph headed “Hong Kong Public Offer — Reallocation” in this section, the exercise of the Over-allotment Option in whole or in part and/or any reallocation of unsubscribed Offer Shares originally included in the Hong Kong Public Offer.

### **OVER-ALLOTMENT OPTION**

In connection with the Global Offering, we expect to grant the Over-allotment Option to the International Underwriters, exercisable by the Sole Global Coordinator on behalf of the International Underwriters.

Pursuant to the Over-allotment Option, the International Underwriters will have the right, exercisable by the Sole Global Coordinator on behalf of the International Underwriters at any time during the 30-day period from the last day for lodging applications under the Hong Kong Public Offer, to require us to issue up to an aggregate of 19,200,000 Shares, representing 15% of the total number of Offer Shares initially available under the Global Offering, at the Offer Price under the International Offer to cover over-allocations in the International Offer, if any. If the Over-allotment Option is exercised, an announcement will be made.

### **STOCK BORROWING AGREEMENT**

In order to facilitate the settlement of over-allocation in connection with the Global Offering, the Stabilising Manager may choose to borrow, whether on its own or through its affiliates, up to 19,200,000 Shares pursuant to the Stock Borrowing Agreement (being the maximum number of Shares which may be sold upon exercise of the Over-allotment Option), or acquire Shares from other sources, including the exercising the Over-allotment Option.

If the Stock Borrowing Agreement is entered into, it will only be effected by the Stabilising Manager or its agent for settlement of over-allocation in the International Offer. The same number of Shares so borrowed must be returned to Condover Assets or their 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; or (ii) the day on which the Over-allotment Option is exercised in full. The Stock Borrowing Agreement will be effected in compliance with all applicable laws, rules and regulatory requirements. No payment will be made to Condover Assets by the Stabilising Manager or its agent in relation to such stock.

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## STRUCTURE OF THE GLOBAL OFFERING

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### STABILISATION

Stabilisation is a practice used by underwriters in some markets to facilitate the distribution of securities. To stabilise, the underwriters may bid for, or purchase, the securities in the secondary market, during a specified period of time, to retard and, if possible, prevent a decline in the initial public market price of the securities below the Offer Price. Such transactions may be effected in all jurisdictions where it is permissible to do so, in each case in compliance with all applicable laws and regulatory requirements, including those of Hong Kong. In Hong Kong, the price at which stabilisation is effected is not permitted to exceed the Offer Price.

In connection with the Global Offering, the Stabilising Manager, or any person acting for it, on behalf of the Underwriters, may over-allocate or effect transactions with a view to stabilising or supporting the market price of the Shares at a level higher than that which might otherwise prevail for a limited period after the Listing Date. However, there is no obligation on the Stabilising Manager or any person acting for it to conduct any such stabilising action. Such stabilising action, if taken, (i) will be conducted at the absolute discretion of the Stabilising Manager or any person acting for it and in what the Stabilising Manager reasonably regards as the best interest of our Company, (ii) may be discontinued at any time and (iii) is required to be brought to an end within 30 days of the last day for lodging applications under the Hong Kong Public Offer.

Stabilisation action permitted in Hong Kong pursuant to the Securities and Futures (Price Stabilizing) Rules of the SFO includes (i) over-allocating 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 agreeing to purchase, the Shares pursuant to the Over-allotment Option 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 to liquidate any position established as a result of those purchases; and (vi) offering or attempting to do anything as described in (ii), (iii), (iv) or (v) above.

Specifically, prospective applicants for and investors in the Offer 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 as to the extent to which and the time or period for which the Stabilising Manager or any person acting for it will maintain such a long position;
- liquidation of any such long position by the Stabilising Manager or any person acting for it and selling in the open market, may have an adverse impact on the market price of the Shares;
- no stabilising action can be taken to support the price of the Shares for longer than the stabilisation period, which will begin on the Listing Date and expire on the 30th day after the last day for lodging applications under the Hong Kong Public Offer. 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 by the taking of any stabilising action; and

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## STRUCTURE OF THE GLOBAL OFFERING

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- stabilising bids or transactions effected in the course of the stabilising action may be made at any price at or below the Offer Price and can, therefore, be done at a price below the price paid by applicants for, or investors in, the Offer Shares.

Any stabilising actions by the Stabilising Manager, or any person acting for it, will be entered into in accordance with the laws, rules and regulations in Hong Kong on stabilisation.

### **Over-allocation**

Following any over-allocation of Shares in connection with the Global Offering, the Stabilising Manager or any person acting for it may cover such over-allocations by, among other methods, exercising the Over-allotment Option in full or in part, using Shares purchased by the Stabilising Manager or any person acting for it in the secondary market at prices that do not exceed the Offer Price, or a combination of these means. Any such purchases will be made in accordance with the laws, rules, and regulations in place in Hong Kong, including in relation to stabilisation, the Securities and Futures (Price Stabilizing) Rules, as amended and supplemented to from time to time made under the SFO.

## **PRICING AND ALLOCATION**

### **Determining the Offer Price**

The International Underwriters are soliciting from prospective investors indications of interest in acquiring the Shares in the International Offer. Prospective investors will be required to specify the number of Shares under the International Offer 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 around, the last day for lodging applications under the Hong Kong Public Offer.

Pricing for the Offer Shares for the purpose of the Global Offering will be fixed on the Price Determination Date, which is expected to be on or around Friday, 7 July 2017 (or such later time and/or date as agreed between the Sole Global Coordinator (for itself and on behalf of the Underwriters) and our Company).

### **Offer Price range**

The Offer Price will not be more than HK\$1.00 per Offer Share and is expected to be not less than HK\$0.80 per Offer Share unless otherwise announced, as further explained below, not later than the morning of the last day for lodging applications under the Hong Kong Public Offer. 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.

### **Price payable on application**

Applicants for Offer Shares under the Hong Kong Public Offer are required to pay, on application, the maximum Offer Price of HK\$1.00 for each Hong Kong Offer Share (plus 1% brokerage, 0.0027% SFC transaction levy and 0.005% Stock Exchange trading fee).

If, for any reason, our Company and the Sole Global Coordinator (for itself and on behalf of the Underwriters) are unable to reach agreement on the Offer Price on or before Thursday, 13 July 2017, the Global Offering will not proceed and will lapse.



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## STRUCTURE OF THE GLOBAL OFFERING

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### Change to the Offer Price range

The Sole Global 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 in respect of the International Offer, and with the consent of our Company, change the indicative Offer Price range stated in this prospectus at any time before the morning of Wednesday, 5 July 2017, being the date on which the application lists close in accordance with the provisions set out in the section headed “How to Apply for the Hong Kong Offer Shares” in this prospectus (the “**Acceptance Date**”).

In this case, we shall cause to be published:

- (a) a notice of the change in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese), and on the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and our Company’s website at [www.winwinway.com.hk](http://www.winwinway.com.hk). The notice will include a confirmation or revision, as appropriate, of the working capital statement and the Global Offering statistics and any other financial information in this prospectus which may change as a result of any such change; and
- (b) such supplemental offering documents as may be required by laws of any governmental authority to be published in such manner as the relevant laws or governmental authority may require as soon as practicable following the decision to make the change,

and not later than the morning of the Acceptance Date.

Before submitting applications for Hong Kong Offer Shares, applicants should have regard to the possibility that any announcement of an extension or reduction in the indicative Offer Price range may not be made until the day which is the last day for lodging applications under the Hong Kong Public Offer. Applicants who have submitted their applications for Hong Kong Offer Shares before such an announcement is made may subsequently withdraw their applications if such an announcement is subsequently made. In the absence of any such announcement so published, the Offer Price, if agreed upon by the Sole Global 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.

### Announcement of Offer Price and basis of allocations

The final Offer Price, the level of indications of interest in the International Offer, the level of applications in the Hong Kong Public Offer and the basis of allocation of the Hong Kong Offer Shares are expected to be announced on Friday, 14 July 2017 in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese), and on the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and our Company’s website at [www.winwinway.com.hk](http://www.winwinway.com.hk).

### UNDERWRITING

The Hong Kong Public Offer is fully underwritten by the Hong Kong Underwriters under the terms and conditions of the Hong Kong Underwriting Agreement and is subject to our Company and the Sole Global Coordinator (for itself and on behalf of the Underwriters), agreeing on the Offer Price.

We expect to enter into the International Underwriting Agreement relating to the International Offer on or around the Price Determination Date.



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## STRUCTURE OF THE GLOBAL OFFERING

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These underwriting arrangements and the Underwriting Agreements are summarised in the section headed “Underwriting” in this prospectus.

### CONDITIONS OF THE GLOBAL OFFERING

Acceptance of all applications for the Offer Shares will be conditional on:

- (i) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Global Offering (including the Shares issuable upon exercise of options which may be granted under the Share Option Scheme and the Shares issuable pursuant to the exercise of the Over-allotment Option);
- (ii) the Offer Price having been duly agreed between our Company and the Sole Global Coordinator (for itself and on behalf of the Underwriters);
- (iii) the execution and delivery of the International Underwriting Agreement on or around the Price Determination Date; and
- (iv) the obligations of the Underwriters under each of the Hong Kong Underwriting Agreement and the International Underwriting Agreement becoming and remaining unconditional and not having been terminated in accordance with the terms of the respective agreements, in each case on or before the dates and times specified in the respective agreements (unless and to the extent such conditions are validly waived on or before such dates and times).

If for any reason, the Offer Price is not agreed between our Company and the Sole Global Coordinator (for itself and on behalf of the Underwriters) on or before Thursday, 13 July 2017, the Global Offering will not proceed and will lapse.

The consummation of each of the Hong Kong Public Offer and the International Offer is conditional upon, among other things, the other offering becoming unconditional and not having been terminated in accordance with its respective terms.

If the above conditions are not fulfilled or waived before the times and dates specified, the Global Offering will lapse and the Stock Exchange will be notified immediately. We will cause a notice of the lapse of the Hong Kong Public Offer to be published by us in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese), and on the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and our Company’s website at [www.winwinway.com.hk](http://www.winwinway.com.hk) on the next Business Day following such lapse. In such event, all application monies will be returned, without interest, on the terms set out in the section headed “How to Apply for Hong Kong Offer Shares” in this prospectus. In the meantime, all application monies will be held in separate bank account(s) with the receiving bank(s) or other bank(s) in Hong Kong licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong) (as amended).

Share certificates for the Offer Shares are expected to be issued on Friday, 14 July 2017 but will only become valid certificates of title at 8:00 a.m. on the date of commencement of the dealings in our Shares, which is expected to be on Monday, 17 July 2017, provided that the Global Offering has become unconditional in all respects and the right of termination as described in the section headed “Underwriting” has not been exercised.

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## STRUCTURE OF THE GLOBAL OFFERING

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### SHARES WILL BE ELIGIBLE FOR CCASS

All necessary arrangements have been made for 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 Business Day after any trading day.

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

### DEALING ARRANGEMENTS

Assuming that the Hong Kong Public Offer becomes unconditional at or before 8:00 a.m. in Hong Kong on Monday, 17 July 2017, it is expected that dealings in Shares on the Stock Exchange will commence at 9:00 a.m. on Monday, 17 July 2017.

The Shares will be traded in board lots of 4,000 Shares each. The stock code of the Shares is 994.

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## HOW TO APPLY FOR THE HONG KONG OFFER SHARES

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### 1. HOW TO APPLY

If you apply for Hong Kong Offer Shares, then you may not apply for or indicate an interest for International Offer Shares.

To apply for Hong Kong Offer Shares, you may:

- use a **WHITE** or **YELLOW** Application Form; or
- apply online via the **eWhite Form** at [www.ewhiteform.com.hk](http://www.ewhiteform.com.hk); or
- electronically causes HKSCC Nominees to apply on your behalf.

None of you or your joint applicant(s) may make more than one application, except where you are a nominee and provide the required information in your application.

Our Company, the Sole Global Coordinator, the eWhite Form Service Provider and their respective agents may reject or accept any application in full or in part for any reason at their discretion.

### 2. WHO CAN APPLY

You can apply for Hong Kong Offer Shares on a **WHITE** or **YELLOW** Application Form if you or the person(s) for whose benefit you are applying:

- are 18 years of age or older;
- have a Hong Kong address;
- are outside the United States, and are not a United States Person (as defined in Regulation S under the U.S. Securities Act); and
- are not a legal or natural person of the PRC.

If you apply online through the **eWhite Form**, in addition to the above, you must also: (i) have a valid Hong Kong identity card number and (ii) provide a valid e-mail address and a contact telephone number.

If you are a firm, the application must be in the individual members' names. If you are a body corporate, the Application Form must be signed by a duly authorised officer, who must state his representative capacity, and stamped with your corporation's chop.

If an application is made by a person under a power of attorney, our Company and the Sole Global Coordinator may accept it at their discretion and on any conditions they think fit, including evidence of the attorney's authority.

The number of joint applicants may not exceed four and they may not apply by means of **eWhite Form** for the Hong Kong Offer Shares.

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## HOW TO APPLY FOR THE HONG KONG OFFER SHARES

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Unless permitted by the Listing Rules, you cannot apply for any Hong Kong Offer Shares if you are:

- an existing beneficial owner of Shares in our Company and/or any its subsidiaries;
- a Director or chief executive officer of our Company and/or any of its subsidiaries;
- an associate (as defined in the Listing Rules) of any of the above;
- a core connected person (as defined in the Listing Rules) of our Company or will become a core connected person of our Company immediately upon completion of the Global Offering; and
- have been allocated or have applied for any International Offer Shares or otherwise participate in the International Offer.

### 3. APPLYING FOR HONG KONG OFFER SHARES

#### Which Application Channel to Use

For Hong Kong Offer Shares to be issued in your own name, use a **WHITE** Application Form or apply online through [www.ewhiteform.com.hk](http://www.ewhiteform.com.hk).

For Hong Kong Offer Shares to be issued in the name of HKSCC Nominees and deposited directly into CCASS to be credited to your or a designated CCASS Participant's stock account, use a **YELLOW** Application Form or electronically instruct HKSCC via CCASS to cause HKSCC Nominees to apply for you.

#### Where to Collect the Application Forms

You can collect a **WHITE** Application Form and a prospectus during normal business hours between 9:00 a.m. from Friday, 30 June 2017 until 12:00 noon on Wednesday, 5 July 2017 from:

- (i) any of the following offices of the Hong Kong Underwriters:

<b>KGI Capital Asia Limited</b>	41/F, Central Plaza 18 Harbour Road Wanchai Hong Kong
<b>Great Roc Capital Securities Limited</b>	Room 1601–1603, 16/F West Tower Shun Tak Centre 168–200 Connaught Road Central Hong Kong
<b>VMS Securities Limited</b>	49/F, One Exchange Square 8 Connaught Place Central Hong Kong

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## HOW TO APPLY FOR THE HONG KONG OFFER SHARES

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(ii) any of the following branches of the receiving banks:

<b>District</b>	<b>Branch name</b>	<b>Address</b>
<b>Hong Kong Island</b>	Bank of China Tower Branch	3/F, 1 Garden Road
	Sheung Wan Branch	Shop 1–4, G/F, Tung Hip Commercial Building, 244–248 Des Voeux Road Central
<b>Kowloon</b>	Waterloo Road Branch	Shop A2, Man Kee Mansion 86 Waterloo Road, Kowloon
	Whampoa Garden Branch	Shop G8B, Site 1 Whampoa Garden Hung Hom
<b>New Territories</b>	Tseung Kwan O Plaza Branch	Shop 112–125, Level 1, Tseung Kwan O Plaza, Tseung Kwan O
	Tuen Mun San Hui Branch	G13–G14 Eldo Court, Heung Sze Wui Road, Tuen Mun

You can collect a **YELLOW** Application Form and a prospectus during normal business hours from 9:00 a.m. on Friday, 30 June 2017 until 12:00 noon on Wednesday, 5 July 2017 from the Depository Counter of HKSCC at 1st floor, One & Two Exchange Square, 8 Connaught Place, Central, Hong Kong or from your stockbroker.

### Time for Lodging Application Forms

Your completed **WHITE** or **YELLOW** Application Form, together with a cheque or a banker's cashier order attached and marked payable to "**BANK OF CHINA (HONG KONG) NOMINEES LIMITED — WIN WIN WAY CONSTRUCTION PUBLIC OFFER**" for the payment, should be deposited in the special collection boxes provided at any of the branches of the receiving bank listed above, at the following times:

- Friday, 30 June 2017 — 9:00 a.m. to 5:00 p.m.
- Monday, 3 July 2017 — 9:00 a.m. to 5:00 p.m.
- Tuesday, 4 July 2017 — 9:00 a.m. to 5:00 p.m.
- Wednesday, 5 July 2017 — 9:00 a.m. to 12:00 noon

The application lists will be open from 11:45 a.m. to 12:00 noon on Wednesday, 5 July 2017, the last application day or such later time as described in the paragraph headed "10. Effect of Bad Weather on the Opening of the Applications Lists" in this section.

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## HOW TO APPLY FOR THE HONG KONG OFFER SHARES

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### 4. TERMS AND CONDITIONS OF AN APPLICATION

Follow the detailed instructions in the Application Form carefully, otherwise, your application may be rejected.

By submitting an Application Form or applying through the **eWhite Form**, among other things, you:

- (i) undertake to execute all relevant documents and instruct and authorise our Company and/or the Sole Global Coordinator (or their agents or nominees), as agents of our Company, to execute any documents for you and to do on your behalf all things necessary to register any Hong Kong Offer Shares allocated to you in your name or in the name of HKSCC Nominees as required by the Articles of Association;
- (ii) agree to comply with the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32), the Companies Ordinance and the Articles of Association;
- (iii) confirm that you have read the terms and conditions and application procedures set out in this prospectus and in the Application Form and agree to be bound by them;
- (iv) confirm that you have received and read this prospectus and have only relied on the information and representations contained in this prospectus in making your application and will not rely on any other information or representations except those in any supplement to this prospectus;
- (v) confirm that you are aware of the restrictions on the Global Offering in this prospectus;
- (vi) agree that none of our Company, the Sole Sponsor, the Sole Global Coordinator, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Global Offering is or will be liable for any information and representations not in this prospectus (and any supplement to it);
- (vii) undertake and confirm that you or the person(s) for whose benefit you have made the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Offer Shares under the International Offer nor participated in the International Offer;
- (viii) agree to disclose to our Company, the Sole Sponsor, our Hong Kong Branch Share Registrar, receiving bank, the Sole Global Coordinator, the Underwriters and/or their respective advisers and agents any personal data which they may require about you and the person(s) for whose benefit you have made the application;
- (ix) if the laws of any place outside Hong Kong apply to your application, agree and warrant that you have complied with all such laws and none of our Company, the Sole Sponsor, the Sole Global Coordinator and the Underwriters nor any of their respective officers or advisers will breach any law outside Hong Kong as a result of the acceptance of your offer to purchase, or any action arising from your rights and obligations under the terms and conditions contained in this prospectus and the Application Form;
- (x) agree that once your application has been accepted, you may not rescind it because of an innocent misrepresentation;

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## HOW TO APPLY FOR THE HONG KONG OFFER SHARES

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- (xi) agree that your application will be governed by the laws of Hong Kong;
- (xii) represent, warrant and undertake that (i) you understand that the Hong Kong Offer Shares have not been and will not be registered under the U.S. Securities Act; and (ii) you and any person for whose benefit you are applying for the Hong Kong Offer Shares are outside the United States (as defined in Regulation S) or are a person described in paragraph (h)(3) of Rule 902 of Regulation S;
- (xiii) warrant that the information you have provided is true and accurate;
- (xiv) agree to accept the Hong Kong Offer Shares applied for, or any lesser number allocated to you under the application;
- (xv) authorise our Company to place your name(s) or the name of the HKSCC Nominees, on our Company's register of members as the holder(s) of any Hong Kong Offer Shares allocated to you, and our Company and/or its agents to send any share certificate(s) and/or to send any refund cheque(s) and/or to send any e-Refund payment instructions (where applicable) to you or the first-named applicant for joint application by ordinary post at your own risk to the address stated on the application, unless you have applied for 1,000,000 Hong Kong Offer Shares or more who are eligible to collect your share certificate(s) and/or refund cheque(s) (where applicable) in person;
- (xvi) declare and represent that this is the only application made and the only application intended by you to be made to benefit you or the person for whose benefit you are applying;
- (xvii) understand that our Company and the Sole Global Coordinator will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Hong Kong Offer Shares to you and that you may be prosecuted for making a false declaration;
- (xviii) (if the application is made for your own benefit) warrant that no other application has been or will be made for your benefit on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or to the **eWhite Form** Service Provider by you 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 (i) no other application has been or will be made by you as agent for or for the benefit of that person or by that person or by any other person as agent for that person on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC; and (ii) you have due authority to sign the Application Form or give **electronic application instructions** on behalf of that other person as their agent.

### **Additional Instructions for Yellow Application Form**

You may see the **YELLOW** Application Form for details.



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## HOW TO APPLY FOR THE HONG KONG OFFER SHARES

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### 5. APPLYING THROUGH EWHITE FORM

#### General

If you are an individual and meet the criteria set out in “Who can Apply for the Hong Kong Offer Shares”, you may apply through the **eWhite Form** by submitting an application online through the designated website at [www.ewhiteform.com.hk](http://www.ewhiteform.com.hk). If you apply through the **eWhite Form**, the Shares will be issued in your own name.

Detailed instructions for application through the **eWhite Form** are set out on the designated website at [www.ewhiteform.com.hk](http://www.ewhiteform.com.hk). You should read these instructions carefully. If you do not follow the instructions, your application may be rejected by the designated eWhite Form Service Provider and may not be submitted to our Company.

If you give **electronic application instructions** to the eWhite Form Service Provider through the designated website at [www.ewhiteform.com.hk](http://www.ewhiteform.com.hk), you will have authorised the designated eWhite Form Service Provider to apply on the terms and conditions set out in this prospectus, as supplemented and amended by the terms and conditions applicable to the **eWhite Form**.

In addition to the terms and conditions set out in this prospectus, the designated eWhite Form Service Provider may impose additional terms and conditions upon you for the use of the **eWhite Form**. Such terms and conditions are set out on the designated website at [www.ewhiteform.com.hk](http://www.ewhiteform.com.hk). You will be required to read, understand and agree to such terms and conditions in full before making any application.

By submitting an application to the designated **eWhite Form** Service Provider through the **eWhite Form**, you are deemed to have authorised the designated eWhite Form Service Provider to transfer the details of your application to our Company and our Hong Kong Share Registrar.

You may submit an application through the **eWhite Form** in respect of a minimum of 4,000 Hong Kong Offer Shares. Each electronic application instruction in respect of more than 4,000 Hong Kong Offer Shares must be in one of the numbers set out in the table in the Application Forms, or as otherwise specified on the designated website at [www.ewhiteform.com.hk](http://www.ewhiteform.com.hk).

#### Warning

The application for Hong Kong Offer Shares through the **eWhite Form** is only a facility provided by the designated eWhite Form Service Provider to public investors. Our Company, our Directors, the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Underwriters and the eWhite Form Service Provider take no responsibility for such applications, and provide no assurance that applications through the **eWhite Form** will be submitted to our Company or that you will be allotted any Hong Kong Offer Shares.

Please note that internet services may have capacity limitations and/or be subject to service interruptions from time to time. To ensure that you can submit your applications through the **eWhite Form**, you are advised not to wait until the last day for submitting applications in the Hong Kong Public Offer to submit your **electronic application instructions**. If you have problems connecting to the designated website for the **eWhite Form**, you should submit a **WHITE** or **YELLOW** Application Form. However, once you have submitted **electronic application instructions** and completed payment in full using the

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## HOW TO APPLY FOR THE HONG KONG OFFER SHARES

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application reference number provided to you on the designated website, you will be deemed to have made an actual application and should not submit a **WHITE** or **YELLOW** Application Form or give **electronic application instructions** to HKSCC via CCASS.

### **Additional Information**

For the purposes of allocating Hong Kong Offer Shares, each applicant giving **electronic application instructions** through the **eWhite Form** to the eWhite Form Service Provider through the designated website at [www.ewhiteform.com.hk](http://www.ewhiteform.com.hk) will be treated as an applicant.

If your payment of application monies is insufficient, or in excess of the required amount, having regard to the number of Hong Kong Offer Shares for which you have applied, or if your application is otherwise rejected by the designated eWhite Form Service Provider, the designated eWhite Form Service Provider may adopt alternative arrangements for the refund of monies to you. Please refer to the additional information provided by the designated eWhite Form Service Provider on the designated website at [www.ewhiteform.com.hk](http://www.ewhiteform.com.hk).

Otherwise, any monies payable to you due to a refund shall be made pursuant to the arrangements described below in the paragraph headed “14. Despatch/Collection of Share Certificates and Refund Monies”.

### **Time for submitting eWhite Form**

You may submit your application to the designated eWhite Form Service Provider through the designated website at [www.ewhiteform.com.hk](http://www.ewhiteform.com.hk) from 9:00 a.m. on Friday, 30 June 2017 until 11:30 a.m. on Wednesday, 5 July 2017 or such later time as described in the paragraph above headed “10. Effect of Bad Weather on the Opening of the Application Lists” (24 hours daily, except on the last application day). The latest time for completing full payment of application monies in respect of such applications will be 12:00 noon on Wednesday, 5 July 2017, the last application day, or, if the application lists are not open on that day, then by the time and date stated in “10. Effect of Bad Weather on the Opening of the Application Lists”.

You will not be permitted to submit your application to the designated eWhite Form Service Provider through the designated website at [www.ewhiteform.com.hk](http://www.ewhiteform.com.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 website before 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. If you do not make complete payment of the application monies (including any related fees) at or before 12:00 noon on Wednesday, 5 July 2017, or such later time as described under the paragraph headed “10. Effect of Bad Weather on the Opening of the Application Lists”, the designated eWhite Form Service Provider will reject your application and your application monies will be returned to you in the manner described in the designated website at [www.ewhiteform.com.hk](http://www.ewhiteform.com.hk).

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### How many applications you may make by means of eWhite Form

If you apply by means of **eWhite Form**, once you complete payment in respect of any electronic application instruction given by you or for your benefit to the designated **eWhite Form** service provider to make an application for Hong Kong Offer Shares, an actual application shall be deemed to have been made. For the avoidance of doubt, giving an electronic application instruction under **eWhite Form** more than once and obtaining different application reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application.

If you are suspected of submitting more than one application through the **eWhite Form** by giving **electronic application instructions** through the designated website at [www.ewhiteform.com.hk](http://www.ewhiteform.com.hk) and completing payment in respect of such **electronic application instructions**, or of submitting one application through the **eWhite Form** and one or more applications by any other means, all of your applications are liable to be rejected.

Please also note the additional information relating to refund of application monies overpaid, application money underpaid or applications rejected by the designated eWhite Form Service Provider set out in the paragraph headed “Additional Information” above.

### Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance

For the avoidance of doubt, our Company and all other parties involved in the preparation of this prospectus acknowledge that each applicant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance).

## 6. APPLYING BY GIVING ELECTRONIC APPLICATION INSTRUCTIONS TO HKSCC VIA CCASS

### General

CCASS Participant may give **electronic application instructions** to apply for the Hong Kong Offer Shares and to arrange payment of the money due on application and payment of refunds under their participant agreements with HKSCC and the General Rules of CCASS and the CCASS Operational Procedures.

If you are a CCASS Investor Participant, you may give these **electronic application instructions** through the CCASS Phone System by calling +852 2979 7888 or through the CCASS Internet System <https://ip.ccass.com> (using the procedures in HKSCC’s “An Operating Guide for Investor Participants” in effect from time to time).

HKSCC can also input electronic application instructions for you if you go to:

**Hong Kong Securities Clearing Company Limited**  
Customer Service Center  
1/F, One & Two Exchange Square  
8 Connaught Place, Central  
Hong Kong

and complete an input request form.

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You can also collect a prospectus from this address.

If you are not a CCASS Investor Participant, you may instruct your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for the Hong Kong Offer Shares on your behalf.

You will be deemed to have authorised HKSCC and/or HKSCC Nominees to transfer the details of your application to our Company, the Sole Global Coordinator and our Hong Kong Branch Share Registrar.

### Giving Electronic Application Instructions to HKSCC via CCASS

Where you have given **electronic application instructions** to apply for the Hong Kong Offer Shares and a **WHITE** Application Form is signed by HKSCC Nominees on your behalf:

- (i) HKSCC Nominees will only be acting as a nominee for you and is not liable for any breach of the terms and conditions of the **WHITE** Application Form or this prospectus;
- (ii) HKSCC Nominees will do the following things on your behalf:
  - agree that the Hong Kong Offer Shares to be allotted shall be issued in the name of HKSCC Nominees and deposited directly into CCASS for the credit of the CCASS Participant's stock account on your behalf or your CCASS Investor Participant's stock account;
  - agree to accept the Hong Kong Offer Shares applied for or any lesser number allocated;
  - undertake and confirm that you have not applied for or taken up, will not apply for or take up, or indicate an interest for, any Offer Shares under the International Offer;
  - (if the **electronic application instructions** are given for your benefit) declare that only one set of **electronic application instructions** has been given for your benefit;
  - (if you are an agent for another person) declare that you have only given one set of **electronic application instructions** for the other person's benefit and are duly authorised to give those instructions as their agent;
  - confirm that you understand that our Company, our Directors and the Sole Global Coordinator will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Hong Kong Offer Shares to you and that you may be prosecuted if you make a false declaration;
  - authorise our Company to place HKSCC Nominees' name on our Company's register of members as the holder of the Hong Kong Offer Shares allocated to you and to send share certificate(s) and/or refund monies under the arrangements separately agreed between us and HKSCC;

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- confirm that you have read the terms and conditions and application procedures set out in this prospectus and agree to be bound by them;
- confirm that you have received and/or read a copy of this prospectus and have relied only on the information and representations in this prospectus in causing the application to be made, save as set out in any supplement to this prospectus;
- agree that none of our Company, the Sole Sponsor, the Sole Global Coordinator, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Global Offering, is or will be liable for any information and representations not contained in this prospectus (and any supplement to it);
- agree to disclose your personal data to our Company, the Sole Sponsor, our Hong Kong Branch Share Registrar, receiving bank, the Sole Global Coordinator, the Underwriters and/or its respective advisers and agents;
- agree (without prejudice to any other rights which you may have) that once HKSCC Nominees' application has been accepted, it cannot be rescinded for innocent misrepresentation;
- agree that any application made by HKSCC Nominees on your behalf is irrevocable before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), such agreement to take effect as a collateral contract with us and to become binding when you give the instructions and such collateral contract to be in consideration of our Company agreeing that it will not offer any Hong Kong Offer Shares to any person before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), except by means of one of the procedures referred to in this prospectus. However, HKSCC Nominees may revoke the application before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is a Saturday, Sunday or public holiday in Hong Kong) if a person responsible for this prospectus under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance) gives a public notice under that section which excludes or limits that person's responsibility for this prospectus;
- agree that once HKSCC Nominees' application is accepted, neither that application nor your **electronic application instructions** can be revoked, and that acceptance of that application will be evidenced by our Company's announcement of the Hong Kong Public Offer results;
- agree to the arrangements, undertakings and warranties under the participant agreement between you and HKSCC, read with the General Rules of CCASS and the CCASS Operational Procedures, for the giving **electronic application instructions** to apply for Hong Kong Offer Shares;
- agree with our Company, for itself and for the benefit of each Shareholder (and so that our Company will be deemed by its acceptance in whole or in part of the application by HKSCC Nominees to have agreed, for itself and

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on behalf of each of the Shareholders, with each CCASS Participant giving **electronic application instructions**) to observe and comply with the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Articles of Association; and

- agree that your application, any acceptance of it and the resulting contract will be governed by the Laws of Hong Kong.

### **Effect of Giving Electronic Application Instructions to HKSCC via CCASS**

By giving **electronic application instructions** to HKSCC or instructing your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give such instructions to HKSCC, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have done the following things. Neither HKSCC nor HKSCC Nominees shall be liable to our Company or any other person in respect of the things mentioned below:

- instructed and authorised HKSCC to cause HKSCC Nominees (acting as nominee for the relevant CCASS Participants) to apply for the Hong Kong Offer Shares on your behalf;
- instructed and authorised HKSCC to arrange payment of the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee by debiting your designated bank account and, in the case of a wholly or partially unsuccessful application and/or if the Offer Price is less than the maximum Offer Price per Offer Share initially paid on application, refund of the application monies (including brokerage, SFC transaction levy and the Stock Exchange trading fee) by crediting your designated bank account; and
- instructed and authorised HKSCC to cause HKSCC Nominees to do on your behalf all the things stated in the **WHITE** Application Form and in this prospectus.

### **Minimum Purchase Amount and Permitted Numbers**

You may give or cause your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** for a minimum of 4,000 Hong Kong Offer Shares. Instructions for more than 4,000 Hong Kong Offer Shares must be in one of the numbers set out in the table in the Application Forms. No application for any other number of Hong Kong Offer Shares will be considered and any such application is liable to be rejected.



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### Time for Inputting Electronic Application Instructions

CCASS Clearing/Custodian Participants can input **electronic application instructions** at the following times on the following dates:

- Friday, 30 June 2017 — 9:00 a.m. to 8:30 p.m.<sup>(1)</sup>
- Monday, 3 July 2017 — 8:00 a.m. to 8:30 p.m.<sup>(1)</sup>
- Tuesday, 4 July 2017 — 8:00 a.m. to 8:30 p.m.<sup>(1)</sup>
- Wednesday, 5 July 2017 — 8:00 a.m.<sup>(1)</sup> to 12:00 noon

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*Note:*

1. These times are subject to change as HKSCC may determine from time to time with prior notification to CCASS Clearing/Custodian Participants.

CCASS Investor Participants can input **electronic application instructions** from 9:00 a.m., on Friday, 30 June 2017 until 12:00 noon, on Wednesday, 5 July 2017 (24 hours daily, except on the last application day).

The latest time for inputting your **electronic application instructions** will be 12:00 noon, on Wednesday, 5 July 2017, the last application day or such later time as described in the paragraph headed “10. Effect of Bad Weather on the Opening of the Application Lists” in this section.

### No Multiple Applications

If you are suspected of having made multiple applications or if more than one application is made for your benefit, the number of Hong Kong Offer Shares applied for by HKSCC Nominees will be automatically reduced by the number of Hong Kong Offer Shares for which you have given such instructions and/or for which such instructions have been given for your benefit.

Any **electronic application instructions** to make an application for the Hong Kong Offer Shares given by you or for your benefit to HKSCC shall be deemed to be an actual application for the purposes of considering whether multiple applications have been made.

### Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance

For the avoidance of doubt, our Company and all other parties involved in the preparation of this prospectus acknowledge that each CCASS Participant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance).

### Personal Data

The section of the Application Form headed “Personal Data” applies to any personal data held by our Company, our Hong Kong Branch Share Registrar, the receiving bank, the Sole Global Coordinator, the Underwriters and any of their respective advisers and agents about you in the same way as it applies to personal data about applicants other than HKSCC Nominees.



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### 7. WARNING FOR ELECTRONIC APPLICATIONS

The subscription of the Hong Kong Offer Shares by giving **electronic application instructions** to HKSCC is only a facility provided to CCASS Participants. Similarly, the application for Hong Kong Offer Shares through the **eWhite Form** is also only a facility provided by the eWhite Form Service Provider to public investors. Such facilities are subject to capacity limitations and potential service interruptions and you are advised not to wait until the last application day in making your electronic applications. Our Company, our Directors, the Sole Global Coordinator, the Sole Sponsor, the Joint Lead Managers and the Underwriters take no responsibility for such applications and provide no assurance that any CCASS Participant or person applying through the **eWhite Form** will be allotted any Hong Kong Offer Shares.

To ensure that CCASS Investor Participants can give their **electronic application instructions**, they are advised not to wait until the last minute to input their instructions to the systems. If CCASS Investor Participants have problems in the connection to CCASS Phone System/CCASS Internet System for submission of **electronic application instructions**, they should either (i) submit a **WHITE** or **YELLOW** Application Form, or (ii) go to HKSCC's Customer Service Centre to complete an input request form for **electronic application instructions** before 12:00 noon on Wednesday, 5 July 2017.

### 8. HOW MANY APPLICATIONS CAN YOU MAKE

Multiple applications for the Hong Kong Offer Shares are not allowed except by nominees. If you are a nominee, in the box on the Application Form marked "For nominees" you must include:

- an account number; or
- some other identification code,

for each beneficial owner or, in the case of joint beneficial owners, for each joint beneficial owner. If you do not include this information, the application will be treated as being made for your benefit.

All of your applications will be rejected if more than one application on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or through **eWhite Form**, is made for your benefit (including the part of the application made by HKSCC Nominees acting on **electronic application instructions**). If an application is made by an unlisted company and:

- the principal business of that company is dealing in securities; and
- you exercise statutory control over that company,

then the application will be treated as being for your benefit

"Unlisted company" means a company with no equity securities listed on the Stock Exchange.

"Statutory control" means you:

- control the composition of the board of directors of the company;
- control more than half of the voting power of the company; or

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- hold more than half of the issued share capital of the company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

### 9. HOW MUCH ARE THE HONG KONG OFFER SHARES

The **WHITE** and **YELLOW** Application Forms have tables showing the exact amount payable for Shares.

You must pay the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee in full upon application for Shares under the terms set out in the Application Forms.

You may submit an application using a **WHITE** or **YELLOW** Application Form or through the **eWhite Form** in respect of a minimum of 4,000 Hong Kong Offer Shares. Each application or **electronic application instruction** in respect of more than 4,000 Hong Kong Offer Shares must be in one of the numbers set out in the table in the Application Form, or as otherwise specified on the designated website at [www.ewhiteform.com.hk](http://www.ewhiteform.com.hk).

If your application is successful, brokerage will be paid to the Exchange Participants, and the SFC transaction levy and the Stock Exchange trading fee are paid to the Stock Exchange (in the case of the SFC transaction levy, collected by the Stock Exchange on behalf of the SFC).

For further details on the Offer Price, please see the paragraph headed “Structure of the Global Offering — Pricing and Allocation” in this prospectus.

### 10. EFFECT OF BAD WEATHER ON THE OPENING OF THE APPLICATION LISTS

The application lists will not open if there is:

- a tropical cyclone warning signal number 8 or above; or
- a “black” rainstorm warning,

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Wednesday, 5 July 2017. Instead they will open between 11:45 a.m. and 12:00 noon on the next Business Day which does not have either of those warnings in Hong Kong in force at any time between 9:00 a.m. and 12:00 noon.

If the application lists do not open and close on Wednesday, 5 July 2017 or if there is a tropical cyclone warning signal number 8 or above or a “black” rainstorm warning signal in force in Hong Kong that may affect the dates mentioned in the section headed “Expected Timetable” in this prospectus, an announcement will be made in such event.

### 11. PUBLICATION OF RESULTS

Our Company expects to announce the final Offer Price, the level of indication of interest in the International Offer, the level of applications in the Hong Kong Public Offer and the basis of allocation of the Hong Kong Offer Shares on Friday, 14 July 2017 in the South China Morning Post (in English) and Hong Kong Economic Times (in Chinese), and on our Company’s website at [www.winwinway.com.hk](http://www.winwinway.com.hk) and the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk).

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The results of allocations and the Hong Kong identity card/passport/Hong Kong business registration numbers of successful applicants under the Hong Kong Public Offer will be available at the times and date and in the manner specified below:

- in the announcement to be posted on our Company's website at [www.winwinway.com.hk](http://www.winwinway.com.hk) and the Stock Exchange's website at [www.hkexnews.hk](http://www.hkexnews.hk) by no later than 8:00 a.m. on Friday, 14 July 2017;
- Results of allocations for the Hong Kong Public Offer will be available at our results of allocations website at [www.ewhiteform.com.hk/results](http://www.ewhiteform.com.hk/results) on a 24-hour basis from 9:00 a.m. on Friday, 14 July 2017 to 12:00 midnight on Thursday, 20 July 2017. The user will be required to key in the Hong Kong identity card/passport/Hong Kong business registration number provided in his/her/its application to search for his/her/its own allocation result;
- Results of allocations will be available from our Hong Kong Public Offer allocation results telephone enquiry line. Applicants may find out whether or not their applications have been successful and the number of Hong Kong Offer Shares allocated to them, if any, by calling +852 2153 1688 between 9:00 a.m. and 6:00 p.m. from Friday, 14 July 2017 to Thursday, 20 July 2017 (excluding Saturday, Sunday & public holidays); and
- Special allocation results booklets setting out the results of allocations will be available for inspection during opening hours from Friday, 14 July 2017 to Tuesday, 18 July 2017 at all the receiving bank's designated branches at the addresses set out in the section headed "How to Apply for Hong Kong Offer Shares — Applying for Hong Kong Offer Shares — Where to Collect the Application Forms" in this prospectus.

If our Company accepts your offer to purchase (in whole or in part), which it may do by announcing the basis of allocations and/or making available the results of allocations publicly, there will be a binding contract under which you will be required to purchase the Hong Kong Offer Shares if the conditions of the Global Offering are satisfied and the Global Offering is not otherwise terminated. Further details are contained in the section headed "Structure of the Global Offering" in this prospectus.

You will not be entitled to exercise any remedy of rescission for innocent misrepresentation at any time after acceptance of your application. This does not affect any other right you may have.

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### 12. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOTTED OFFER SHARES

You should note the following situations in which the Hong Kong Offer Shares will not be allotted to you:

**(i) If your application is revoked:**

By completing and submitting an Application Form or giving **electronic application instructions** to HKSCC or to eWhite Form Service Provider, you agree that your application or the application made by HKSCC Nominees on your behalf cannot be revoked on or before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is Saturday, Sunday or public holiday in Hong Kong). This agreement will take effect as a collateral contract with our Company.

Your application or the application made by HKSCC Nominees on your behalf may only be revoked on or before such fifth day if a person responsible for this prospectus under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance) gives a public notice under that section which excludes or limits that person's responsibility for this prospectus.

If any supplement to this prospectus is issued, applicants who have already submitted an application will be notified that they are required to confirm their applications. If applicants have been so notified but have not confirmed their applications in accordance with the procedure to be notified, all unconfirmed applications will be deemed revoked.

If your application or the application made by HKSCC Nominees on your behalf has been accepted, it cannot be revoked. For this purpose, acceptance of applications which are not rejected will be constituted by notification in the press of the results of allocation, and where such basis of allocation is subject to certain conditions or provides for allocation by ballot, such acceptance will be subject to the satisfaction of such conditions or results of the ballot respectively.

**(ii) If our Company or our agents exercise their discretion to reject your application:**

Our Company, the Sole Global Coordinator 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.

**(iii) If the allotment of Hong Kong Offer Shares is void:**

The allotment of Hong Kong Offer Shares will be void if the Listing Committee of the Stock Exchange does not grant permission to list 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 Listing Committee of the Stock Exchange notifies our Company of that longer period within three weeks of the closing date of the application lists.

**(iv) If:**

- you make multiple applications or suspected multiple applications;

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- you or the person for whose benefit you are applying have applied for or taken up, or indicated an interest for, or have been or will be placed or allocated (including conditionally and/or provisionally) Hong Kong Offer Shares and International Offer Shares;
- your Application Form is not completed in accordance with the stated instructions;
- your **electronic application instructions** through the **eWhite Form** are not completed in accordance with the instructions, terms and conditions on the designated website;
- your payment is not made correctly or the cheque or banker's cashier order paid by you is dishonoured upon its first presentation;
- the Underwriting Agreements do not become unconditional or are terminated;
- our Company or the Sole Global Coordinator believe that by accepting your application, it or they would violate applicable securities or other laws, rules or regulations; or
- your application is for more than 50% of the Hong Kong Offer Shares initially offered under the Hong Kong Public Offer.

### 13. REFUND OF APPLICATION MONIES

If an application is rejected, not accepted or accepted in part only, or if the Offer Price as finally determined is less than the maximum Offer Price of HK\$1.00 per Offer Share (excluding brokerage, SFC transaction levy and the Stock Exchange trading fee thereon), or if the conditions of the Hong Kong Public Offer are not fulfilled in accordance with the paragraph headed "Structure of the Global Offering — Hong Kong Public Offer" in this prospectus or if any application is revoked, the application monies, or the appropriate portion thereof, together with the related brokerage, SFC transaction levy and the Stock Exchange trading fee, will be refunded, without interest or the cheque or banker's cashier order will not be cleared.

Any refund of your application monies will be made on Friday, 14 July 2017.

### 14. DESPATCH/COLLECTION OF SHARE CERTIFICATES AND REFUND MONIES

You will receive one share certificate for all Hong Kong Offer Shares allotted to you under the Hong Kong Public Offer (except pursuant to applications made on **YELLOW** Application Forms or by **electronic application instructions** to HKSCC via CCASS where the share certificates will be deposited into CCASS as described below).

No temporary document of title will be issued in respect of the Shares. No receipt will be issued for sums paid on application. If you apply by **WHITE** or **YELLOW** Application Form, subject to personal collection as mentioned below, the following will be sent to you (or, in the case of joint applicants, to the first-named applicant) by ordinary post, at your own risk, to the address specified on the Application Form:

- share certificate(s) for all the Hong Kong Offer Shares allotted to you (for **YELLOW** Application Forms, share certificates will be deposited into CCASS as described below); and

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- refund cheque(s) crossed “Account Payee Only” in favour of the applicant (or, in the case of joint applicants, the first-named applicant) for (i) all or the surplus application monies for the Hong Kong Offer Shares, wholly or partially unsuccessfully applied for; and/or (ii) the difference between the Offer Price and the maximum Offer Price per Offer Share paid on application if that the Offer Price is less than the maximum Offer Price (including brokerage, SFC transaction levy and the Stock Exchange trading fee but without interest). Part of the Hong Kong identity card number/passport number, provided by you or the first-named applicant (if you are joint applicants), may be printed on your refund cheque, if any. Your banker may require verification of your Hong Kong identity card number/passport number before encashment of your refund cheque(s). Inaccurate completion of your Hong Kong identity card number/passport number may invalidate or delay encashment of your refund cheque(s).

Subject to arrangement on despatch/collection of share certificates and refund monies as mentioned below, any refund cheques and share certificates are expected to be posted on or around Friday, 14 July 2017. The right is reserved to retain any share certificate(s) and any surplus application monies pending clearance of cheque(s) or banker’s cashier’s order(s).

Share certificates will only become valid at 8:00 a.m. on Monday, 17 July 2017 provided that the Global Offering has become unconditional and the right of termination described in the section headed “Underwriting” in this prospectus has not been exercised. Investors who trade shares before the receipt of share certificates or the share certificates becoming valid do so at their own risk.

### **Personal collection**

#### *(i) If you apply using a WHITE Application Form*

If you apply for 1,000,000 or more Hong Kong Offer Shares and have provided all information required by your Application Form, you may collect your refund cheque(s) and/or share certificate(s) from the Hong Kong Branch Share Registrar, Boardroom Share Registrars (HK) Limited, 31/F, 148 Electric Road, North Point, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Friday, 14 July 2017 or such other date as notified by us in the newspapers.

If you are an individual who is eligible for personal collection, you must not authorise any other person to collect for you. If you are a corporate applicant which is eligible for personal collection, 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 our Hong Kong Branch Share Registrar.

If you do not collect your refund cheque(s) and/or share certificate(s) personally within the time specified for collection, they will be sent promptly to the address specified in your Application Form by ordinary post at your own risk.

If you apply for less than 1,000,000 Hong Kong Offer Shares, your refund cheque(s) and/or share certificate(s) will be sent to the address on the relevant Application Form on Friday, 14 July 2017, by ordinary post and at your own risk.

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*(ii) If you apply using a YELLOW Application Form*

If you apply for 1,000,000 Hong Kong Offer Shares or more, please follow the same instructions as described above. If you have applied for less than 1,000,000 Hong Kong Offer Shares, your refund cheque(s) will be sent to the address on the relevant Application Form on Friday, 14 July 2017, by ordinary post and at your own risk.

If you apply by using a **YELLOW** Application Form and your application is wholly or partially successful, your share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for credit to your or the designated CCASS Participant's stock account as stated in your Application Form on Friday, 14 July 2017, or upon contingency, on any other date determined by HKSCC or HKSCC Nominees.

If you apply through a designated CCASS Participant (other than a CCASS Investor Participant), for Hong Kong Offer shares credited to your designated CCASS participant's stock account (other than CCASS Investor Participant), you can check the number of Hong Kong Offer Shares allotted to you with that CCASS Participant.

If you are applying as a CCASS Investor Participant, our Company will publish the results of CCASS Investor Participants' applications together with the results of the Hong Kong Public Offer in the manner described in the paragraph headed "11. Publication of Results" in this section. You should check the announcement published by our Company and report any discrepancies to HKSCC before 5:00 p.m. on Friday, 14 July 2017 or any other date as determined by HKSCC or HKSCC Nominees. Immediately after the credit of the Hong Kong Offer Shares to your stock account, you can check your new account balance via the CCASS Phone System and CCASS Internet System.

*(iii) If you apply through the eWhite Form*

If you apply for 1,000,000 Hong Kong Offer Shares or more and your application is wholly or partially successful, you may collect your Share certificate(s) from the Hong Kong Branch Share Registrar, Boardroom Share Registrars (HK) Limited, 31/F, 148 Electric Road, North Point, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Friday, 14 July 2017, or such other date as notified by our Company in the newspapers as the date of despatch/ collection of Share certificates/e-refund payment instructions/refund cheques.

If you do not collect your Share certificate(s) personally within the time specified for collection, they will be sent to the address specified in your application instructions by ordinary post at your own risk.

If you apply for less than 1,000,000 Hong Kong Offer Shares, your Share certificate(s) (where applicable) will be sent to the address specified in your application instructions on Friday, 14 July 2017 by ordinary post at your own risk.

If you apply and pay the application monies from a single bank account, any refund monies will be sent to that bank account in the form of e-refund payment instructions. If you apply and pay the application monies from multiple bank accounts, any refund monies will be sent to the address as specified in your application instructions in the form of refund cheque(s) by ordinary post at your own risk.



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## HOW TO APPLY FOR THE HONG KONG OFFER SHARES

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(iv) *If you apply via Electronic Application Instructions to HKSCC*

*Allocation of Hong Kong Offer Shares*

- For the purposes of allocating Hong Kong Offer Shares, HKSCC Nominees will not be treated as an applicant. Instead, each CCASS Participant who gives **electronic application instructions** or each person for whose benefit instructions are given will be treated as an applicant.

*Deposit of Share Certificates into CCASS and Refund of Application Monies*

- If your application is wholly or partially successful, your share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for the credit of your designated CCASS Participant's stock account or your CCASS Investor Participant stock account on Friday, 14 July 2017, or, on any other date determined by HKSCC or HKSCC Nominees.
- Our Company expects to publish the application results of CCASS Participants (and where the CCASS Participant is a broker or custodian, our Company will include information relating to the relevant beneficial owner), your Hong Kong identity card number/passport number or other identification code (Hong Kong business registration number for corporations) and the basis of allotment of the Hong Kong Public Offer in the manner specified in the paragraph headed "11. Publication of Results" in this prospectus on Friday, 14 July 2017. You should check the announcement published by our Company and report any discrepancies to HKSCC before 5:00 p.m. on Friday, 14 July 2017 or such other date as determined by HKSCC or HKSCC Nominees.
- If you have instructed your broker or custodian to give **electronic application instructions** on your behalf, you can also check the number of Hong Kong Offer Shares allotted to you and the amount of refund monies (if any) payable to you with that broker or custodian.
- If you have applied as a CCASS Investor Participant, you can also check the number of Hong Kong Offer Shares allotted to you and the amount of refund monies (if any) payable to you via the CCASS Phone System and the CCASS Internet System (under the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time) on Friday, 14 July 2017. Immediately following the credit of the Hong Kong Offer Shares to your stock account and the credit of refund monies to your bank account, HKSCC will also make available to you an activity statement showing the number of Hong Kong Offer Shares credited to your CCASS Investor Participant stock account and the amount of refund monies (if any) credited to your designated bank account.
- Refund of your application monies (if any) in respect of wholly and partially unsuccessful applications and/or difference between the Offer Price and the maximum Offer Price per Offer Share initially paid on application (including brokerage, SFC transaction levy and the Stock Exchange trading fee but without interest) will be credited to your designated bank account or the designated bank account of your broker or custodian on Friday, 14 July 2017.

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## HOW TO APPLY FOR THE HONG KONG OFFER SHARES

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### 15. ADMISSION OF THE SHARES INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in, the Shares and we comply with the stock admission requirements of HKSCC, 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 (as defined in the Listing Rules) is required to take place in CCASS on the second Business Day after any trading day.

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

Investors should seek the advice of their stockbroker or other professional adviser for details of the settlement arrangement as such arrangements may affect their rights and interests.

All necessary arrangements have been made enabling the Shares to be admitted into CCASS.

The following is the text of a report set out on pages I-1 to I-40, received from the Company's reporting accountants, KPMG, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus.



## **ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF WIN WIN WAY CONSTRUCTION HOLDINGS LTD. AND KGI CAPITAL ASIA LIMITED**

### **Introduction**

We report on the historical financial information of Win Win Way Construction Holdings Ltd. (the "Company") and its subsidiaries (together, the "Group") set out on pages I-3 to I-40, which comprises the combined statements of financial position of the Group as at 31 December 2014, 2015 and 2016, the statements of financial position of the Company as at 31 December 2015 and 2016, and the combined statements of profit or loss and other comprehensive income, the combined statements of changes in equity and the combined cash flow statements, for each of the years ended 31 December 2014, 2015 and 2016 (the "Relevant Periods"), and a summary of significant accounting policies and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages I-3 to I-40 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated 30 June 2017 (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 Historical Financial Information**

The directors of the Company are responsible for the preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in note 1 to the Historical Financial Information, and for such internal control as the directors of the Company determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

### **Reporting accountants' responsibility**

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200, *Accountants' Reports on Historical Financial Information in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk

assessments, the reporting accountants consider internal control relevant to the entity's preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in note 1 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 purpose of the accountants' report, a true and fair view of the Group's financial position as at 31 December 2014, 2015 and 2016 and the Company's financial position as at 31 December 2015 and 2016 and of the Group's financial performance and cash flows for the Relevant Periods in accordance with the basis of preparation and presentation set out in note 1 to the Historical Financial Information.

### **Report on matters under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited 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-3 have been made.

#### ***Dividends***

We refer to note 9 to the Historical Financial Information which states that no dividends have been paid by the Company in respect of the Relevant Periods.

#### ***No historical financial statements for the Company***

No financial statements have been prepared for the Company since its incorporation.

### **KPMG**

*Certified Public Accountants*  
8th Floor, Prince's Building  
10 Chater Road  
Central, Hong Kong  
30 June 2017

## HISTORICAL FINANCIAL INFORMATION

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The combined financial statements of the Group for the Relevant Periods, on which the Historical Financial Information is based, were audited by KPMG under separate terms of engagement with the Company in accordance with Hong Kong Standards on Auditing issued by the HKICPA ("Underlying Financial Statements").

**Combined statements of profit or loss and other comprehensive income**

(Expressed in Hong Kong dollars)

	Note	Year ended 31 December		
		2014	2015	2016
		HK\$'000	HK\$'000	HK\$'000
<b>Revenue</b> . . . . .	3	448,719	628,732	715,107
<b>Direct costs</b> . . . . .		<u>(358,777)</u>	<u>(509,007)</u>	<u>(588,573)</u>
<b>Gross profit</b> . . . . .		89,942	119,725	126,534
Other income . . . . .	4	800	999	1,143
General and administrative expenses . . . . .		<u>(34,564)</u>	<u>(50,867)</u>	<u>(70,032)</u>
<b>Profit from operations</b> . . . . .		56,178	69,857	57,645
Finance costs . . . . .	5(a)	<u>(2,292)</u>	<u>(2,415)</u>	<u>(2,358)</u>
<b>Profit before taxation</b> . . . . .	5	53,886	67,442	55,287
Income tax . . . . .	6(a)	<u>(9,229)</u>	<u>(13,115)</u>	<u>(13,150)</u>
<b>Profit for the year</b> . . . . .		44,657	54,327	42,137
<b>Other comprehensive income for the year</b> <i>Item that may be reclassified subsequently to profit or loss:</i>				
Exchange difference on translation of financial statements of overseas subsidiaries . . . . .		<u>(9)</u>	<u>(2)</u>	<u>2</u>
<b>Profit and total comprehensive income for the year</b> . . . . .		<u>44,648</u>	<u>54,325</u>	<u>42,139</u>

**Combined statements of financial position***(Expressed in Hong Kong dollars)*

		<b>At 31 December</b>		
		<b>2014</b>	<b>2015</b>	<b>2016</b>
		<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>Note</i>			
<b>Non-current assets</b>				
Property, plant and equipment . . . . .	11	45,390	35,570	16,473
Deposits and prepayments . . . . .	13	176	1,626	1,021
		<u>45,566</u>	<u>37,196</u>	<u>17,494</u>
<b>Current assets</b>				
Gross amounts due from customers for				
contract work . . . . .	15	39,742	64,600	151,240
Trade and other receivables . . . . .	13	140,968	142,170	150,662
Amounts due from related parties . . . . .	23(c)	136,932	180,638	—
Cash and cash equivalents . . . . .	14(a)	<u>13,706</u>	<u>13,804</u>	<u>19,501</u>
		<u>331,348</u>	<u>401,212</u>	<u>321,403</u>
<b>Current liabilities</b>				
Gross amounts due to customers for				
contract work . . . . .	15	59,380	12,474	7,177
Trade and other payables . . . . .	16	56,554	92,367	150,208
Amounts due to related parties . . . . .	23(c)	15,139	18,202	—
Obligations under finance leases . . . . .	17	8,646	8,566	7,823
Bank loans . . . . .	18	18,400	52,187	29,033
Tax payable . . . . .	6(c)	<u>16,144</u>	<u>9,046</u>	<u>9,453</u>
		<u>174,263</u>	<u>192,842</u>	<u>203,694</u>
<b>Net current assets</b> . . . . .		<u>157,085</u>	<u>208,370</u>	<u>117,709</u>
<b>Total assets less current liabilities</b> . . . . .		<u>202,651</u>	<u>245,566</u>	<u>135,203</u>
<b>Non-current liabilities</b>				
Obligations under finance leases . . . . .	17	25,348	16,958	9,135
Deferred tax liabilities . . . . .	6(c)	2,933	1,473	204
		<u>28,281</u>	<u>18,431</u>	<u>9,339</u>
<b>NET ASSETS</b> . . . . .		<u>174,370</u>	<u>227,135</u>	<u>125,864</u>
<b>CAPITAL AND RESERVES</b>				
Share capital . . . . .	19	1,560	—	234
Reserves . . . . .	19(b)	<u>172,810</u>	<u>227,135</u>	<u>125,630</u>
<b>TOTAL EQUITY</b> . . . . .		<u>174,370</u>	<u>227,135</u>	<u>125,864</u>

**Statements of financial position of the Company**  
*(Expressed in Hong Kong dollars)*

	<b>At 31 December</b>	
	<b>2015</b>	<b>2016</b>
<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Current assets</b>		
Amount due from a subsidiary . . . . .	—	202
	—	202
<b>Current liabilities</b>		
Other payables . . . . .	—	202
	—	202
<b>Net current assets</b> . . . . .	—	—
<b>Total assets less current liabilities</b> . . . . .	—	—
<b>NET ASSETS</b> . . . . .	—	—
<b>CAPITAL AND RESERVES</b>		
Share capital . . . . .	—*	—*
Reserves . . . . .	—	—
<b>TOTAL EQUITY</b> . . . . .	—	—

\* *The balance represents an amount less than HK\$1,000.*



**Combined statements of changes in equity***(Expressed in Hong Kong dollars)*

		<u>Share capital</u>	<u>Other reserve</u>	<u>Exchange reserve</u>	<u>Retained profits</u>	<u>Total equity</u>
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>At 1 January 2014</b> . . . . .		19,656	—	—	96,499	116,155
<b>Changes in equity for 2014:</b>						
Issuance of new shares . . . . .	19(b)	23,560	—	—	—	23,560
Profit for the year . . . . .		—	—	—	44,657	44,657
Other comprehensive income for the year . . . . .		—	—	(9)	—	(9)
Total comprehensive income for the year . . . . .		—	—	(9)	44,657	44,648
Dividend declared . . . . .	9	—	—	—	(9,993)	(9,993)
Reorganisation . . . . .	19(c)	(41,656)	41,656	—	—	—
<b>At 31 December 2014 and 1 January 2015</b> . . . . .		1,560	41,656	(9)	131,163	174,370
<b>Changes in equity for 2015:</b>						
Profit for the year . . . . .		—	—	—	54,327	54,327
Other comprehensive income for the year . . . . .		—	—	(2)	—	(2)
Total comprehensive income for the year . . . . .		—	—	(2)	54,327	54,325
Reorganisation . . . . .	19(c)	(1,560)	—	—	—	(1,560)
<b>At 31 December 2015 and 1 January 2016</b> . . . . .		—	41,656	(11)	185,490	227,135
<b>Changes in equity for 2016:</b>						
Capital injection . . . . .	19(b)	468	—	—	—	468
Profit for the year . . . . .		—	—	—	42,137	42,137
Other comprehensive income for the year . . . . .		—	—	2	—	2
Total comprehensive income for the year . . . . .		—	—	2	42,137	42,139
Dividend declared . . . . .	9	—	—	—	(143,644)	(143,644)
Reorganisation . . . . .	19(c)	(234)	—	—	—	(234)
<b>At 31 December 2016</b> . . . . .		<u>234</u>	<u>41,656</u>	<u>(9)</u>	<u>83,983</u>	<u>125,864</u>

**Combined cash flow statements***(Expressed in Hong Kong dollars)*

		<b>Year ended 31 December</b>		
		<b>2014</b>	<b>2015</b>	<b>2016</b>
		<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>Note</i>			
<b>Cash generated from operations</b> . . . . .	<i>14(b)</i>	115,397	37,619	41,335
Tax paid . . . . .		<u>(6,272)</u>	<u>(21,673)</u>	<u>(14,012)</u>
<b>Net cash generated from operating activities</b> .		<u>109,125</u>	<u>15,946</u>	<u>27,323</u>
<b>Investing activities</b>				
Payment for the purchase of property, plant and equipment . . . . .		(13,086)	(14,347)	(1,236)
Deposits for the purchase of property, plant and equipment refunded . . . . .		—	—	605
Proceeds from disposal of property, plant and equipment . . . . .		1,034	468	—
(Increase)/decrease in amounts due from related parties . . . . .		<u>(92,374)</u>	<u>(34,398)</u>	<u>73,382</u>
<b>Net cash (used in)/generated from investing activities</b> . . . . .		<u>(104,426)</u>	<u>(48,277)</u>	<u>72,751</u>
<b>Financing activities</b>				
Proceeds from issuance of new shares of subsidiaries . . . . .		22,000	—	—
Payment of listing expenses . . . . .		—	—	(5,943)
Proceeds from capital injection . . . . .		—	1,560	468
Distributions to Controlling Shareholders upon reorganisation . . . . .		—	—	(234)
Dividend paid . . . . .		—	—	(36,388)
Capital element of finance lease rentals paid . . . . .		(6,371)	(8,690)	(8,566)
Interest element of finance lease rentals paid . . . . .		(1,260)	(1,442)	(1,024)
Proceeds from new bank loans . . . . .		5,700	39,450	14,744
Repayments of bank loans . . . . .		(7,593)	(5,663)	(37,898)
Interest paid . . . . .		(1,032)	(973)	(1,334)
(Decrease)/increase in amounts due to related parties . . . . .		<u>(8,069)</u>	<u>8,187</u>	<u>(18,202)</u>
<b>Net cash generated from/(used in) financing activities</b> . . . . .		<u>3,375</u>	<u>32,429</u>	<u>(94,377)</u>
<b>Net increase in cash and cash equivalents</b> . . . . .		8,074	98	5,697
<b>Cash and cash equivalents at the beginning of the year</b> . . . . .		<u>5,632</u>	<u>13,706</u>	<u>13,804</u>
<b>Cash and cash equivalents at the end of the year</b> . . . . .	<i>14(a)</i>	<u>13,706</u>	<u>13,804</u>	<u>19,501</u>

**NOTES TO THE HISTORICAL FINANCIAL INFORMATION**  
(EXPRESSED IN HONG KONG DOLLARS)**1 SIGNIFICANT ACCOUNTING POLICIES****(a) Statement of compliance**

The Historical Financial Information set out in this report has been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). Further details of the significant accounting policies adopted are set out below.

The HKICPA has issued a number of new and revised HKFRSs. For the purpose of preparing this Historical Financial Information, the Group has adopted all applicable new and revised HKFRSs to the Relevant Periods, except for any new standards or interpretations that are not yet effective for the accounting period ended 31 December 2016. The revised and new accounting standards and interpretations issued but not yet effective for the accounting period ended 31 December 2016 are set out in note 24.

The Historical Financial Information also complies with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). The accounting policies set out below have been applied consistently to all periods presented in the Historical Financial Information.

**(b) Basis of preparation and presentation**

The Historical Financial Information comprises the Company and its subsidiaries and has been prepared using the merger basis of accounting as if the Group has always been in existence as further explained below.

The Company was incorporated in the Cayman Islands on 5 October 2015 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. Pursuant to a group reorganisation completed on 23 June 2017 (the "Reorganisation") as detailed in the section headed "History and Corporate Structure" in the Prospectus, the Company became the holding company of the companies now comprising the Group. The Company has not carried on any business since the date of its incorporation save for the aforementioned Reorganisation.

The Group's businesses were conducted principally through Win Win Way Construction Co., Limited ("WWWC"), Smart City Engineering Limited ("SCE"), Win Win Way Materials Supply Limited ("WWWM") and Win Win Way Construction Co., (Saipan) Inc. ("WWWC (Saipan)"). WWWC and WWWM were wholly-owned by Win Win Way Holdings Limited ("WWWH") and WWWC (Saipan) was wholly-owned by Moral Grace Investment Limited ("MGIL"). WWWW and SCE were owned as to 33.33% by Mr. Kan Hou Sek, Jim ("Mr. Kan"), 33.33% by Mr. Lee Sai Man ("Mr. Lee") and 33.33% by Mr. Wong Siu Kwai ("Mr. Wong") and MGIL was held by Cheung Yuk Kwan on trust which was owned as to 33.33% by Mr. Kan, 33.33% by Mr. Lee and 33.33% by Mr. Wong. Mr. Kan, Mr. Lee and Mr. Wong are collectively the "Controlling Shareholders" and were acting in concert during the Relevant Periods.

The companies that took part in the Reorganisation were controlled by the Controlling Shareholders before and after the Reorganisation. As the control is not transitory and, consequently, there was a continuation of risks and benefits to the Controlling Shareholders, the Reorganisation is considered to be a restructuring of entities under common control. The Historical Financial Information has been prepared using the merger basis of accounting as if the Group has always been in existence. The net assets of the companies taking part in the Reorganisation are combined using the book values from the Controlling Shareholders' perspective.

The combined statements of profit or loss and other comprehensive income, the combined statements of changes in equity and the combined cash flow statements of the Group for the Relevant Periods as set out in this report include the financial performance and cash flows of the companies now comprising the Group (or where the companies were incorporated at a date later than 1 January 2014, for the period from the date of incorporation to 31 December 2016) as if the current group structure had been in existence and remained unchanged throughout the Relevant Periods. The combined statements of financial position of the Group as at 31 December 2014, 2015 and 2016 as set out in this report have been prepared to present the financial position of the companies now comprising the Group as at those dates as if the current group structure had been in existence as at the respective dates.

Intra-group balances and transactions are eliminated in full in preparing the Historical Financial Information.

As at the date of this report, no audited financial statements have been prepared for the Company, Win Win Way Investment Holdings Limited, Smart City Engineering Holdings Limited, Win Win Way Construction Holdings Co., Limited, Win Win Way Materials Holdings Limited, WWWC (Saipan), Win Win Way Quarry (Saipan), LLC and Win Win Way Concrete (Saipan), LLC, as they either have not carried on any business since the date of incorporation or are investment holding companies and not subject to statutory audit requirements under the relevant rules and regulations in the jurisdiction of incorporation. The financial statements of the subsidiaries of the Group for which there are statutory requirements were prepared in accordance with HKFRSs.

All companies now comprising the Group have adopted 31 December as their financial year end date.

Upon completion of the Reorganisation and as at the date of this report, the Company has direct or indirect interests in the following subsidiaries, all of which are private companies, particulars of which are set out below:

Name of company	Place of incorporation	Date of incorporation	Issued and fully paid-up capital	Proportion of ownership interest		Principal activities
				Group's effective interest	Held by the Company	
Win Win Way Investment Holdings Limited ("WWWIH") <sup>1</sup>	British Virgin Islands	31 July 2015	US\$30,000	100%	100%	Investment holding
Win Win Way Construction Holdings Co., Limited ("WWWCH") <sup>1</sup>	British Virgin Islands	29 October 2014	US\$10,000	100%	—	Investment holding
Smart City Engineering Holdings Limited ("SCEH") <sup>1</sup>	British Virgin Islands	29 October 2014	US\$10,000	100%	—	Investment holding
Win Win Way Materials Holdings Limited ("WWWMH") <sup>1</sup>	British Virgin Islands	29 October 2014	US\$10,000	100%	—	Investment holding
WWWC	Hong Kong	7 May 1999	HK\$41,636,000	100%	—	Construction and engineering
SCE	Hong Kong	19 January 2006	HK\$10,000	100%	—	Construction and engineering
WWWM	Hong Kong	20 October 2004	HK\$10,000	100%	—	Trading of piles
WWWC (Saipan) <sup>2</sup>	Saipan	26 August 2014	US\$200,000	100%	—	Construction and engineering
Win Win Way Quarry (Saipan), LLC <sup>2</sup>	Saipan	13 March 2015	US\$10,000	100%	—	Dormant
Win Win Way Concrete (Saipan), LLC <sup>2</sup>	Saipan	13 March 2015	US\$10,000	100%	—	Dormant

The following list contains details of the companies in the Historical Financial Information that are subject to audit during the Relevant Periods and the name of the respective auditors.

Name of company	Financial period	Statutory auditors
WWWC	For the years ended 31 December 2014, 2015 and 2016	HLM CPA Limited
SCE	For the years ended 31 December 2014 and 2015 <sup>3</sup>	HLM CPA Limited
WWWM	For the years ended 31 December 2014 and 2015 <sup>3</sup>	HLM CPA Limited

**Notes:**

- No statutory financial statements have been prepared for these companies as they have not carried on any business since the date of incorporation or are investment holding companies which are not subject to statutory audit requirements under the relevant rules and regulations in the jurisdiction of incorporation.
- No statutory financial statements have been prepared for these companies as they are not subject to statutory audit requirements under the relevant rules and regulations in the jurisdiction of incorporation.
- As at the date of this report, no audited financial statements of these companies in respect of the financial year ended 31 December 2016 are available.

**(c) Basis of measurement and use of estimates and judgements**

The Historical Financial Information is presented in Hong Kong dollars, rounded to the nearest thousand. The measurement basis used in the preparation of the Historical Financial Information is the historical cost basis.

The preparation of the Historical Financial Information in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of HKFRSs that have significant effect on the Historical Financial Information and major sources of estimation uncertainty are discussed in note 2.

**(d) Subsidiaries**

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, 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. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

An investment in a subsidiary is included in the Historical Financial Information from the date that control commences until the date that control ceases. Intra-group balances, transactions and cash flows and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the Historical Financial Information. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest retained in the former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as fair value on initial recognition of a financial asset.

**(e) Associate**

An associate is an entity in which the Group has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

An investment in an associate is accounted for in the Historical Financial Information under the equity method, unless it is classified as held for sale (or included in a disposal group that is classified as held for sale). Under the equity method, the investment is initially recorded at cost, adjusted for any excess of the Group's share of the acquisition-date fair values of the investee's identifiable net assets over the cost of the investment (if any). Thereafter, the investment is adjusted for the post acquisition change in the Group's share of the investee's net assets and any impairment loss relating to the investment. Any acquisition-date excess over cost, the Group's share of the post-acquisition, post-tax results of the investees and any impairment losses for the year are recognised in the combined statements of profit or loss, whereas the Group's share of the post-acquisition post-tax items of the investees' other comprehensive income is recognised in the combined statements of profit or loss and other comprehensive income.

When the Group's share of losses exceeds its interest in the associate, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest is the carrying amount of the investment under the equity method together with the Group's long-term interests that in substance form part of the Group's net investment in the associate.

When the Group ceases to have significant influence over an associate, it is accounted for as a disposal of the entire interest in that investee, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former investee at the date when significant influence is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset.

**(f) Property, plant and equipment**

Property, plant and equipment is stated at cost less accumulated depreciation and impairment losses (see note 1(h)).

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight line method over their estimated useful lives as follows:

— Furniture and fixtures	5 years
— Motor vehicles	5 years
— Plant and machinery	3 to 5 years
— Office equipment	3 to 5 years

Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

**(g) Leased assets**

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 use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

**(i) Classification of assets leased to the Group**

Assets that are held by the Group under leases which transfer to the Group substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases.

**(ii) Assets acquired under finance leases**

Where the Group acquires the use of assets under finance leases, the amounts representing the fair value of the leased asset, or, if lower, the present value of the minimum lease payments, of such assets are recognised as property, plant and equipment and the corresponding liabilities, net of finance charges, are recorded as obligations under finance leases. Depreciation is provided at rates which write off the cost of the assets over the term of the relevant lease or, where it is likely the Group will obtain ownership of the asset, the life of the asset, as set out in note 1(f). Impairment losses are accounted for in accordance with the accounting policy as set out in note 1(h). Finance charges implicit in the lease payments are charged to profit or loss over the period of the leases so as to produce an approximately constant periodic rate of charge on the remaining balance of the obligations for each accounting period. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

**(iii) Operating lease charges**

Where the Group has the use of assets held under operating leases, payments made under the leases are charged to profit or loss in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

**(h) Impairment of assets****(i) Impairment of trade and other receivables**

Trade and other current and non-current receivables that are stated at cost or amortised cost are reviewed at the end of each reporting period to determine whether there is objective evidence of impairment. Objective evidence of impairment includes observable data that comes to the attention of the Group about one or more of the following loss events:

- significant financial difficulty of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- it becoming probable that the debtor will enter bankruptcy or other financial reorganisation; and
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor.

If any such evidence exists, impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition of these assets), where the effect of discounting is material. This assessment is made collectively where these financial assets share similar risk characteristics, such as similar past due status, and have not been individually assessed as impaired. Future cash flows for financial assets which are assessed for impairment collectively are based on historical loss experience for assets with credit risk characteristics similar to the collective group.

If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss is reversed through profit or loss. A reversal of an impairment loss shall not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognised in prior years.

Impairment losses are written off against the corresponding assets directly, except for impairment losses recognised in respect of trade debtors included within trade and other receivables, whose recovery is considered doubtful but not remote. In this case, the impairment losses for doubtful debts are recorded using an allowance account. When the Group is satisfied that recovery is remote, the amount considered irrecoverable is written off against trade debtors directly and any amounts held in the allowance account relating to that debt are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in profit or loss.

**(ii) Impairment of other assets**

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that property, plant and equipment may be impaired or, an impairment loss previously recognised no longer exists or may have decreased.

If any such indication exists, the asset's recoverable amount is estimated.

- Calculation of recoverable amount

The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).



— Recognition of impairment losses

An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated to reduce the carrying amount of the assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal (if measurable) or value in use (if determinable).

— Reversals of impairment losses

An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

**(i) Construction contracts**

Construction contracts are contracts specifically negotiated with a customer for the construction of an asset or a group of assets, where the customer is able to specify the major structural elements of the design. The accounting policy for contract revenue is set out in note 1(r)(i). When the outcome of a construction contract can be estimated reliably, contract costs are recognised as an expense by reference to the stage of completion of the contract at the end of the reporting period. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately. When the outcome of a construction contract cannot be estimated reliably, contract costs are recognised as an expense in the period in which they are incurred.

Construction contracts in progress at the end of the reporting period are recorded at the net amount of costs incurred plus recognised profit less recognised losses and progress billings, and are presented in the statements of financial position as the "Gross amounts due from customers for contract work" (as an asset) or the "Gross amounts due to customers for contract work" (as a liability), as applicable. Progress billings not yet paid by the customer are included under "Trade and other receivables". Amounts received before the related work is performed are included under "Trade and other payables".

**(j) Trade and other receivables**

Trade and other receivables are initially recognised at fair value and thereafter stated at amortised cost using the effective interest method, less allowance for impairment of doubtful debts (see note 1(h)), except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less allowance for impairment of doubtful debts.

**(k) Financial assets at fair value through profit or loss**

A financial asset is classified as at fair value through profit or loss if it is classified as held-for-trading or is designated as such on initial recognition. Directly attributable transaction costs are recognised in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value and changes therein, including any interest or dividend income, are recognised in profit or loss.

**(l) Interest-bearing borrowings**

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in profit or loss over the period of the borrowings, together with any interest and fees payable, using the effective interest method.

**(m) Trade and other payables**

Trade and other payables are initially recognised at fair value and are subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

**(n) Cash and cash equivalents**

Cash and cash equivalents comprise cash at bank and in hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the combined cash flow statements.

**(o) Employee benefits**

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

**(p) Income tax**

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities and all deferred tax assets, to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

**(q) Provisions and contingent liabilities**

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

**(r) Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable. Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in profit or loss as follows:

**(i) Construction contract revenue**

When the outcome of a construction contract can be estimated reliably, revenue from a fixed price contract work is recognised based on the stage of completion of the contracts, provided that the stage of contract completion and the gross billing value of contracting work can be measured reliably. The stage of completion of a contract is established according to the progress certificate (by reference to the amount of completed works confirmed by surveyor) issued by the customers or the progress payment application (by reference to the amount of completed works confirmed by in-house surveyor) submitted to the customers.

Variations in contract work, claims and incentive payments are included in contract revenue to the extent that they have been agreed with the customer or the outcome of which can be estimated reliably by management and are capable of being reliably measured.

When the outcome of a construction contract cannot be estimated reliably, revenue is recognised only to the extent of contract costs incurred that it is probable will be recoverable.

**(ii) Sales of goods**

Revenue is recognised when goods are delivered at the customers' premises which is taken to be the point in time when the customer has accepted the goods and the related risks and rewards of ownership. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

**(iii) Rental income from lease of machinery**

Rental income receivable from lease of machinery is recognised in profit or loss in equal instalments over the periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset. Lease incentives granted are recognised in profit or loss as an integral part of the aggregate net lease payments receivable. Contingent rentals are recognised as income in the accounting period in which they are earned.

**(iv) Interest income**

Interest income is recognised as it accrues using the effective interest method.

**(s) Translation of foreign currencies**

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates.

The results of foreign operations are translated into Hong Kong dollars at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Statement of financial position items are translated into Hong Kong dollars at the closing foreign exchange rates at the end of the reporting period. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the exchange reserve.

On disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation is reclassified from equity to profit or loss when the profit or loss on disposal is recognised.

**(t) Borrowing costs**

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

**(u) Related parties**

- (1) A person, or a close member of that person's family, is related to the Group if that person:
  - (i) has control or joint control over the Group;
  - (ii) has significant influence over the Group; or
  - (iii) is a member of the key management personnel of the Group or the Group's parent.
- (2) An entity is related to the Group if any of the following conditions applies:
  - (i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
  - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
  - (iii) Both entities are joint ventures of the same third party.
  - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
  - (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
  - (vi) The entity is controlled or jointly controlled by a person identified in (u)(1).
  - (vii) A person identified in (u)(1)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
  - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

**(v) Segment reporting**

Operating segments, and the amounts of each segment item reported in the Historical Financial Information, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

**2 ACCOUNTING JUDGEMENTS AND ESTIMATES****(a) Critical accounting judgements in applying the Group's accounting policies**

In the process of applying the Group's accounting policies, management has made the following accounting judgements:

**(i) Depreciation of property, plant and equipment**

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives, after taking into account the estimated residual value. The Group reviews the estimated useful lives of the property, plant and equipment regularly in order to determine the amount of depreciation expense to be recorded during any reporting period. The useful lives are based on the Group's historical experience with similar assets taking into account anticipated technological changes. The depreciation expense for future periods is adjusted if there are significant changes from previous estimates.

**(ii) Impairment of trade receivables**

The Group evaluates whether there is any objective evidence that trade receivables are impaired, and estimates allowances for doubtful debts as a result of the inability of the debtors to make required payments. The Group bases the estimates on the ageing of the trade receivables balance, credit-worthiness of the customer and historical write-off experience. If the financial condition of the debtors were to deteriorate, actual write-offs would be higher than estimated.

**(b) Sources of estimation uncertainty****Construction contracts**

As explained in policy notes 1(i) and 1(r)(i), revenue recognition on a project is dependent on management's estimation of the total outcome of the construction contract, with reference to the progress payment applications submitted by the Group and progress certificates issued by customers. The Group reviews and revises the estimates of contract revenue, contract costs and variation orders, prepared for each construction contract as the contract progresses. Budgeted construction costs are prepared by management on the basis of quotations from time to time provided by the major contractors, suppliers or vendors involved and the experience of management. In order to keep the budget accurate and up-to-date, management conducts periodic reviews of the budgeted construction costs by comparing the budgeted amounts to the actual costs incurred. Significant judgement is required in estimating the contract revenue, contract costs and variation work which may have an impact on percentage of completion of the construction contracts and the corresponding profit taken. In addition, actual outcomes in terms of total revenue or costs may be higher or lower than estimated at the end of the reporting period, which would affect the revenue and profit recognised in future years as an adjustment to the amounts recorded to date.

**3 REVENUE AND SEGMENT INFORMATION****(a) Revenue**

The principal activities of the Group are the provision of construction and related services and sales of piles.

Revenue represents revenue from construction contracts earned and sales of piles during the Relevant Periods.

	<b>Year ended 31 December</b>		
	<b>2014</b>	<b>2015</b>	<b>2016</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue from construction contracts . . . . .	448,719	628,732	715,006
Sales of piles . . . . .	—	—	101
	<u>448,719</u>	<u>628,732</u>	<u>715,107</u>

**(b) Segment information**

The Group manages its businesses by business lines. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following two reportable segments. No operating segments have been aggregated to form the following reportable segments.

- Construction contracts: this segment provides foundation and general building works to customers in Hong Kong and Saipan.
- Sales of piles: this segment covers sales of piles to customers in Hong Kong.

**(i) Segment results, assets and liabilities**

For the purpose of assessing segment performance and allocating resources between segments, the Group's most senior executive management monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

Segment assets include all current and non-current assets with the exception of deferred tax assets (if any) and other corporate assets. Segment liabilities include all current and non-current liabilities with the exception of deferred tax liabilities (if any) and other corporate liabilities.

Revenue and expenses are allocated to the reportable segments with reference to revenue generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation of assets attributable to those segments. The measure used for reporting segment profit is profit before taxation except that unallocated corporate expenses are excluded from this measurement.

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the Relevant Periods is set out below:

	Year ended 31 December 2014		
	Construction contracts	Sales of piles	Total
	HK\$'000	HK\$'000	HK\$'000
Revenue from external customers . . . . .	448,719	—	448,719
<b>Reportable segment revenue</b> . . . . .	<b>448,719</b>	<b>—</b>	<b>448,719</b>
<b>Reportable segment profit/(loss)</b> . . . . .	<b>57,106</b>	<b>(40)</b>	<b>57,066</b>
Interest expenses . . . . .	2,292	—	2,292
Depreciation for the year . . . . .	1,133	—	1,133
<b>Reportable segment assets</b> . . . . .	<b>373,613</b>	<b>9,814</b>	<b>383,427</b>
Additions to non-current segment assets during the year . . . . .	33,796	—	33,796
<b>Reportable segment liabilities</b> . . . . .	<b>198,452</b>	<b>7,379</b>	<b>205,831</b>
	Year ended 31 December 2015		
	Construction contracts	Sales of piles	Total
	HK\$'000	HK\$'000	HK\$'000
Revenue from external customers . . . . .	628,732	—	628,732
<b>Reportable segment revenue</b> . . . . .	<b>628,732</b>	<b>—</b>	<b>628,732</b>
<b>Reportable segment profit/(loss)</b> . . . . .	<b>77,791</b>	<b>(4)</b>	<b>77,787</b>
Interest expenses . . . . .	2,415	—	2,415
Depreciation for the year . . . . .	597	—	597
<b>Reportable segment assets</b> . . . . .	<b>434,874</b>	<b>9,914</b>	<b>444,788</b>
Additions to non-current segment assets during the year . . . . .	14,567	—	14,567
<b>Reportable segment liabilities</b> . . . . .	<b>207,034</b>	<b>9,196</b>	<b>216,230</b>
	Year ended 31 December 2016		
	Construction contracts	Sales of piles	Total
	HK\$'000	HK\$'000	HK\$'000
Revenue from external customers . . . . .	715,006	101	715,107
<b>Reportable segment revenue</b> . . . . .	<b>715,006</b>	<b>101</b>	<b>715,107</b>
<b>Reportable segment profit</b> . . . . .	<b>79,820</b>	<b>22</b>	<b>79,842</b>
Interest expenses . . . . .	2,358	—	2,358
Depreciation for the year . . . . .	802	—	802
<b>Reportable segment assets</b> . . . . .	<b>331,024</b>	<b>206</b>	<b>331,230</b>
Additions to non-current segment assets during the year . . . . .	1,236	—	1,236
<b>Reportable segment liabilities</b> . . . . .	<b>204,258</b>	<b>867</b>	<b>205,125</b>



**(ii) Reconciliation of reportable segment profit**

	At 31 December		
	2014	2015	2016
	HK\$'000	HK\$'000	HK\$'000
Reportable segment profit . . . . .	57,066	77,787	79,842
Unallocated corporate expenses . . . . .	(3,180)	(10,345)	(24,555)
Combined profit before taxation . . . . .	<u>53,886</u>	<u>67,442</u>	<u>55,287</u>

**(iii) Reconciliation of reportable segment assets and liabilities**

	At 31 December		
	2014	2015	2016
	HK\$'000	HK\$'000	HK\$'000
<b>Assets</b>			
Reportable segment assets . . . . .	383,427	444,788	331,230
Other corporate assets . . . . .	—	1,833	7,776
Elimination of inter-segment receivables . . . . .	(6,513)	(8,213)	(109)
Combined total assets . . . . .	<u>376,914</u>	<u>438,408</u>	<u>338,897</u>

	At 31 December		
	2014	2015	2016
	HK\$'000	HK\$'000	HK\$'000
<b>Liabilities</b>			
Reportable segment liabilities . . . . .	205,831	216,230	205,125
Other corporate liabilities . . . . .	293	1,783	7,813
Elimination of inter-segment payables . . . . .	(6,513)	(8,213)	(109)
	199,611	209,800	212,829
Deferred tax liabilities . . . . .	2,933	1,473	204
Combined total liabilities . . . . .	<u>202,544</u>	<u>211,273</u>	<u>213,033</u>

**(iv) Geographic information**

The following table sets out information about the geographical location of (i) the Group's revenue from external customers and (ii) the Group's property, plant and equipment ("specified non-current assets"). The geographical location of customers is based on the location at which the services were provided or the goods delivered. The geographical location of the specified non-current assets is based on the physical location of the assets.

Revenue from external customers:

	Year ended 31 December		
	2014	2015	2016
	HK\$'000	HK\$'000	HK\$'000
Hong Kong (place of domicile) . . . . .	448,719	513,009	656,839
Saipan . . . . .	—	115,723	58,268
	<u>448,719</u>	<u>628,732</u>	<u>715,107</u>

Physical location of the specified non-current assets:

	At 31 December		
	2014	2015	2016
	HK\$'000	HK\$'000	HK\$'000
Hong Kong (place of domicile) . . . . .	45,390	23,699	9,080
Saipan . . . . .	—	11,871	7,393
	<u>45,390</u>	<u>35,570</u>	<u>16,473</u>

**(c) Information about major customers**

Revenue from customers during the Relevant Periods contributing over 10% of the total revenue of the Group is as follows:

	Year ended 31 December		
	2014	2015	2016
	HK\$'000	HK\$'000	HK\$'000
Customer A . . . . .	45,582	*	*
Customer B . . . . .	103,760	*	*
Customer C . . . . .	56,085	*	*
Customer D (see note 23) . . . . .	—	115,723	*
Customer E . . . . .	*	106,641	*
Customer F . . . . .	—	*	80,622
Customer G . . . . .	*	*	78,585

\* Revenue from the relevant customer was less than 10% of the Group's total revenue for the respective year.

**4 OTHER INCOME**

	Year ended 31 December		
	2014	2015	2016
	HK\$'000	HK\$'000	HK\$'000
Rental income from lease of machinery . . . . .	525	200	562
Sales of scrap materials . . . . .	—	—	60
Interest income on deposit element of life insurance policies . . . . .	174	391	—
Gain on disposal of property, plant and equipment . . . . .	2	243	—
Exchange gain . . . . .	—	—	180
Others . . . . .	99	165	341
	<u>800</u>	<u>999</u>	<u>1,143</u>

**5 PROFIT BEFORE TAXATION**

Profit before taxation is arrived at after charging/(crediting):

	Year ended 31 December		
	2014	2015	2016
	HK\$'000	HK\$'000	HK\$'000
<b>(a) Finance costs</b>			
Interest on bank overdrafts . . . . .	98	55	108
Interest on bank loans . . . . .	934	918	1,226
Finance charges on obligations under finance leases . . . . .	1,260	1,442	1,024
	<u>2,292</u>	<u>2,415</u>	<u>2,358</u>
<b>(b) Staff costs (including directors' remuneration)</b>			
Contributions to defined contribution retirement plans . . . . .	2,807	2,869	3,714
Salaries, wages and other benefits . . . . .	87,360	87,545	115,530
	90,167	90,414	119,244
Less: Amount included in construction contracts in progress . . . . .	(79,172)	(73,358)	(99,220)
	<u>10,995</u>	<u>17,056</u>	<u>20,024</u>

	Year ended 31 December		
	2014	2015	2016
	HK\$'000	HK\$'000	HK\$'000
<b>(c) Other items</b>			
Depreciation . . . . .	19,723	22,712	20,333
Less: Amount included in construction contracts in progress. . . . .	(18,590)	(22,115)	(19,531)
	<u>1,133</u>	<u>597</u>	<u>802</u>
Operating lease charges: minimum lease payments in respect of leasing of properties . . . . .	2,464	3,754	4,207
Less: Amount included in construction contracts in progress. . . . .	(607)	(944)	(936)
	<u>1,857</u>	<u>2,810</u>	<u>3,271</u>
Cost of goods sold. . . . .	—	—	34
Listing expenses . . . . .	—	6,772	19,316
Write off of retention receivables. . . . .	1,908	442	1,400
Auditors' remuneration . . . . .	<u>162</u>	<u>120</u>	<u>333</u>

**6 INCOME TAX****(a) Income tax in the combined statements of comprehensive income represents:**

	Year ended 31 December		
	2014	2015	2016
	HK\$'000	HK\$'000	HK\$'000
<b>Current tax — Hong Kong Profits Tax</b>			
Provision for the year. . . . .	8,502	14,575	14,419
<b>Deferred tax</b>			
Origination and reversal of temporary differences. . . . .	727	(1,460)	(1,269)
	<u>9,229</u>	<u>13,115</u>	<u>13,150</u>

**Notes:**

- (i) Pursuant to the rules and regulations of the Cayman Islands and British Virgin Islands, the Group is not subject to any income tax in the Cayman Islands and British Virgin Islands.
- (ii) The provision for Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for the Relevant Periods. No provision for overseas taxation as the Group's overseas subsidiaries either did not have assessable profits or have tax credits in excess of assessable profits during the Relevant Periods in the relevant jurisdiction.

**(b) Reconciliation between income tax expense and accounting profit before taxation at applicable tax rate:**

	Year ended 31 December		
	2014	2015	2016
	HK\$'000	HK\$'000	HK\$'000
Profit before taxation . . . . .	<u>53,886</u>	<u>67,442</u>	<u>55,287</u>
Notional tax on profit before taxation, calculated at the rates applicable to the profits in the jurisdictions concerned . . . . .	8,891	11,072	9,192
Tax effect of non-deductible expenses. . . . .	406	2,479	4,477
Tax effect of non-taxable income . . . . .	(28)	(396)	(479)
Statutory tax concession . . . . .	(40)	(40)	(40)
Actual income tax expense. . . . .	<u>9,229</u>	<u>13,115</u>	<u>13,150</u>

## (c) Income tax in the combined statements of financial position represents:

## (i) Current taxation

	At 31 December		
	2014	2015	2016
	HK\$'000	HK\$'000	HK\$'000
Provision for the year . . . . .	8,502	14,575	14,419
Provisional tax paid . . . . .	(121)	(11,559)	(12,796)
Balance of tax provision relating to prior years . . . . .	7,763	6,030	7,830
Tax payable . . . . .	<u>16,144</u>	<u>9,046</u>	<u>9,453</u>

## (ii) Deferred taxation

	Depreciation allowances in excess of the related depreciation
	HK\$'000
At 1 January 2014	2,206
Charged to profit or loss	727
At 31 December 2014 and 1 January 2015	2,933
Credited to profit or loss	(1,460)
At 31 December 2015 and 1 January 2016	1,473
Credited to profit or loss	(1,269)
At 31 December 2016	<u>204</u>

(d) There were no material unrecognised deferred tax assets and liabilities as at 31 December 2014, 2015 and 2016.

## 7 DIRECTORS' EMOLUMENTS

Directors' emoluments during the Relevant Periods which was included in the staff costs as disclosed in note 5(b) is as follows:

	Year ended 31 December 2014			
	Directors' fees	Salaries, allowances and benefits in kind	Retirement scheme contributions	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Executive Directors</b>				
Mr. Lee Sai Man (i) . . . . .	—	1,043	17	1,060
Mr. Kan Hou Sek, Jim (i) . . . . .	—	1,043	17	1,060
Mr. Wong Siu Kwai (ii) . . . . .	—	1,043	17	1,060
Total . . . . .	—	<u>3,129</u>	<u>51</u>	<u>3,180</u>
	Year ended 31 December 2015			
	Directors' fees	Salaries, allowances and benefits in kind	Retirement scheme contributions	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Executive Directors</b>				
Mr. Lee Sai Man (i) . . . . .	—	1,173	18	1,191
Mr. Kan Hou Sek, Jim (i) . . . . .	—	1,173	18	1,191
Mr. Wong Siu Kwai (ii) . . . . .	—	1,173	18	1,191
Total . . . . .	—	<u>3,519</u>	<u>54</u>	<u>3,573</u>

	Year ended 31 December 2016			
	Directors' fees	Salaries, allowances and benefits in kind	Retirement scheme contributions	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Executive Directors</b>				
Mr. Lee Sai Man (i) . . . . .	—	1,183	18	1,201
Mr. Kan Hou Sek, Jim (i) . . . . .	—	1,183	18	1,201
Mr. Wong Siu Kwai (ii) . . . . .	—	1,183	18	1,201
Mr. Lee Kai Lun (v) . . . . .	—	800	—	800
Mr. Kwong Po Lam (v) . . . . .	—	800	14	814
<b>Independent Non-Executive Directors</b>				
Mr. Fan Siu Kay (vi) . . . . .	—	—	—	—
Mr. Leung William Wai Kai (vi) . . . . .	—	—	—	—
Mr. Lo Chi Leung (vi) . . . . .	—	—	—	—
Total . . . . .	—	5,149	68	5,217

## Notes:

- (i) During the Relevant Periods, emoluments of Mr. Lee and Mr. Kan were paid by WWWC for their directorship in this company.
- (ii) During the Relevant Periods, emolument of Mr. Wong was paid by SCE for his directorship in this company.
- (iii) No director received any emoluments from the Group as an inducement to join or upon joining the Group or as compensation for loss of office during the Relevant Periods. No director waived or agreed to waive any emoluments during the Relevant Periods.
- (iv) The Company did not have any share option scheme for the purchase of ordinary shares in the Company during the Relevant Periods.
- (v) Mr. Lee Kai Lun ("Mr. KL Lee") and Mr. Kwong Po Lam ("Mr. Kwong") were appointed as executive directors of the Company on 6 May 2016.
- (vi) Mr. Fan Siu Kay, Mr. Leung William Wai Kai and Mr. Lo Chi Leung were appointed as independent non-executive directors of the Company on 6 May 2016.

**8 EMOLUMENTS OF FIVE HIGHEST PAID INDIVIDUALS**

Of the five highest paid individuals of the Group during the Relevant Periods, three, three and three are directors for the years ended 31 December 2014, 2015 and 2016 respectively, whose emoluments are disclosed in note 7. The aggregate of the emoluments in respect of the remaining individuals are as follows:

	Year ended 31 December		
	2014	2015	2016
	HK\$'000	HK\$'000	HK\$'000
Salaries, allowances and benefits in kind . . . . .	1,562	1,860	1,860
Discretionary bonuses . . . . .	229	455	155
Retirement scheme contributions . . . . .	34	36	38
	<u>1,825</u>	<u>2,351</u>	<u>2,053</u>

The emoluments of the above individuals are within the following bands:

	Year ended 31 December		
	2014	2015	2016
	HK\$'000	HK\$'000	HK\$'000
Nil to HK\$1,000,000 . . . . .	2	—	1
HK\$1,000,001 to HK\$1,500,000 . . . . .	—	2	1

## 9 DIVIDENDS

During the years ended 31 December 2014, 2015 and 2016, dividends of HK\$9,993,000, HK\$Nil and HK\$143,644,000 were declared by WWWC to the then shareholder. No dividends have been declared and paid by the Company in respect of the Relevant Periods.

## 10 EARNINGS PER SHARE

Earnings per share information is not presented as its inclusion for the purpose of this Historical Financial Information is not considered meaningful due to the Reorganisation and the preparation of the results of the Group for the Relevant Periods on a combined basis as disclosed in note 1(b).

## 11 PROPERTY, PLANT AND EQUIPMENT

	Plant and machinery	Furniture and fixtures	Motor vehicles	Office equipment	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Cost:</b>					
At 1 January 2014 . . . . .	70,810	805	1,419	26	73,060
Additions . . . . .	32,519	808	279	14	33,620
Disposals . . . . .	(1,306)	—	—	—	(1,306)
At 31 December 2014 . . . . .	102,023	1,613	1,698	40	105,374
At 1 January 2015 . . . . .	102,023	1,613	1,698	40	105,374
Additions . . . . .	11,914	855	247	101	13,117
Disposals . . . . .	(9,058)	—	(645)	—	(9,703)
At 31 December 2015 . . . . .	104,879	2,468	1,300	141	108,788
At 1 January 2016 . . . . .	104,879	2,468	1,300	141	108,788
Additions . . . . .	750	254	232	—	1,236
Disposals . . . . .	—	—	(68)	—	(68)
At 31 December 2016 . . . . .	105,629	2,722	1,464	141	109,956
<b>Accumulated depreciation:</b>					
At 1 January 2014 . . . . .	39,292	522	711	10	40,535
Charge for the year . . . . .	19,338	151	227	7	19,723
Written back on disposals . . . . .	(274)	—	—	—	(274)
At 31 December 2014 . . . . .	58,356	673	938	17	59,984
At 1 January 2015 . . . . .	58,356	673	938	17	59,984
Charge for the year . . . . .	22,115	350	227	20	22,712
Written back on disposals . . . . .	(9,058)	—	(420)	—	(9,478)
At 31 December 2015 . . . . .	71,413	1,023	745	37	73,218
At 1 January 2016 . . . . .	71,413	1,023	745	37	73,218
Charge for the year . . . . .	19,694	427	185	27	20,333
Written back on disposals . . . . .	—	—	(68)	—	(68)
At 31 December 2016 . . . . .	91,107	1,450	862	64	93,483
<b>Net book value:</b>					
At 31 December 2014 . . . . .	43,667	940	760	23	45,390
At 31 December 2015 . . . . .	33,466	1,445	555	104	35,570
At 31 December 2016 . . . . .	14,522	1,272	602	77	16,473

**Assets held under finance leases**

Certain machinery and motor vehicles were held under finance leases and their net book value is analysed as follows:

	At 31 December		
	2014	2015	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Cost — Capitalised finance lease . . . . .	58,054	57,706	56,236
Accumulated depreciation . . . . .	(24,752)	(39,189)	(50,061)
Net book value . . . . .	<u>33,302</u>	<u>18,517</u>	<u>6,175</u>

During the years ended 31 December 2014, 2015 and 2016, additions to machinery and motor vehicles of the Group financed by new finance leases were HK\$20,710,000, HK\$220,000 and HK\$Nil respectively.

**12 INTEREST IN AN ASSOCIATE**

Details of the Group's associate are as follows:

	Place of incorporation and operation	Particulars of issued shares	Proportion of ownership interest held by the Group indirectly			Principal activity
			At 31 December			
			2014	2015	2016	
Win Win Way Builders Limited ( <i>note</i> ) . . . . .	Hong Kong	10,000 ordinary shares	—	—	—	Dissolved

*Note:* Win Win Way Builders Limited was dormant since its incorporation on 23 July 2009 and it was dissolved on 17 April 2014.

The results of Win Win Way Builders Limited are accounted for using the equity method in the combined financial statements.

**13 TRADE AND OTHER RECEIVABLES**

	At 31 December		
	2014	2015	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade debtors . . . . .	82,387	63,648	45,401
Deposits, prepayments and other receivables ( <i>note (i)</i> ) . . . . .	7,715	13,985	20,088
Retentions receivable ( <i>note (ii)</i> ) . . . . .	44,591	66,163	86,194
Prepayment and deposit paid for life insurance policies ( <i>note (iii)</i> ) . . . . .	6,451	—	—
	141,144	143,796	151,683
Less: Non-current portion . . . . .	(176)	(1,626)	(1,021)
	<u>140,968</u>	<u>142,170</u>	<u>150,662</u>

*Notes:*

- (i) Except for the amounts of HK\$3,138,000, HK\$871,000 and HK\$614,000 as at 31 December 2014, 2015 and 2016 respectively, which were expected to be recovered or recognised as expense after one year, all of the remaining balances are expected to be recovered or recognised as expense within one year.
- (ii) Except for the amounts of HK\$30,824,000, HK\$63,544,000 and HK\$71,285,000 as at 31 December 2014, 2015 and 2016 respectively, which were expected to be recovered after one year, all of the remaining balances are expected to be recovered within one year.



- (iii) WWWC entered into certain life insurance policies with an insurance company for Mr. Kan, Mr. Lee and Mr. Wong. Under the policies, the beneficiary and policies holder is WWWC. WWWC is required to pay an upfront payment for the policies. WWWC may request a surrender of the policy at any time and receive cash back based on the value of the policy at the date of withdrawal, which is determined by the gross premium paid at inception plus accumulated guaranteed interest earned minus insurance policy expenses and surrender charges (the "Cash Value").

At the inception date, the upfront payment is separated into deposit element and prepayment of life insurance premium respectively, according to the terms set out in the policies. The prepayment of life insurance premium is amortised to profit or loss over the insured period. The deposit element is measured at amortised cost and carries guaranteed interests at interest rates ranging from 2% to 4.2% plus a premium determined by the insurance company during the tenures of the policies.

WWWC transferred the ownership of the life insurance policies to Mr. Kan, Mr. Lee and Mr. Wong respectively with effect from 18 December 2015 and the Group recovered the deposit and prepayment paid amounting to HK\$17,552,000 through the current accounts with these related parties. As a result, the balance was nil as at 31 December 2015 and 2016.

The carrying amounts of deposit placed and prepayment of life insurance premium at the end of each reporting period are set out as below:

	<b>At 31 December</b>		
	<b>2014</b>	<b>2015</b>	<b>2016</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Deposit paid . . . . .	5,392	—	—
Prepayment . . . . .	1,059	—	—
	<u>6,451</u>	<u>—</u>	<u>—</u>

**(a) Ageing analysis**

Included in trade and other receivables are trade debtors, based on invoice date (net of allowance for doubtful debts) with the following ageing analysis at the end of the reporting period:

	<b>At 31 December</b>		
	<b>2014</b>	<b>2015</b>	<b>2016</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Within 1 month . . . . .	80,019	60,987	42,649
1 to 2 months . . . . .	667	1,041	350
2 to 3 months . . . . .	1,471	57	—
Over 3 months . . . . .	230	1,563	2,402
	<u>82,387</u>	<u>63,648</u>	<u>45,401</u>

Trade debtors are normally due within 0-60 days from invoice date. Further details on the Group's credit policy are set out in note 20(a).

**(b) Impairment of trade debtors**

Impairment losses in respect of trade debtors are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade debtors directly (see note 1(h)(i)).

At 31 December 2014, 2015 and 2016, none of the Group's trade debtors were considered to be impaired.

**(c) Trade debtors that are not impaired**

The ageing analysis of trade debtors that are neither individually nor collectively considered to be impaired are as follows:

	At 31 December		
	2014	2015	2016
	HK\$'000	HK\$'000	HK\$'000
Neither past due nor impaired . . . . .	80,019	60,987	42,649
Less than 1 month past due . . . . .	667	1,024	350
1 to 3 months past due . . . . .	1,471	687	152
Over 3 months past due . . . . .	230	950	2,250
	<u>82,387</u>	<u>63,648</u>	<u>45,401</u>

Receivables which were neither past due nor impaired related to a range of customers for whom there was no recent history of default.

Receivables which were past due but not impaired related to a number of independent customers that have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been significant change in credit quality and the balances are still considered fully recoverable.

**14 CASH AND CASH EQUIVALENTS****(a) Cash and cash equivalents comprise:**

	At 31 December		
	2014	2015	2016
	HK\$'000	HK\$'000	HK\$'000
Cash at banks and in hand . . . . .	13,706	13,804	19,501
Cash and cash equivalents in the combined statements of financial position and combined cash flow statements . . . . .	<u>13,706</u>	<u>13,804</u>	<u>19,501</u>

**(b) Reconciliation of profit before taxation to cash generated from operations:**

	Note	Year ended 31 December		
		2014	2015	2016
		HK\$'000	HK\$'000	HK\$'000
<b>Operating activities</b>				
Profit before taxation . . . . .		53,886	67,442	55,287
Adjustments for:				
Finance costs . . . . .	5(a)	2,292	2,415	2,358
Depreciation . . . . .	5(c)	1,133	597	802
Gain on disposal of property, plant and equipment . . . . .	4	(2)	(243)	—
Interest income on deposit element of life insurance policies . . . . .	4	(174)	(391)	—
Write off of retention receivables . . . . .	5(c)	1,908	442	1,400
Changes in working capital:				
Increase in trade and other receivables . . . . .		(39,297)	(18,807)	(3,948)
Decrease/(increase) in gross amounts due from customers for contract work . . . . .		13,035	(6,323)	(67,994)
Increase in trade and other payables . . . . .		17,193	35,813	57,842
Increase/(decrease) in gross amounts due to customers for contract work . . . . .		65,423	(43,326)	(4,412)
<b>Cash generated from operations</b> . . . . .		<u>115,397</u>	<u>37,619</u>	<u>41,335</u>

**(c) Major non-cash transactions**

As disclosed in note 9 to the Historical Financial Information, dividends of HK\$9,993,000, HK\$Nil and HK\$107,256,000 for the years ended 31 December 2014, 2015 and 2016 respectively were set off against "Amounts due from related parties".

## 15 GROSS AMOUNTS DUE FROM/TO CUSTOMERS FOR CONTRACT WORK

	At 31 December		
	2014	2015	2016
	HK\$'000	HK\$'000	HK\$'000
<b>Gross amounts due from customers for contract work</b>			
Contract costs incurred plus recognised profits less recognised losses . . . . .	474,270	1,079,989	1,483,963
Less: Progress billings received and receivable . . . . .	(434,528)	(1,015,389)	(1,332,723)
	<u>39,742</u>	<u>64,600</u>	<u>151,240</u>
<b>Gross amounts due to customers for contract work</b>			
Progress billings received and receivable . . . . .	651,093	250,188	195,807
Less: Contract costs incurred plus recognised profits less recognised losses . . . . .	(591,713)	(237,714)	(188,630)
	<u>59,380</u>	<u>12,474</u>	<u>7,177</u>

All gross amounts due from/to customers for contract work are expected to be recovered/settled within one year.

## 16 TRADE AND OTHER PAYABLES

	At 31 December		
	2014	2015	2016
	HK\$'000	HK\$'000	HK\$'000
Trade creditors . . . . .	39,400	63,797	78,063
Other payables and accruals . . . . .	17,154	24,433	59,306
Receipt in advance . . . . .	—	—	1,260
Retentions payable . . . . .	—	4,137	11,579
	<u>56,554</u>	<u>92,367</u>	<u>150,208</u>

Note: Except for the amounts of HK\$Nil, HK\$4,137,000 and HK\$10,470,000 as at 31 December 2014, 2015 and 2016 respectively, which were expected to be settled after one year, all of the remaining balances are expected to be settled within one year.

Included in trade and other payables are trade creditors, based on invoice date, with the following ageing analysis at the end of the reporting period:

	At 31 December		
	2014	2015	2016
	HK\$'000	HK\$'000	HK\$'000
Within 1 month . . . . .	23,554	18,501	31,274
1 to 2 months . . . . .	5,418	15,164	17,750
2 to 3 months . . . . .	4,889	18,225	8,446
Over 3 months . . . . .	5,539	11,907	20,593
	<u>39,400</u>	<u>63,797</u>	<u>78,063</u>

## 17 OBLIGATIONS UNDER FINANCE LEASES

At 31 December 2014, 2015 and 2016, the Group had obligations under finance leases repayable as follows:

	At 31 December					
	2014		2015		2016	
	Present value of the minimum lease payments	Total minimum lease payments	Present value of the minimum lease payments	Total minimum lease payments	Present value of the minimum lease payments	Total minimum lease payments
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Within 1 year . . . . .	8,646	10,079	8,566	9,590	7,823	8,454
After 1 year but within 2 years . . . . .	8,468	9,484	7,823	8,454	6,674	6,952
After 2 years but within 5 years . . . . .	16,880	17,828	9,135	9,454	2,461	2,502
	<u>25,348</u>	<u>27,312</u>	<u>16,958</u>	<u>17,908</u>	<u>9,135</u>	<u>9,454</u>
	<u>33,994</u>	<u>37,391</u>	<u>25,524</u>	<u>27,498</u>	<u>16,958</u>	<u>17,908</u>
Less: Total future interest expenses		(3,397)		(1,974)		(950)
Present value of lease obligations . . . . .		<u>33,994</u>		<u>25,524</u>		<u>16,958</u>

## 18 BANK LOANS

The bank loans were repayable as follows:

	At 31 December		
	2014	2015	2016
	HK\$'000	HK\$'000	HK\$'000
Within 1 year or on demand . . . . .	<u>18,400</u>	<u>52,187</u>	<u>29,033</u>

At 31 December 2014, 2015 and 2016, the Group's banking facilities were secured and guaranteed by:

- a guarantee to the extent of HK\$4,800,000 granted by the Government of the Hong Kong Special Administrative Region under the Special Loan Guarantee Scheme;
- legal charges over bonds, deposits and certain properties held by related parties;
- personal guarantees provided by the Controlling Shareholders of the Company;
- corporate guarantees provided by related parties;
- assignments of insurance proceeds over the Controlling Shareholders of the Company; and
- counter-indemnity provided by a subsidiary for the issuance of guarantee or performance bond.

Except for (a), the above pledge of properties and guarantees will be released and replaced by guarantees of the Company upon listing.

The bank loans bear interest ranging from 2.5% to 5% per annum for the year ended 31 December 2014, from 2.75% to 5% per annum for the year ended 31 December 2015 and from 3% to 5% per annum for the year ended 31 December 2016.

The bank loans are classified by the Group as current liabilities as they are repayable within one year or the lender possesses unconditional right to call the loan at any time on demand.

**19 CAPITAL AND RESERVES****(a) Movement in components of equity**

The reconciliation between the opening and closing balances of each component of the Group's combined equity is set out in the combined statements of changes in equity.

**(b) Share capital**

On 11 January 2013, 10,000,000 shares were allotted and issued to the then shareholder of WWWC for a consideration of HK\$10,000,000. On 22 July 2014, 22,000,000 shares were allotted and issued to the then shareholder of WWWC for a consideration of HK\$22,000,000. On 26 August 2014, 2,000 share were allotted and issued to the then shareholder of WWWC (Saipan) for a consideration of HK\$1,560,000 (equivalent to US\$200,000) upon its incorporation.

The Company was incorporated on 5 October 2015 and the Reorganisation of the Group was completed on 23 June 2017. Upon incorporation of the Company, 3,000 shares of HK\$0.1 each were allotted and issued at par. Share capital as at 31 December 2014 represented the combined share capital of WWWC, SCEH, WWWMH and WWWC (Saipan). Share capital as at 31 December 2015 represented the combined share capital of the Company, WWWC, SCEH, WWWMH and WWWIH. Share capital as at 31 December 2016 represented the combined share capital of the Company and WWWIH. As at 31 December 2014 and 2015, the share capital of WWWC, SCEH, WWWMH and WWWIH represented nil-paid shares for which the capital totalling HK\$468,000 was fully paid by the Group during the year ended 31 December 2016.

**(c) Other reserve**

The other reserve represents the deemed contributions from and distributions to the Controlling Shareholders as a result of the reorganisation during the years ended 31 December 2014, 2015 and 2016.

**(d) Capital management**

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to fund its business, provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

The Government of Hong Kong Special Administrative Region (the "Government") requires contractors on the list of approved contractors for public works (the "List") to maintain such minimum working capital as the Government may from time to time determine (the "Required Minimum Working Capital"). A subsidiary of the Company is subject to the Required Minimum Working Capital as the subsidiary is a contractor on the List. Except for this, neither the Company nor its subsidiaries are subject to externally imposed capital requirements.

**20 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS**

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group's business. The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

**(a) Credit risk**

The Group's credit risk is primarily attributable to bank deposits and trade and other receivables. The Group has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

Cash is deposited with financial institutions with sound credit ratings and the Group has exposure limit to any single financial institution. Given their high credit ratings, management does not expect any of these financial institutions and counterparties will fail to meet their obligations.

In respect of trade and other receivables, individual credit evaluations are performed as part of the acceptance procedures for new construction contracts. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade receivables are due within 0-60 days from the date of billing. Normally, the Group does not obtain collateral from customers.

At the end of the reporting period, the Group has significant concentration of credit risk in a few customers. In view of their credit standing, good payment record and long established relationships with the Group, management does not consider the Group's credit risk to be significant. At 31 December 2014, 2015 and 2016, 23%, 28% and 36% of the total trade debtors was due from the Group's largest customer respectively and 58%, 76% and 78% of the total trade debtors was due from the Group's five largest customers respectively.

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from trade and other receivables are set out in note 13.

#### (b) Liquidity risk

Individual subsidiaries within the Group are responsible for their own cash management, including the raising of loans to cover the expected cash demands. The Group's policy is to regularly monitor current and expected liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed funding lines from major financial institutions to meet its liquidity requirements in the short and longer term.

Given the balances with related parties at 31 December 2014, 2015 and 2016 had no fixed repayment terms (see note 23(c)), it is not practical to disclose their remaining contractual maturities at the end of the reporting period. Except for these, the following table details the remaining contractual maturities at the end of the reporting period of the Group's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date the Group can be required to pay.

For bank loans subject to repayment on demand clause which can be exercised at the bank's sole discretion, the maturity analysis shows the cash outflow based on expected repayment dates with reference to the schedule of repayments set out in the banking facilities letter and, separately, the impact to the timing of the cash outflow if the lenders were to invoke unconditional rights to call the loans with immediate effect.

	At 31 December 2014					
	Carrying amount	Total contractual undiscounted cash flow	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	Over 5 years
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Bank loans . . . . .	18,400	21,027	4,544	4,312	11,726	445
Trade and other payables . . . . .	56,554	56,554	56,554	—	—	—
Obligations under finance leases . . . . .	33,994	37,391	10,079	9,484	17,828	—
	<u>108,948</u>	<u>114,972</u>	<u>71,177</u>	<u>13,796</u>	<u>29,554</u>	<u>445</u>
Adjustments to present cash flows on bank loans based on lender's right to demand repayment . . . . .		(2,627)	13,856	(4,312)	(11,726)	(445)
		<u>112,345</u>	<u>85,033</u>	<u>9,484</u>	<u>17,828</u>	<u>—</u>

At 31 December 2015						
Carrying amount	Total contractual undiscounted cash flow	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	Over 5 years	
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Bank loans . . . . .	52,187	55,143	36,762	4,157	12,537	1,687
Trade and other payables . . . . .	92,367	92,367	88,230	4,137	—	—
Obligations under finance leases . . . . .	25,524	27,498	9,590	8,454	9,454	—
	<u>170,078</u>	<u>175,008</u>	<u>134,582</u>	<u>16,748</u>	<u>21,991</u>	<u>1,687</u>
Adjustments to present cash flows on bank loans based on lender's right to demand repayment . . . . .		(2,956)	15,425	(4,157)	(12,537)	(1,687)
		<u>172,052</u>	<u>150,007</u>	<u>12,591</u>	<u>9,454</u>	<u>—</u>
At 31 December 2016						
Carrying amount	Total contractual undiscounted cash flow	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	Over 5 years	
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Bank loans . . . . .	29,033	30,965	16,703	2,141	11,817	304
Trade and other payables . . . . .	150,208	150,208	139,738	10,470	—	—
Obligations under finance leases . . . . .	16,958	17,908	8,454	6,952	2,502	—
	<u>196,199</u>	<u>199,081</u>	<u>164,895</u>	<u>19,563</u>	<u>14,319</u>	<u>304</u>
Adjustments to present cash flows on bank loans based on lender's right to demand repayment . . . . .		(1,932)	12,330	(2,141)	(11,817)	(304)
		<u>197,149</u>	<u>177,225</u>	<u>17,422</u>	<u>2,502</u>	<u>—</u>

**(c) Interest rate risk**

The Group's interest rate risk arises primarily from bank borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. The Group has not used financial derivatives to hedge against the interest rate risk. However, from time to time, if interest rate fluctuates significantly, appropriate measures would be taken to manage interest risk exposure. The Group's interest rate profile as monitored by management is set out in (i) below.

The interest rates and terms of repayment of interest-bearing borrowings of the Group are disclosed in note 18 to the Historical Financial Information.

**(i) Interest rate profile**

The following table details the interest rate profile of the Group's borrowings.

	At 31 December					
	2014		2015		2016	
	Effective interest rate	Amount	Effective interest rate	Amount	Effective interest rate	Amount
	%	HK\$'000	%	HK\$'000	%	HK\$'000
<b>Variable rate borrowings:</b>						
Bank loans . . . . .	2.5% to 5%	<u>18,400</u>	2.75% to 5%	<u>52,187</u>	3% to 5%	<u>29,033</u>

**(ii) Sensitivity analysis**

At 31 December 2014, 2015 and 2016, it is estimated that a general increase/decrease of 100 basis points in interest rates, with all other variables held constant, would have decreased/increased the Group's profit after taxation and retained profits by approximately HK\$154,000, HK\$436,000 and HK\$242,000, respectively, in response to the general increase/decrease in interest rates.



The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the end of the reporting period and had been applied to the exposure to interest rate risk for non-derivative financial instruments in existence at that date. The analysis has been performed on the same basis during the Relevant Periods.

**(d) Foreign currency risk**

The Group has no significant exposure to foreign currency risk as substantially all of the Group's transactions are denominated in Hong Kong dollars and United States dollars. As the Hong Kong dollars is pegged to the United States dollars, the Group considers the risk of movements in exchange rates between the Hong Kong dollars and the United States dollars to be insignificant.

**(e) Fair values measurement**

The carrying amounts of the Group's financial assets and liabilities carried at cost or amortised cost are not materially different from their fair values as at 31 December 2014, 2015 and 2016.

**21 COMMITMENTS**

At 31 December 2014, 2015 and 2016, the Group's total future minimum lease payments under non-cancellable operating leases were payable as follows:

	<b>At 31 December</b>		
	<b>2014</b>	<b>2015</b>	<b>2016</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Within 1 year . . . . .	2,468	2,729	1,965
After 1 year but within 5 years . . . . .	2,115	1,267	83
	<u>4,583</u>	<u>3,996</u>	<u>2,048</u>

The Group is the lessee in respect of a number of properties held under operating leases. The leases typically run for an initial period of 2 to 5 years, with an option to renew the lease when all terms are renegotiated. None of the leases includes contingent rentals.

During 2015, Mr. Lee, a director and controlling shareholder of the Company, provided a personal guarantee in respect of the observation of all terms and conditions, including payment of rent of HK\$13,000 per month, of one of the Group's tenancy agreements entered into with a landlord with a lease period commencing from 6 November 2015 to 5 November 2017. On 13 October 2016, the Group served a notice to the landlord to terminate the aforesaid tenancy agreement effective from 12 November 2016.

**22 CONTINGENT LIABILITIES AND CLAIMS**

- (a)** At 31 December 2014, 2015 and 2016, the Group had contingent liabilities in respect of performance bonds to guarantee the due and proper performance of the obligations undertaken by the Group's subsidiaries for projects amounting to HK\$54,950,000, HK\$47,737,500 and HK\$84,062,500, respectively.
- (b)** In 2012, WWWC set up an arrangement with a third party to jointly undertake a construction project with a contract sum of HK\$270,000,000. Pursuant to the requirements of the construction contract (the "Contract"), WWWC and the third party entered into an agreement with the customer to jointly and severally guarantee the due and proper performance of the Contract and thus the Group had contingent liabilities in this respect as at 31 December 2014, 2015 and 2016. Given the defect liability period for the Contract had expired in October 2015 and no claims were received from the customer up to the date of this report, the directors do not consider it is probable that a claim would be made against the Group and no provision has been made in the Historical Financial Information.
- (c)** The Group initiated legal proceedings in December 2015 and filed a statement of claims in January 2016 against a subcontractor and its director for their breach of a sub-contracting agreement in relation to a project (the "Project") and claimed an amount of approximately HK\$9,914,000, representing the Group's direct payments to other subcontractors in relation to the Project which were made on behalf of the subcontractor. In May 2016, the subcontractor filed a defence and made passing reference to a counterclaim of approximately HK\$41,328,000. However, no counterclaim is formulated and presented in

the defence by the subcontractor. Based on the opinion of the Group's legal adviser, the directors are of the view that the claim from the subcontractor is invalid with little prospect of success and accordingly no provision has been made in the Historical Financial Information.

Regarding the aforesaid Project, there was a delay in its completion by the Group. The architect appointed by the customer indicated that the customer was entitled to deduct a sum of approximately HK\$21,125,000 for liquidated damages ("LD Claim"), in addition to the liquidated damages of approximately HK\$1,950,000 already deducted by the customer. The Group has engaged an external contract consultant to assess the exposure of the potential LD Claim. Based on the opinion of the contract consultant, the directors consider that the likelihood of the Group being liable to such LD Claim is highly unlikely and hence no provision has been made in the Historical Financial Information.

## 23 MATERIAL RELATED PARTY TRANSACTIONS

During the Relevant Periods, the directors are of the view that the following are related parties of the Group:

<u>Name of party</u>	<u>Relationships</u>
Mr. Kan . . . . .	Executive director and controlling shareholder of the Company
Mr. Lee . . . . .	Executive director and controlling shareholder of the Company
Mr. Wong . . . . .	Executive director and controlling shareholder of the Company
Mr. Kwong . . . . .	Executive director of the Company
Mr. KL Lee . . . . .	Executive director of the Company
Win Win Way Holdings Limited . . . . .	A private company co-owned by the Controlling Shareholders
Win Win Way Investment Limited . . . . .	A private company co-owned by the Controlling Shareholders
Guangzhou Yangcheng Pile Co. Ltd (廣州羊城管樁有限公司) ("Guangzhou Yangcheng") . . . . .	Common director and indirect associate of Win Win Way Holdings Limited
Win Win Way Construction Co., Limited (incorporated in Samoa) "WWWC (Samoa)" (note) . . . . .	A private company co-owned by the Controlling Shareholders
駿發集團投資有限公司 . . . . .	An indirect subsidiary of Win Win Way Holdings Limited
Hong Kong Jiantong PHC Piles Company Limited ("HK Jiantong") . . . . .	Common director and subsidiary of Win Win Way Holdings Limited
Condover Limited. . . . .	A subsidiary of Win Win Way Holdings Limited
Win Win Way Builder Limited ("WWW Builder") . . . . .	A private company co-owned by the Controlling Shareholders
Gold Trend International Investment Limited . . . . .	A private company co-owned by the Controlling Shareholders
MGIL. . . . .	A private company co-owned by the Controlling Shareholders
Wong & Cheng Consulting Engineers Limited ("Wong & Cheng") . . . . .	A private company owned by Mr. Kwong and an independent third party
KLDL Consultants ("KLDL") . . . . .	A private company owned by Mr. KL Lee

*Note:* WWWC (Samoa) holds 10% effective interest in Honest Profit International Limited ("Honest Profit"), the employer of the Group's construction project of a resort hotel located at San Antonio, Saipan, the Commonwealth of the Northern Mariana Islands. Revenue from Honest Profit in respect of the hotel construction project during the Relevant Periods is set out in note 3(c) to the Historical Financial Information.

Material related party transactions identified during the Relevant Periods and balances with these related parties at those dates are summarised as follows:

**(a) Recurring transactions**

	Year ended 31 December		
	2014	2015	2016
	HK\$'000	HK\$'000	HK\$'000
Consultancy fee paid to Wong & Cheng . . . . .	2,099	4,885	2,864
Purchase of goods from Guangzhou Yangcheng . . . . .	—	1,552	—
	<u>2,099</u>	<u>6,437</u>	<u>2,864</u>

**(b) Non-recurring transactions**

	Year ended 31 December		
	2014	2015	2016
	HK\$'000	HK\$'000	HK\$'000
Consultancy fee paid to KLDL . . . . .	800	1,980	450
	<u>800</u>	<u>1,980</u>	<u>450</u>

**(c) Non-trade transactions and balances with related parties**

During the Relevant Periods and at 31 December 2014, 2015 and 2016, the Group had the following transactions and balances with related parties:

**(i) Amounts due from related parties**

	Year ended 31 December		
	2014	2015	2016
	HK\$'000	HK\$'000	HK\$'000
<b>Amounts due from directors</b>			
— Mr. Kan . . . . .	28,035	46,818	—
— Mr. Lee . . . . .	7,258	10,619	—
	<u>35,293</u>	<u>57,437</u>	<u>—</u>
<b>Amounts due from fellow subsidiaries</b>			
— 駿發集團投資有限公司 . . . . .	—	3	—
— HK Jiantong . . . . .	—	2	—
— Condover Limited . . . . .	—	2	—
	<u>—</u>	<u>7</u>	<u>—</u>
<b>Amounts due from related companies</b>			
— Gold Trend International Investment Limited . . . . .	—	8	—
— MGIL . . . . .	1,551	—	—
— Win Win Way Holdings Limited . . . . .	61,031	76,034	—
— WWW Builder . . . . .	4	4	—
— WWWC (Samoa) . . . . .	39,053	47,148	—
	<u>101,639</u>	<u>123,194</u>	<u>—</u>
	<u>136,932</u>	<u>180,638</u>	<u>—</u>

## (ii) Amounts due to related parties

	At 31 December		
	2014	2015	2016
	HK\$'000	HK\$'000	HK\$'000
<b>Amounts due to directors</b>			
— Mr. Kan . . . . .	2	1,322	—
— Mr. Wong . . . . .	6,973	6,003	—
	6,975	7,325	—
<b>Amounts due to related companies</b>			
— Win Win Way Holdings Limited . . . . .	8,164	8,164	—
— WWWC (Samoa) . . . . .	—	2,713	—
	8,164	10,877	—
	15,139	18,202	—

Amounts due from/to related parties are non-trade in nature, unsecured, interest-free and have no fixed repayment terms.

## (iii) Non-trade transactions with related parties

Name of party	Nature of transactions	Year ended 31 December		
		2014	2015	2016
		HK\$'000	HK\$'000	HK\$'000
<b>Amounts due from directors</b>				
Mr. Kan . . . . .	Cash advances to/ (Repayment from) Mr. Kan	19,644	18,783	(46,818)
Mr. Lee . . . . .	Cash advances to/ (Repayment from) Mr. Lee	7,258	3,361	(10,619)
<b>Amounts due from fellow subsidiaries</b>				
駿發集團投資有限公司 . . . . .	Expenses paid on behalf of/ (Repayment from) 駿發集團投資有限公司	(2,277)	3	(3)
HK Jiantong . . . . .	Expenses paid on behalf of/ (Repayment from) HK Jiantong	(24)	2	(2)
Condover Limited . . . . .	Expenses paid on behalf of/ (Repayment from) Condover Limited	(8)	2	(2)
<b>Amounts due from related companies</b>				
Gold Trend International Investment Limited . . . . .	Expenses paid on behalf of/ (Repayment from) Gold Trend International Investment Limited	—	8	(8)
MGIL . . . . .	Expenses paid on behalf of/ (Repayment from) MGIL	1,551	(1,551)	—
Win Win Way Holdings Limited . . . . .	Cash advances to/ (Repayment from) Win Win Way Holdings Limited	23,667	15,003	(76,034)
WWW Builder . . . . .	Cash advances to/ (Repayment from) WWW Builder	4	—	(4)
WWWC (Samoa) . . . . .	Cash advances to/ (Repayment from) WWWC (Samoa)	39,053	8,095	(47,148)

Name of party	Nature of transactions	Year ended 31 December		
		2014	2015	2016
		HK\$'000	HK\$'000	HK\$'000
<b>Amounts due to directors</b>				
Mr. Kan . . . . .	Cash advances from/ (Repayment to) Mr. Kan	2	1,320	(1,322)
Mr. Wong . . . . .	Cash advances from/ (Repayment to) Mr. Wong	(8,586)	(970)	(6,003)
Mr. Lee . . . . .	Cash advances from/ (Repayment to) Mr. Lee	(7,649)	—	—
<b>Amounts due to related companies</b>				
Win Win Way Holdings Limited . .	Cash advances from/ (Repayment to) Win Win Way Holdings Limited	8,164	—	(8,164)
WWWC (Samoa) . . . . .	Cash advances from/ (Repayment to) WWWC (Samoa)	—	2,713	(2,713)

**(d) Key management personnel**

Remuneration of key management personnel, represents amounts paid to the executive directors as disclosed in note 7 and certain of the highest paid employees and senior management as disclosed in note 8.

**24 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE RELEVANT PERIODS**

Up to the date of issue of this Historical Financial Information, the HKICPA has issued a number of amendments and new standards which are not yet effective for the Relevant Periods and which have not been adopted in this Historical Financial Information. These include the following which may be relevant to the Group.

	<b>Effective for accounting periods beginning on or after</b>
Amendments to HKAS 12, <i>Income taxes — Recognition of deferred tax assets for unrealised losses</i> . . . . .	1 January 2017
Amendments to HKAS 7, <i>Statement of cash flows: Disclosure initiative</i> . . . . .	1 January 2017
Amendments to HKFRS 2, <i>Share-based payment: Classification and measurement of share-based payment transactions</i> . . . . .	1 January 2018
HKFRS 15, <i>Revenue from contracts with customers</i> . . . . .	1 January 2018
HKFRS 9, <i>Financial instruments</i> . . . . .	1 January 2018
HKFRS 16, <i>Leases</i> . . . . .	1 January 2019

The Group is in the process of making an assessment of what the impact of these amendments and new standards is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the Group's results of operations and financial position, except for the following.

**HKFRS 15, Revenue from contracts with customers**

HKFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including HKAS 18, *Revenue*, HKAS 11, *Construction contracts* and HK(IFRIC)-Interpretation 13, *Customer Loyalty Programmes*. It also includes guidance on when to capitalise costs of obtaining or fulfilling a contract not otherwise addressed in other standards, and includes expanded disclosure requirements.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5 step approach to revenue recognition:

Step 1: Identify the contract(s) with customer.

Step 2: Identify the performance obligations in the contract.

Step 3: Determine the transaction price.

Step 4: Allocate the transaction price to the performance obligations in the contract.

Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

The principles in HKFRS 15 provide a more structured approach for measuring and recognising revenue. The standard also introduces extensive qualitative and quantitative disclosure requirements, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgements and estimates.

The Group is currently evaluating the impact of adopting HKFRS 15 on the Group's financial statements. Based on the preliminary assessment, the new standard will likely have an impact on the amounts reported and disclosures made in the Group's financial statements. In addition, construction contract that contains two or more performance obligations would be accounted for separately and this likely will have an impact on the pattern of revenue and profit recognition.

#### **HKFRS 16, Leases**

HKFRS 16 provides comprehensive guidance for the identification of lease arrangements and their treatment by lessees and lessors. In particular, HKFRS 16 introduces a single lessee accounting model, whereby assets and liabilities are recognised for all leases, subject to limited exceptions. It replaces HKAS 17 Leases and the related interpretations including HK(IFRIC) 4 Determining whether an arrangement contains a lease.

When HKFRS 16 is adopted in the future, it is expected that certain portion of lease commitments will be required to be recognised in the statement of financial position as right-of-use assets and lease liabilities. As disclosed in note 21, at 31 December 2016 the Group's future minimum lease payments under non-cancellable operating leases amounted to HK\$2,048,000 for properties. Some of these amounts may therefore need to be recognised as lease liabilities, with corresponding right-of-use assets, once HKFRS 16 is adopted. The Group will need to perform a more detailed analysis to determine the amounts of new assets and liabilities arising from operating lease commitments on adoption of HKFRS 16, after taking into account the applicability of the practical expedient and adjusting for any leases entered into or terminated between now and the adoption of HKFRS 16 and the effects of discounting. Based on the preliminary assessment, the adoption of HKFRS 16 is not expected to have a significant impact on the Group's financial statements.

HKFRS 16 is mandatory for financial years commencing on or after 1 January 2019. At this stage, the Group does not intend to adopt the standard before its effective date.

**SUBSEQUENT EVENTS**

The following significant events took place subsequent to 31 December 2016:

**(a) Group reorganisation**

The companies comprising the Group underwent and completed a reorganisation in preparation for the listing of the Company's shares on The Stock Exchange of Hong Kong Limited. Further details of the Reorganisation are set out in the section headed "History and Corporate Structure" in the Prospectus. After completion of the Reorganisation on 23 June 2017, the Company became the holding company of the Group.

**(b) Changes in share capital of the Company**

On 23 June 2017, the Company passed an ordinary resolution and resolved that the authorised share capital of the Company was increased from HK\$380,000 divided into 38,000,000 shares of HK\$0.01 each to HK\$10,000,000 divided into 1,000,000,000 shares of HK\$0.01 each by creation of an additional 962,000,000 shares of HK\$0.01 each. On the same day, 23,400,000 shares of the Company were allotted and issued at par pursuant to the Reorganisation.

**FINANCIAL INFORMATION OF THE COMPANY**

The Company was incorporated on 5 October 2015 with authorised share capital of HK\$380,000 divided into 3,800,000 shares of HK\$0.1 each and has not carried on any business since the date of incorporation except for the Reorganisation.

On 3 February 2016, the Company passed an ordinary resolution and resolved that each of the issued and unissued ordinary shares of par value HK\$0.1 each in the share capital of the Company be subdivided into 10 ordinary shares of par value HK\$0.01 each. As a result, the authorised share capital of the Company changed to HK\$380,000 divided into 38,000,000 shares of par value HK\$0.01.

**SUBSEQUENT FINANCIAL STATEMENTS AND DIVIDENDS**

No audited financial statements have been prepared by the Company and its subsidiaries comprising the Group in respect of any period subsequent to 31 December 2016. No dividend 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 December 2016.



The information set forth in this appendix does not form part of the Accountants' Report from KPMG, Certified Public Accountants, Hong Kong, the reporting accountants of our Company as set forth in Appendix I in 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 financial information included in the Accountants' Report set forth in Appendix I to this prospectus.

#### A. UNAUDITED PRO FORMA ADJUSTED NET TANGIBLE ASSETS

The following statement of unaudited pro forma statement of adjusted net tangible assets of our Group is prepared in accordance with Rule 4.29 of the Listing Rules and is set out below to illustrate the effect of the Global Offering on our combined net tangible assets as of 31 December 2016, as if the Global Offering had taken place on 31 December 2016.

The unaudited pro forma statement of adjusted net tangible assets has been prepared for illustrative purposes only and, because of its hypothetical nature, it may not give a true picture of our financial position had the Global Offering been completed as of 31 December 2016 or at any future date.

	Combined net tangible assets attributable to shareholders of the Company as of 31 December 2016	Estimated net proceeds from the Global Offering	Unaudited pro forma adjusted net tangible assets	Unaudited pro forma adjusted net tangible assets per Share
	<i>HK\$'000</i> <i>Note (1)</i>	<i>HK\$'000</i> <i>Note (2)</i>	<i>HK\$'000</i> <i>Note (3)</i>	<i>HK\$</i> <i>Note (4)</i>
Based on an offer price of HK\$1.00 per share . . . . .	125,864	94,092	219,956	0.43
Based on an offer price of HK\$0.80 per share . . . . .	125,864	69,772	195,636	0.38

*Notes:*

- (1) The combined net tangible assets attributable to shareholders of the Company as of 31 December 2016 is compiled based on the combined financial information included in the Accountants' Report set out in Appendix I to this prospectus. The Group had no goodwill or other intangible assets as at 31 December 2016.
- (2) The estimated net proceeds from the Global Offering are based on the Offer Price of HK\$0.80 (being the minimum offer price) and HK\$1.00 per Share (being the maximum offer price) and the assumption that there are 128,000,000 newly issued Shares in the Global Offering, after deduction of the underwriting fees and other listing-related expenses paid and payable by the Company (excluding listing expenses of approximately HK\$26,088,000 which have been recognised in profit or loss up to 31 December 2016), assuming that the Over-allotment Option is not exercised and without taking into account any discretionary incentive fees.
- (3) No adjustment has been made to the unaudited pro forma adjusted net tangible assets to reflect any trading results or other transactions of our Group entered into subsequent to 31 December 2016.

- (4) The unaudited pro forma adjusted net tangible assets per Share is arrived at after the adjustments referred to in the preceding paragraphs and on the basis that 512,000,000 Shares (including the Shares in issue as at the date of this prospectus and Shares that may be issued pursuant the Global Offering and the Capitalisation Issue) were in issue immediately following the completion of the Global Offering. It does not take into account any Shares which may be issued pursuant to the issuing mandate or the exercise of the Over-allotment Option or the options that may be granted under the Share Option Scheme, or any Shares which may be repurchased pursuant to the Repurchase Mandate.

The following is the text of a report received from the reporting accountants, KPMG, Certified Public Accountants, Hong Kong, in respect of the Group's pro forma financial information for the purpose of incorporation in this prospectus.



8th Floor  
Prince's Building  
10 Chater Road  
Central  
Hong Kong

## INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF PRO FORMA FINANCIAL INFORMATION

### TO THE DIRECTORS OF WIN WIN WAY CONSTRUCTION HOLDINGS LTD.

We have completed our assurance engagement to report on the compilation of pro forma financial information of Win Win Way Construction Holdings Ltd. (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 net tangible assets as at 31 December 2016 and related notes as set out in Part A of Appendix II to the prospectus dated 30 June 2017 (the "**Prospectus**") issued by the Company. The applicable criteria on the basis of which the Directors have compiled the pro forma financial information are described in Part A of Appendix II to the Prospectus.

The pro forma financial information has been compiled by the Directors to illustrate the impact of the proposed offering of the ordinary shares of the Company (the "**Global Offering**") on the Group's financial position as at 31 December 2016 as if the Global Offering had taken place at 31 December 2016. As part of this process, information about the Group's financial position as at 31 December 2016 has been extracted by the Directors from the Group's historical financial information included in the Accountants' Report as set out in Appendix I to the Prospectus.

#### *Directors' Responsibilities for the Pro Forma Financial Information*

The Directors are responsible for compiling the 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 Control*

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The firm applies Hong Kong Standard on Quality Control 1 "Quality Control for Firms That Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements" issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

*Reporting Accountants' Responsibilities*

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the 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 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 (“**HKSAE**”) 3420 “Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus” issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the 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 purpose of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the 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 pro forma financial information.

The purpose of pro forma financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of events or transactions as at 31 December 2016 would have been as presented.

A reasonable assurance engagement to report on whether the 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 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 pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgement, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We make no comments regarding the reasonableness of the amount of net proceeds from the issuance of the Company's shares, the application of those net proceeds, or whether such use will actually take place as described in the section headed “Future Plans and Use of Proceeds” in the Prospectus.

*Opinion*

In our opinion:

- (a) the pro forma financial information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

**KPMG**

*Certified Public Accountants*

Hong Kong

30 June 2017

Set out below is a summary of certain provisions of the Memorandum and Articles of Association of the Company and of certain aspects of Cayman Islands company law.

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 5 October 2015 under the Cayman Companies Law. The Company's constitutional documents consist of its Amended and Restated Memorandum of Association ("**Memorandum**") and its Amended and Restated Articles of Association ("**Articles**").

## 1. MEMORANDUM OF ASSOCIATION

- (a) The Memorandum provides, *inter alia*, that the liability of members of the Company is limited and that the objects for which the Company is established are unrestricted (and therefore include acting as an investment company), and that the Company shall have and be capable of exercising any and all of the powers at any time or from time to time exercisable by a natural person or body corporate whether as principal, agent, contractor or otherwise and, since the Company is an exempted company, that the Company will not trade in the Cayman Islands with any person, firm or corporation except in furtherance of the business of the Company carried on outside the Cayman Islands.
- (b) By special resolution the Company may alter the Memorandum with respect to any objects, powers or other matters specified in it.

## 2. ARTICLES OF ASSOCIATION

The Articles were adopted on 23 June 2017. A summary of certain provisions of the Articles is set out below.

### (a) Shares

#### (i) *Classes of shares*

The share capital of the Company consists of ordinary shares.

#### (ii) *Variation of rights of existing shares or classes of shares*

Subject to the Cayman Companies Law, if at any time the share capital of the Company is divided into different classes of shares, all or any of the special rights attached to any class of shares may (unless otherwise provided for by the terms of issue of the shares of that class) be varied, modified or abrogated either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. The provisions of the Articles relating to general meetings shall *mutatis mutandis* apply to every such separate general meeting, but so that the necessary quorum (other than at an adjourned meeting) shall be not less than two persons together holding (or, in the case of a shareholder being a corporation, by its duly authorised representative) or representing by proxy not less than one-third in nominal value of the issued shares of that class. Every holder of shares of the class shall be entitled on a poll to one vote for every such share held by him, and any holder of shares of the class present in person or by proxy may demand a poll.

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 carrying the same rights therewith.

*(iii) Alteration of capital*

The Company may, by an ordinary resolution of its members: (a) increase its share capital by the creation of new shares of such amount as it thinks expedient; (b) consolidate or divide all or any of its share capital into shares of larger or smaller amount than its existing shares; (c) divide its unissued shares into several classes and attach to such shares any preferential, deferred, qualified or special rights, privileges or conditions; (d) subdivide its shares or any of them into shares of an amount smaller than that fixed by the Memorandum; (e) cancel any shares which, at the date of the resolution, have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled; (f) make provision for the allotment and issue of shares which do not carry any voting rights; and (g) change the currency of denomination of its share capital.

*(iv) Transfer of shares*

Subject to the Cayman Companies Law and the requirements of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”), all transfers of shares shall be effected by an instrument of transfer in the usual or common form or in such other form as the Board may approve and may be under hand or, if the transferor or transferee is a Clearing House or its nominee(s), under hand or by machine imprinted signature, or by such other manner of execution as the Board may approve from time to time.

Execution of the instrument of transfer shall be 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 transferor or transferee or accept mechanically executed transfers. The transferor shall be deemed to remain the holder of a share until the name of the transferee is entered in the register of members of the Company in respect of that share.

The Board may, in its absolute discretion, at any time and from time to time remove any share on the principal register to any branch register or any share on any branch register to the principal register or any other branch register. Unless the Board otherwise agrees, no shares on the principal register shall be removed to any branch register nor shall shares on any branch register be removed to the principal register or any other branch register. All removals and other documents of title shall be lodged for registration and registered, in the case of shares on any branch register, at the relevant registration office and, in the case of shares on the principal register, at the place at which the principal register is located.

The Board may, in its absolute discretion, decline to register a transfer of any share (not being a fully paid up share) to a person of whom it does not approve or on which the Company has a lien. It may also decline to register a transfer of any share issued under any share option scheme upon which a restriction on transfer subsists or a transfer of any share to more than four joint holders.



The Board may decline to recognise any instrument of transfer unless a certain fee, up to such maximum sum as the Stock Exchange may determine to be payable, is paid to the Company, the instrument of transfer is properly stamped (if applicable), is in respect of only one class of share and is lodged at the relevant registration office or the place at which the principal register is located accompanied by the relevant share certificate(s) and such other evidence as the Board may reasonably require is provided to show the right of the transferor to make the transfer (and if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do).

The register of members may, subject to the Listing Rules, be closed at such time or for such period not exceeding in the whole 30 days in each year as the Board may determine.

Fully paid shares shall be free from any restriction on transfer (except when permitted by the Stock Exchange) and shall also be free from all liens.

*(v) Power of the Company to purchase its own shares*

The Company may purchase its own shares subject to certain restrictions and the Board may only exercise this power on behalf of the Company subject to any applicable requirement imposed from time to time by the Articles or any, code, rules or regulations issued from time to time by the Stock Exchange and/or the Securities and Futures Commission of Hong Kong.

Where the Company purchases for redemption a redeemable Share, purchases not made through the market or by tender shall be limited to a maximum price and, if purchases are by tender, tenders shall be available to all members alike.

*(vi) Power of any subsidiary of the Company to own shares in the Company*

There are no provisions in the Articles relating to the ownership of shares in the Company by a subsidiary.

*(vii) Calls on shares and forfeiture of shares*

The Board may, from time to time, make such calls as it thinks fit 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 of such shares made payable at fixed times. A call may be made payable either in one 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 20% per annum as the Board shall fix from the day appointed for payment 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 money uncalled and unpaid or instalments payable upon any shares held by him, and in respect of all or any of the monies so advanced the Company may pay interest at such rate (if any) not exceeding 20% per annum as the Board may decide.

If a member fails to pay any call or instalment of a call on the day appointed for payment, the Board may, for so long as any part of the call or instalment remains unpaid, serve not less than 14 days' notice on the member requiring payment of so much of the call or instalment as is unpaid, together with any interest which may have accrued and which may still accrue up to the date of actual payment. The notice shall name a further day (not earlier than the expiration of 14 days from the date of the notice) on or before which the payment required by the notice is to be made, and shall also name the place where payment is to be made. The notice shall also state that, in the event of non-payment at or before the appointed time, 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, nevertheless, remain liable to pay to the Company all monies which, at the date of forfeiture, were payable by him to the Company in respect of the shares together with (if the Board shall in its discretion so require) interest thereon from the date of forfeiture until payment at such rate not exceeding 20% per annum as the Board may prescribe.

**(b) Directors**

*(i) Appointment, retirement and removal*

At any time or from time to time, the Board shall have the power to appoint any person as a Director either to fill a casual vacancy on the Board or as an additional Director to the existing Board subject to any maximum number of Directors, if any, as may be determined by the members in general meeting. Any Director so appointed to fill a casual vacancy shall hold office only until the first general meeting of the Company after his appointment and be subject to re-election at such meeting. Any Director so appointed as an addition to the existing Board shall hold office only until the first annual general meeting of the Company after his appointment and be eligible for re-election at such meeting. Any Director so appointed by the Board shall not be taken into account in determining the Directors or the number of Directors who are to retire by rotation at an annual general meeting.

At each annual general meeting, one third of the Directors for the time being shall retire from office by rotation. However, if the number of Directors is not a multiple of three, then the number nearest to but not less than one third shall be the number of retiring Directors. The Directors to retire in each year shall be those who have been in office longest 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 shall (unless they otherwise agree among themselves) be determined by lot.

No person, other than a retiring Director, shall, unless recommended by the Board for election, be eligible for election to the office of Director at any general meeting, unless notice in writing of the intention to propose that person for election as a Director and notice in writing by that person of his willingness to be elected has been lodged at the head office or at the registration office of the Company. The period

for lodgment of such notices shall commence no earlier than the day after despatch of the notice of the relevant meeting and end no later than seven days before the date of such meeting and the minimum length of the period during which such notices may be lodged must be at least seven days.

A Director is not required to hold any shares in the Company by way of qualification nor is there any specified upper or lower age limit for Directors either for accession to or retirement from the Board.

A Director may be removed by an ordinary resolution of the Company before the expiration of his term of office (but without prejudice to any claim which such Director may have for damages for any breach of any contract between him and the Company) and the Company may by ordinary resolution appoint another in his place. Any Director so appointed shall be subject to the "retirement by rotation" provisions. The number of Directors shall not be less than two.

The office of a Director shall be vacated if he:

- (aa) resign;
- (bb) dies;
- (cc) is declared to be of unsound mind and the Board resolves that his office be vacated;
- (dd) becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors generally;
- (ee) he is prohibited from being or ceases to be a director by operation of law;
- (ff) without special leave, is absent from meetings of the Board for six consecutive months, and the Board resolves that his office is vacated;
- (gg) has been required by the stock exchange of the Relevant Territory (as defined in the Articles) to cease to be a Director; or
- (hh) is removed from office by the requisite majority of the Directors or otherwise pursuant to the Articles.

From time to time the Board may appoint one or more of its body to be managing director, joint managing director or deputy managing director or to hold any other employment or executive office with the Company for such period and upon such terms as the Board may determine, and the Board may revoke or terminate any of such appointments. The Board may also delegate any of its powers to committees consisting of such Director(s) or other person(s) as the Board thinks fit, and from time to time it may also 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 shall, in the exercise of the powers 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 Law, the Memorandum and Articles and without prejudice to any special rights conferred on the holders of any shares or class of shares, any share may be issued with or have attached to it such rights, or such restrictions, whether with regard to dividend, voting, return of capital or otherwise, as the Company may by ordinary resolution determine (or, in the absence of any such determination or so far as the same may not make specific provision, as the Board may determine). Any share may be issued on terms that, upon the happening of a specified event or upon a given date and either at the option of the Company or the holder of the share, it is liable to be redeemed.

The Board may issue warrants to subscribe for any class of shares or other securities of the Company on such terms as it may from time to time determine.

Where warrants are issued to bearer, no certificate in respect of such warrants shall be issued to replace one that has been lost unless the Board is satisfied beyond reasonable doubt that the original certificate has been destroyed and the Company has received an indemnity in such form as the Board thinks fit with regard to the issue of any such replacement certificate.

Subject to the provisions of the Cayman Companies Law, the Articles and, where applicable, the rules of any stock exchange of the Relevant Territory (as defined in the Articles) and without prejudice to any special rights or restrictions for the time being attached to any shares or any class of shares, all unissued shares in the Company shall be 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.

Neither the Company nor the Board shall be obliged, when making or granting any allotment of, offer of, option over or disposal of shares, to make, or make available, any such allotment, offer, option or shares to members or others whose registered addresses are in any particular territory or territories where, in the absence of a registration statement or other special formalities, this is or may, in the opinion of the Board, be unlawful or impracticable. However, no member affected as a result of the foregoing shall be, or be deemed to be, a separate class of members for any purpose whatsoever.

*(iii) Power to dispose of the assets of the Company or any of its subsidiaries*

While there are no specific provisions in the Articles relating to the disposal of the assets of the Company or any of its subsidiaries, the Board may exercise all powers and do all acts and things which may be exercised or done or approved by the Company and which are not required by the Articles or the Cayman Companies Law to be exercised or done by the Company in general meeting, but if such power or act is regulated by the Company in general meeting, such regulation shall not invalidate any prior act of the Board which would have been valid if such regulation had not been made.

*(iv) Borrowing powers*

The Board may exercise all the powers of the Company to raise or borrow money, to mortgage or charge all or any part of the undertaking, property and uncalled capital of the Company and, subject to the Cayman Companies Law, to issue debentures, debenture stock, bonds and other securities of the Company, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

*(v) Remuneration*

The Directors shall be entitled to receive, as ordinary remuneration for their services, such sums as shall from time to time be determined by the Board or the Company in general meeting, as the case may be, such sum (unless otherwise directed by the resolution by which it is determined) to be divided among the Directors in such proportions and in such manner as they may agree or, failing agreement, either equally or, in the case of any Director holding office for only a portion of the period in respect of which the remuneration is payable, pro rata. The Directors shall also be entitled to be repaid all expenses reasonably incurred by them in attending any Board meetings, committee meetings or general meetings or otherwise in connection with the discharge of their duties as Directors. Such remuneration shall be in addition to any other remuneration to which a Director who holds any salaried employment or office in the Company may be entitled by reason of such employment or office.

Any Director who, at the request of the Company, performs services which in the opinion of the Board go beyond the ordinary duties of a Director may be paid such special or extra remuneration as the Board may determine, in addition to or in substitution for any ordinary remuneration as a Director. An executive Director appointed to be a managing director, joint managing director, deputy managing director or other executive officer shall receive such remuneration and such other benefits and allowances as the Board may from time to time decide. Such remuneration shall be in addition to his ordinary remuneration as a Director.

The Board may establish, either on its own or jointly in concurrence or agreement with subsidiaries of the Company or companies with which the Company is associated in business, or may make contributions out of the Company's monies to, any schemes or funds for providing pensions, sickness or compassionate allowances, life assurance or other benefits for employees (which expression as used in this and the following paragraph shall include any Director or former Director who may hold or have held any executive office or any office of profit with the Company or any of its subsidiaries) and former employees of the Company and their dependents or any class or classes of such persons.

The Board may also pay, enter into agreements to pay or make grants of revocable or irrevocable, whether or not subject to any terms or conditions, pensions or other benefits to employees and former employees and their dependents, or to any of such persons, including pensions or benefits additional to those, if any, to which such employees or former employees or their dependents are or may become entitled under any such scheme or fund as mentioned above. Such pension or benefit may, if deemed desirable by the Board, be granted to an employee either before and in anticipation of, or upon or at any time after, his actual retirement.

*(vi) Compensation or payments for loss of office*

Payments to any present Director or past Director of any sum by way of compensation for loss of office or as consideration for or in connection with his retirement from office (not being a payment to which the Director is contractually or statutorily entitled) must be approved by the Company in general meeting.

*(vii) Loans and provision of security for loans to Directors*

The Company shall not directly or indirectly make a loan to a Director or a director of any holding company of the Company or any of their respective close associates, enter into any guarantee or provide any security in connection with a loan made by any person to a Director or a director of any holding company of the Company or any of their respective close associates, or, if any one or more of the Directors hold(s) (jointly or severally or directly or indirectly) a controlling interest in another company, make a loan to that other company or enter into any guarantee or provide any security in connection with a loan made by any person to that other company.

*(viii) Disclosure of interest in contracts with the Company or any of its subsidiaries*

With the exception of the office of auditor of the Company, a Director may hold any other office or place of profit with the Company in conjunction with his office of Director for such period and upon such terms as the Board may determine, and may be paid such extra remuneration for that other office or place of profit, in whatever form, in addition to any remuneration provided for by or pursuant to any other Articles. A Director may be or become a director, officer or member of any other company in which the Company may be interested, and shall not be liable to account to the Company or the members for any remuneration or other benefits received by him as a director, officer or member of such other company. The Board may also cause the voting power conferred by the shares in any other company held or owned by the Company to be exercised in such manner in all respects as it thinks fit, including the exercise in favour of any resolution appointing the Directors or any of them to be directors or officers of such other company.

No Director or intended Director shall be disqualified by his office from contracting with the Company, nor shall any such contract or any other contract or arrangement in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company for any profit realised by any such contract or arrangement by reason only of such Director holding that office or the fiduciary relationship established by it. A Director who is, in any way, materially interested in a contract or arrangement or proposed contract or arrangement with the Company shall declare the nature of his interest at the earliest meeting of the Board at which he may practically do so.

There is no power to freeze or otherwise impair any of the rights attaching to any share by reason that the person or persons who are interested directly or indirectly in that share have failed to disclose their interests to the Company.



A Director shall not vote or be counted in the quorum on any resolution of the Board in respect of any contract or arrangement or proposal in which he or any of his close associate(s) has/have a material interest, and if he shall do so his vote shall not be counted nor shall he be counted in the quorum for that resolution, but this prohibition shall not apply to any of the following matters:

- (aa) the giving of any security or indemnity to the Director or his close associate(s) in respect of money lent or obligations incurred or undertaken by him or any of them at the request of or for the benefit of the Company or any of its subsidiaries;
- (bb) the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his close associate(s) has/have 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 concerning an offer of shares, debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase, where the Director or his close associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;
- (dd) any proposal or arrangement concerning the benefit of employees of the Company or any of its subsidiaries, including the adoption, modification or operation of either: (i) any employees' share scheme or any share incentive or share option scheme under which the Director or his close associate(s) may benefit; or (ii) any of a pension fund or retirement, death or disability benefits scheme which relates to Directors, their close associates and employees of the Company or any of its subsidiaries and does not provide in respect of any Director or his close associate(s) any privilege or advantage not generally accorded to the class of persons to which such scheme or fund relates; and
- (ee) 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, debentures or other securities of the Company by virtue only of his/their interest in those shares, debentures or other securities. Proceedings of the Board.

The Board may meet anywhere in the world for the despatch of business and may adjourn and otherwise regulate its meetings as it thinks fit. 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 a second or casting vote.

**(c) Alterations to the constitutional documents and the Company's name**

To the extent that the same is permissible under Cayman Islands law and subject to the Articles, the Memorandum and Articles of the Company may only be altered or amended, and the name of the Company may only be changed, with the sanction of a special resolution of the Company.



**(d) Meetings of member***(i) Special and ordinary resolutions*

A special resolution of the Company must be passed by a majority of not less than three-fourths of the votes cast by such members as, being entitled so to do, vote in person or by proxy 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 specifying the intention to propose the resolution as a special resolution has been duly given.

Under Cayman Companies Law, a copy of any special resolution must be forwarded to the Registrar of Companies in the Cayman Islands within 15 days of being passed.

An “ordinary resolution”, by contrast, is a resolution passed by a simple majority of the votes of such members of the Company as, being entitled to do so, vote in person or, in the case of 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.

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, restrictions or privileges as to voting for the time being attached to any class or classes of shares at any general meeting: (a) on a poll every member present in person or by proxy or, in the case of a member being a corporation, by its duly authorised representative shall have one vote for every share which is fully paid or credited as fully paid registered in his name in the register of members of the Company but so that no amount paid up or credited as paid up on a share in advance of calls or instalments is treated for this purpose as paid up on the share; and (b) on a show of hands every member who is 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. Where more than one proxy is appointed by a member which is a Clearing House (as defined in the Articles) or its nominee(s), each such proxy shall have one vote on a show of hands. On a poll, a member entitled to more than one vote need not use all his votes or cast all the votes he does use in the same way.

At any general meeting a resolution put to the vote of the meeting is to be decided by poll save that the chairman of the meeting may, pursuant to the Listing Rules, allow a resolution to be voted on by a show of hands. Where a show of hands is allowed, before or on the declaration of the result of the show of hands, a poll may be demanded by (in each case by members present in person or by proxy or by a duly authorised corporate representative):

- (A) at least two members;
- (B) any member or members representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting; or

- (C) a member or members holding shares in the Company conferring a right to vote at the meeting on which an aggregate sum has been paid equal to not less than one-tenth of the total sum paid up on all the shares conferring that right.

Should a Clearing House or its nominee(s) be a member of the Company, such person or persons may be authorised as it thinks fit to act as its representative(s) at any meeting of the Company or at any meeting of any class of members of the Company provided that, if more than one person is so authorised, the authorisation shall specify the number and class of shares in respect of which each such person is so authorised. A person authorised in accordance with this provision shall be deemed to have been duly authorised without further evidence of the facts and be entitled to exercise the same rights and powers on behalf of the Clearing House or its nominee(s) as if such person were an individual member including the right to vote individually on a show of hands.

Where the Company has knowledge that any member is, under the Listing Rules, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, 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*

The Company must hold an annual general meeting each year. Such meeting must be held not more than 15 months after the holding of the last preceding annual general meeting, or such longer period as may be authorised by the Stock Exchange at such time and place as may be determined by the Board.

*(iv) Notices of meetings and business to be conducted*

An annual general meeting of the Company shall be called by at least 21 days' notice in writing, and any other general meeting of the Company shall be called by at least 14 days' notice in writing. The notice shall be 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, place and agenda of the meeting and particulars of the resolution(s) to be considered at that meeting and, in the case of special business, the general nature of that business.

Except where otherwise expressly stated, any notice or document (including a share certificate) to be given or issued under the Articles shall be in writing, and may be served by the Company on any member personally, by post to such member's registered address or (in the case of a notice) by advertisement in the newspapers. Any member whose registered address is outside Hong Kong may notify the Company in writing of an address in Hong Kong which shall be deemed to be his registered address for this purpose. Subject to the Cayman Companies Law and the Listing Rules, a notice or document may also be served or delivered by the Company to any member by electronic means.

Although a meeting of the Company may be called by shorter notice than as specified above, such meeting may be deemed to have been duly called if it is so agreed:

- (i) in the case of an annual general meeting, by all members of the Company entitled to attend and vote thereat; and
- (ii) in the case of any other meeting, by a majority in number of the members having a right to attend and vote at the meeting holding not less than 95% of the total voting rights in the Company.

All business transacted at an extraordinary general meeting shall be deemed special business. All business shall also be deemed special business where it is transacted at an annual general meeting, with the exception of certain routine matters which shall be deemed ordinary business.

*(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.

The quorum for a general meeting shall be two members present in person (or in the case of a member being a corporation, by its duly authorised representative) or by proxy and entitled to vote. In respect of a separate class meeting (other than an adjourned meeting) convened to sanction the modification of class rights the necessary quorum shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class.

*(vi) Proxies*

Any member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at a general meeting of the Company or at a class meeting. A proxy need not be a member of the Company and shall be entitled to exercise the same powers on behalf of a member who is an individual and for whom he acts as proxy as such member could exercise. In addition, a proxy shall be 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 if it were an individual member. On a poll or on 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.

The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing, or if the appointor is a corporation, either under seal or under the hand of a duly authorised officer or attorney. Every instrument of proxy, whether for a specified meeting or otherwise, shall be in such form as the Board may from time to time approve, provided that it shall not preclude the use of the two-way form. Any form issued to a member for appointing a proxy to attend and vote at an extraordinary general meeting or at an annual general meeting at which any business is to be transacted shall be such as to

enable the member, according to his intentions, to instruct the proxy to vote in favour of or against (or, in default of instructions, to exercise his discretion in respect of) each resolution dealing with any such business.

**(e) Accounts and audit**

The Board shall cause proper books of account to be kept of the sums of money received and expended by the Company, and of the assets and liabilities of the Company and of all other matters required by the Cayman Companies Law (which include all sales and purchases of goods by the company) necessary to give a true and fair view of the state of the Company's affairs and to show and explain its transactions.

The books of accounts of the Company shall be kept at the head office of the Company or at such other place or places as the Board decides and shall always be open to inspection by any Director. No member (other than a Director) shall have any right to inspect any account, book or document of the Company except as conferred by the Cayman Companies Law or ordered by a court of competent jurisdiction or authorised by the Board or the Company in general meeting.

The Board shall from time to time cause to be prepared and laid before the Company at its annual general meeting balance sheets and profit and loss accounts (including every document required by law to be annexed thereto), together with a copy of the Directors' report and a copy of the auditors' report, not less than 21 days before the date of the annual general meeting. Copies of these documents shall be sent to every person entitled to receive notices of general meetings of the Company under the provisions of the Articles together with the notice of annual general meeting, not less than 21 days before the date of the meeting.

Subject to the rules of the stock exchange of the Relevant Territory (as defined in the Articles), the Company may send summarized financial statements to shareholders who have, in accordance with the rules of the stock exchange of the Relevant Territory, consented and elected to receive summarized financial statements instead of the full financial statements. The summarized financial statements must be accompanied by any other documents as may be required under the rules of the stock exchange of the Relevant Territory, and must be sent to those shareholders that have consented and elected to receive the summarised financial statements not less than 21 days before the general meeting.

The Company shall appoint auditor(s) to hold office until the conclusion of the next annual general meeting on such terms and with such duties as may be agreed with the Board. The auditors' remuneration shall be fixed by the Company in general meeting or by the Board if authority is so delegated by the members.

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 Stock Exchange.

**(f) Dividends and other methods of distribution**

The Company in general meeting may declare dividends in any currency to be paid to the members but no dividend shall be declared in excess of the amount recommended by the Board.

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 of which the dividend is paid, although no amount paid up on a share in advance of calls shall for this purpose be treated as paid up on the share;
- (ii) all dividends shall be apportioned and paid pro rata in accordance with the amount paid up on the shares during any portion(s) of the period in respect of which the dividend is paid; and
- (iii) the Board may deduct from any dividend or other monies payable to any member all sums of money (if any) presently payable by him to the Company on account of calls, instalments or otherwise.

Where the Board or the Company in general meeting has resolved that a dividend should be paid or declared, the Board may resolve:

- (aa) 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 to such dividend will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment; or
- (bb) that the 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.

Upon the recommendation of the Board, the Company may by ordinary resolution in respect of any one particular dividend of the Company determine 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, bonus or other sum payable in cash to the holder of shares may be paid by cheque or warrant sent through the post. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent and shall be sent at the holder's or joint holders' risk and payment of the cheque or warrant by the bank on which it is drawn shall constitute a good discharge to the Company. Any one of two or more joint holders may give effectual receipts for any dividends or other monies payable or property distributable in respect of the shares held by such joint holders.

Whenever the Board or the Company in general meeting has resolved that a dividend be paid or declared, the Board may further resolve that such dividend be satisfied wholly or in part by the distribution of specific assets of any kind.

The Board may, if it thinks fit, receive from any member willing to advance the same, and either in money or money's worth, all or any part of the money uncalled and unpaid or instalments payable upon any shares held by him, and in respect of all or any of the monies so advanced may pay interest at such rate (if any) not exceeding 20% per annum, as the Board may decide, but a payment in advance of a call shall not entitle the member to receive any dividend or to exercise any other rights or privileges as a member in respect of the share or the due portion of the shares upon which payment has been advanced by such member before it is called up.

All dividends, bonuses or other distributions unclaimed for one year after having been declared may be invested or otherwise used by the Board for the benefit of the Company until claimed and the Company shall not be constituted a trustee in respect thereof. All dividends, bonuses or other distributions unclaimed for six years after having been declared may be forfeited by the Board and, upon such forfeiture, shall revert to the Company.

No dividend or other monies payable by the Company on or in respect of any share shall bear interest against the Company.

The Company may exercise the power to cease sending cheques for dividend entitlements or dividend warrants by post if such cheques or warrants remain uncashed on two consecutive occasions or after the first occasion on which such a cheque or warrant is returned undelivered.

**(g) Inspection of corporate records**

For so long as any part of the share capital of the Company is listed on the Stock Exchange, any member may inspect any register of members of the Company maintained in Hong Kong (except when the register of members is closed) without charge and require the provision to him of copies or extracts of such register in all respects as if the Company were incorporated under and were subject to the Hong Kong Companies Ordinance.

**(h) Rights of minorities in relation to fraud or oppression**

There are no provisions in the Articles concerning the rights of minority members in relation to fraud or oppression. However, certain remedies may be available to members of the Company under Cayman Islands law, as summarized in paragraph 3(f) of this Appendix.

**(i) Procedures on liquidation**

A resolution that the Company be wound up by the court or be wound up voluntarily shall be a special resolution.

Subject to any special rights, privileges or restrictions as to the distribution of available surplus assets on liquidation for the time being attached to any class or classes of shares:

- (i) if the Company is wound up and the assets available for distribution among the members of the Company are more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, then the excess shall be distributed equally in the same rights among such members in proportion to the amount paid up on the shares held by them respectively; and
- (ii) if the Company is wound up and the assets available for distribution among the members as such are 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 on the shares held by them, respectively.



If the Company is wound up (whether the liquidation is voluntary or compelled by the court), the liquidator may, with the sanction of a special resolution and any other sanction required by the Cayman Companies Law, divide among the members in specie or kind the whole or any part of the assets of the Company, whether the assets consist of property of one kind or 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 so divided and may determine how such division shall be carried out as between the members or different classes of members and the members within each class. The liquidator may, with the like sanction, vest any part of the assets in trustees upon such trusts for the benefit of members as the liquidator thinks fit, but so that no member shall be compelled to accept any shares or other property upon which there is a liability.

**(j) Subscription rights reserve**

Provided that it is not prohibited by and is otherwise in compliance with the Cayman Companies Law, if warrants to subscribe for shares have been issued by the Company and the Company does any act or engages in any transaction which would result in the subscription price of such warrants being reduced below the par value of the shares to be issued on the exercise of such warrants, a subscription rights reserve shall be established and applied in paying up the difference between the subscription price and the par value of such shares.

**3. CAYMAN ISLANDS COMPANY LAW**

The Company was incorporated in the Cayman Islands as an exempted company on 5 October 2015 subject to the Cayman Companies Law. Certain provisions of Cayman Islands company law are set out below but this section does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of the Cayman Companies Law and taxation, which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar.

**(a) Company operations**

An exempted company such as the Company must conduct its operations mainly outside the Cayman Islands. An exempted company is also 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**

Under Cayman Companies Law, a Cayman Islands company may issue ordinary, preference or redeemable shares or any combination thereof. Where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount or 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 arrangements in consideration of the acquisition or cancellation of shares in any other company and issued at a premium. The share premium account may be applied by the company subject to the provisions, if any, of its memorandum and articles of association, in such manner as the company may from time to time determine including the following:

- (i) paying distributions or dividends to members;



- (ii) paying up unissued shares of the company to be issued to members as fully paid bonus shares;
- (iii) any manner provided in section 37 of the Cayman Companies Law;
- (iv) writing-off the preliminary expenses of the company; and
- (v) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company.

Notwithstanding the foregoing, 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.

Subject to confirmation by the court, a company limited by shares or a company limited by guarantee and having a share capital may, if authorised to do so 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 are no statutory prohibitions in the Cayman Islands on the granting of financial assistance by a company to another person for the purchase of, or subscription for, its own, its holding company's or a subsidiary's shares. Therefore, a company may provide financial assistance provided the directors of the company, when proposing to grant such financial assistance, discharge their duties of care and act in good faith, for a proper purpose and in the interests of the company. 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 member and, for the avoidance of doubt, 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; an ordinary resolution of the company approving the manner and terms of the purchase will be required if the articles of association do not authorise the manner and terms of such purchase. A company may not redeem or purchase its shares unless they are fully paid. Furthermore, 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. In addition, 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 that have been purchased or redeemed by a company or surrendered to the company shall not be treated as cancelled but shall be classified as treasury shares if held in compliance with the requirements of Section 37A(1) of the Cayman Companies Law. Any such shares shall continue to be classified as treasury shares until such shares are either cancelled or transferred pursuant to the Cayman Companies Law.

A Cayman Islands company may be able to purchase its own warrants subject to and in accordance with the terms and conditions of the relevant warrant instrument or certificate. Thus there is no requirement under Cayman Islands law that a company's memorandum or articles of association contain a specific provision enabling such purchases. The directors of a company may under the general power contained in its memorandum of association be able to buy, sell and deal in personal property of all kinds.

A subsidiary may hold shares in its holding company and, in certain circumstances, may acquire such shares.

**(e) Dividends and distributions**

Subject to a solvency test, as prescribed in the Cayman Companies Law, and the provisions, if any, of the company's memorandum and articles of association, a company may pay dividends and distributions out of its share premium account. In addition, based upon English case law which is likely to be persuasive in the Cayman Islands, dividends may be paid out of profits.

For so long as a company holds treasury shares, no dividend may be declared or paid, and no other distribution (whether in cash or otherwise) of the company's assets (including any distribution of assets to members on a winding up) may be made, in respect of a treasury share.

**(f) Protection of minorities and shareholders' suits**

It can be expected that the Cayman Islands courts will ordinarily follow English case law precedents (particularly the rule in the case of *Foss v. Harbottle* and the exceptions to that rule) which permit a minority member to commence a representative action against or derivative actions in the name of the company to challenge acts which are ultra vires, illegal, fraudulent (and performed by those in control of the Company) against the minority, or represent an irregularity in the passing of a resolution which requires a qualified (or special) majority which has not been obtained.

Where a company (not being a bank) is one which has 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 the affairs of the company and, at the direction of the court, to report on such affairs. In addition, any member 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.

In general, claims against a company by its members must be based on the general laws of contract or tort applicable in the Cayman Islands or be based on potential violation of their individual rights as members as established by a company's memorandum and articles of association.

**(g) Disposal of assets**

There are no specific restrictions on the power of directors to dispose of assets of a company, however, the directors are expected to exercise certain duties of care, diligence and skill to the standard that a reasonably prudent person would exercise in comparable circumstances, in addition to fiduciary duties to act in good faith, for proper purpose and in the best interests of the company under English common law (which the Cayman Islands courts will ordinarily follow).

**(h) Accounting and auditing requirements**

A company must cause proper records of accounts to be kept with respect to: (i) all sums of money received and expended by it; (ii) all sales and purchases of goods by it and (iii) its assets and liabilities.

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.

If a company keeps its books of account at any place other than at its registered office or any other place within the Cayman Islands, it shall, upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law (2013 Revision) of the Cayman Islands, make available, in electronic form or any other medium, at its registered office copies of its books of account, or any part or parts thereof, as are specified in such order or notice.

**(i) Exchange control**

There are no exchange control regulations or currency restrictions in effect in the Cayman Islands.

**(j) Taxation**

Pursuant to section 6 of the Tax Concessions Law (2011 Revision) of the Cayman Islands, the Company has obtained an undertaking from the Governor-in-Cabinet that:

- (i) no law which is enacted in the Cayman Islands imposing any tax to be levied on profits or income or gains or appreciation shall apply to the Company or its operations; and
- (ii) no tax be levied on profits, income gains or appreciations or which is in the nature of estate duty or inheritance tax shall be payable by the Company:
  - (aa) on or in respect of the shares, debentures or other obligations of the Company; or
  - (bb) by way of withholding in whole or in part of any relevant payment as defined in section 6(3) of the Tax Concessions Law (2011 Revision).

The undertaking for the Company is for a period of 20 years from 3 November 2015.

The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to the Company levied by the Government of the Cayman Islands save for certain stamp duties which may be applicable, from time to time, on certain instruments.

**(k) Stamp duty on transfers**

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies save for those which hold interests in land in the Cayman Islands.

**(l) Loans to directors**

There is no express provision prohibiting the making of loans by a company to any of its directors. However, the company's articles of association may provide for the prohibition of such loans under specific circumstances.

**(m) Inspection of corporate records**

The members of a company have no general right 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**

A Cayman Islands exempted company may maintain its principal register of members and any branch registers in any country or territory, whether within or outside the Cayman Islands, as the company may determine from time to time. There is no requirement for an exempted company to make any returns of members to the Registrar of Companies in 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 member, as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law (2013 Revision) of the Cayman Islands.

**(o) Register of Directors and officers**

Pursuant to the Cayman Companies Law, the Company is required to maintain at its registered office a register of directors, alternate directors and officers which is not available for inspection by the public. A copy of such register must be filed with the Registrar of Companies in the Cayman Islands and any change must be notified to the Registrar within 60 days of any change in such directors or officers, including a change of the name of such directors or officers.

**(p) Winding up**

A Cayman Islands company may be wound up by: (i) an order of the court; (ii) voluntarily by its members; or (iii) under the supervision of the court.

The court has authority to order winding up in a number of specified circumstances including where, in the opinion of the court, it is just and equitable that such company be so wound up.

A voluntary winding up of a company (other than a limited duration company, for which specific rules apply) occurs where the company resolves by special resolution that it be wound up voluntarily or where the company in general meeting resolves that it be wound up voluntarily because it is unable to pay its debt as they fall due. In the case of a voluntary winding up, the company is obliged to cease to carry on its business from the commencement of its winding up except so far as it may be beneficial for its winding up. Upon appointment of a voluntary liquidator, all the powers of the directors cease, except so far as the company in general meeting or the liquidator sanctions their continuance.

In the case of a members' voluntary winding up of a company, one or more liquidators are appointed for the purpose of winding up the affairs of the company and distributing its assets.

As soon as the affairs of a 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 the property of the company disposed of, and call a general meeting of the company for the purposes of laying before it the account and giving an explanation of that account.

When a resolution has been passed by a company to wind up voluntarily, the liquidator or any contributory or creditor may apply to the court for an order for the continuation of the winding up under the supervision of the court, on the grounds that: (i) the company is or is likely to become insolvent; or (ii) the supervision of the court will facilitate a more effective, economic or expeditious liquidation of the company in the interests of the contributories and creditors. A supervision order takes effect for all purposes as if it was an order that the company be wound up by the court except that a commenced voluntary winding up and the prior actions of the voluntary liquidator shall be valid and binding upon the company and its official liquidator.

For the purpose of conducting the proceedings in winding up a company and assisting the court, one or more persons may be appointed to be called an official liquidator(s). The court may appoint to such office such person or persons, either provisionally or otherwise, as it thinks fit, and if more than one person is appointed to such office, the court shall 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.

#### **(q) Reconstructions**

Reconstructions and amalgamations may be approved by a majority in number representing 75% in value of the members or creditors, depending on the circumstances, as are present at a meeting called for such purpose and then sanctioned by the courts. While a dissenting member has the right to express to the court his view that the transaction for which approval is being sought would not provide the members with a fair value for their shares, the courts are unlikely to disapprove the transaction on that ground alone in the absence of evidence of fraud or bad faith on behalf of management, and if the transaction were approved and consummated the dissenting member would have no rights comparable to the appraisal rights (i.e. the right to receive payment in cash for the judicially determined value of their shares) ordinarily available, for example, to dissenting members of a United States corporation.

#### **(r) Take-overs**

Where an offer is made by a company for the shares of another company and, within four months of the offer, the holders of not less than 90% of the shares which are the subject of the offer accept, the offeror may, at any time within two months after the expiration of that four-month period, by notice require the dissenting members to transfer their shares on the terms of the offer. A dissenting member may apply to the Cayman Islands courts within one month of the notice objecting to the transfer. The burden is on the dissenting member 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 members.

**(s) 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, save to the extent any such provision may be held by the court to be contrary to public policy, for example, where a provision purports to provide indemnification against the consequences of committing a crime.

**4. GENERAL**

Appleby, the Company's legal adviser on Cayman Islands law, has sent to the Company a letter of advice which summarises certain aspects of the Cayman Islands company law. This letter, together with a copy of the Cayman Companies Law, is available for inspection as referred to in the section headed "Documents Delivered to the Registrar of Companies and Available for Inspection" in Appendix V of this prospectus. Any person wishing to have a detailed summary of Cayman Islands company law or advice on the differences between it and the laws of any jurisdiction with which he is more familiar is recommended to seek independent legal advice.

**FURTHER INFORMATION ABOUT OUR COMPANY****1. Incorporation of our Company**

Our Company was incorporated as an exempted company with limited liability in the Cayman Islands on 5 October 2015. We have established a principal place of business in Hong Kong at Room 902-3, 9/F., Nan Fung Commercial Centre, 19 Lam Lok Street, Kowloon Bay, Kowloon, Hong Kong and we were registered as a non-Hong Kong company in Hong Kong under Part 16 of the Hong Kong Companies Ordinance on 27 June 2016. Dr. Kan and Mr. Cheng Wai Hei have been appointed as our agent for the acceptance of process and notices in Hong Kong and such appointment shall be effective from the Listing Date.

As we are incorporated in the Cayman Islands, our operations are subject to the Memorandum of Association, the Articles of Association and the Cayman Companies Law. A summary of certain parts of the Memorandum of Association and the Articles of Association and relevant aspects of the Cayman Companies Law is set forth in Appendix III to this prospectus.

**2. Changes in the share capital of our Company**

- (a) On the date of incorporation, the authorised share capital of our Company was HK\$380,000 divided into 3,800,000 Shares of par value of HK\$0.1 each. On the same day, 1 Share, 999 Shares, 1,000 Shares and 1,000 Shares were allotted, issued and credited as fully-paid to Reid Services Limited, KLV Holdings, Condover Assets and SKW Global, respectively.
- (b) On 3 February 2016, each of the issued and unissued Shares of par value HK\$0.10 each in the share capital of our Company was divided into 10 Shares of par value HK\$0.01 each, resulting in the authorised share capital of our Company to be HK\$380,000 divided into 38,000,000 Shares of par value HK\$0.01 each.
- (c) Pursuant to the written resolutions of our sole Shareholder passed on 23 June 2017, the authorised share capital of our Company was increased to HK\$10,000,000 divided into 1,000,000,000 Shares of par value of HK\$0.01 each.
- (d) Assuming that the Global Offering becomes unconditional, immediately following completion of the Global Offering and the Capitalisation Issue (assuming the Over-allotment Option is not exercised and without taking into account the Shares which may be issued upon exercise of the Share Option Scheme), the issued share capital of our Company will be HK\$5,120,000 divided into 512,000,000 Shares, fully paid or credited as fully paid, with 488,000,000 Shares remaining unissued.

Save as disclosed above, there has been no alternation in the share capital of our Company within the two years immediately preceding the date of this prospectus.

**3. Changes in the share capital of our subsidiaries**

There has been no change in the share capital of our subsidiaries and consolidated affiliated entities within the two years immediately preceding the issue of this prospectus.

**4. Corporate reorganisation**

Please see the paragraph headed “History and Corporate Structure — Reorganisation” in this prospectus for more details regarding the Reorganisation.



## 5. Written resolutions of our sole Shareholder passed on 23 June 2017

Written resolutions of our sole Shareholder were passed on 23 June 2017 approving, among others, the following:

- (a) conditional upon (i) the Listing Committee granting the approval of the listing of, and the permission to deal in, the Shares in issue and to be issued pursuant to the Global Offering (including any additional Share which may be issued pursuant to the exercise of the Over-allotment Option) and the Shares which may be issued upon exercise of the Share Option Scheme; (ii) the Offer Price having been duly agreed between the Sole Global Coordinator and our Company; (iii) the execution and delivery of the International Underwriting Agreement on or around the Price Determination Date; and (iv) the obligations of the Underwriters under the Underwriting Agreements having become unconditional and not having been terminated in accordance with the terms therein or otherwise, in each case on or before such dates as may be specified in such agreements:
  - (i) the authorised share capital of our Company was increased from HK\$380,000 divided into 38,000,000 Shares to HK\$10,000,000 divided into 1,000,000,000 Shares by the creation of additional 962,000,000 Shares, which carry the same rights in all respects with the Shares in issue as at the date of such resolutions;
  - (ii) the Global Offering was approved and our Directors were authorised to approve the allotment and issue of the Shares pursuant to the Global Offering on and subject to the terms and conditions thereof as set out in this prospectus and the Application Forms;
  - (iii) the proposed Listing was approved and our Directors were authorised to implement the proposed Listing;
  - (iv) the Over-allotment Option was approved and our Directors were authorised to effect the same and to allot and issue the Over-allotment Shares upon exercise of the Over-allotment Option;
  - (v) the Capitalisation Issue was approved and conditional on the share premium account of our Company being credited as a result of the Global Offering, our Directors were authorised to capitalise HK\$3,605,700 standing to the credit of the share premium account of our Company by applying such sum in paying up in full at par 360,570,000 Shares for allotment and issue to holders of Shares whose names appear on the register of members of our Company in proportion (as near as possible without involving fractions so that no fraction of a share shall be allotted and issued) to their then existing respective shareholdings in our Company and so that the Shares to be allotted and issued pursuant to this resolution shall carry the same rights in all respects with the then existing issued Shares and our Directors were authorised to give effect to such capitalisation;
  - (vi) a general unconditional mandate (“**Issuing Mandate**”) was given to our Directors to exercise all powers of our Company to allot, issue and deal with, otherwise than by way of rights issue, scrip dividend schemes or similar arrangements providing for allotment of Shares in lieu of the whole or in part of any dividend in accordance with the Articles of Association, or pursuant to the exercise of any

option to be granted under the Share Option Scheme, or under the Capitalisation Issue or the Global Offering, or upon exercise of the Over-allotment Option, such number of Shares representing up to 20% of the aggregate nominal amount of the share capital of our Company immediately following completion of the Global Offering and the Capitalisation Issue (assuming the Over-allotment) is not exercised and without taking into account the Shares which may be issued upon exercise of the Share Option Scheme), such mandate to remain in effect until the conclusion of our next annual general meeting unless by ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions, or the expiration of the period within which our next annual general meeting is required by the Articles of Association or any applicable law of the Cayman Islands to be held, or when revoked or varied by an ordinary resolution of the Shareholders in general meeting, which occurs first;

- (vii) a general unconditional mandate was given to our Directors to exercise all powers of our Company to repurchase on the Stock Exchange, or on any other approved stock exchange on which our securities may be listed and which is recognised by the SFC and the Stock Exchange for this purpose, subject to and in accordance with all applicable laws and/or requirements of the Listing Rules or of any other stock exchange on which our securities may be listed, as amended from time to time such number of Shares representing up to 10% of the aggregate nominal amount of the share capital of our Company immediately following completion of the Global Offering and the Capitalisation Issue (assuming the Over-allotment Option is not exercised and without taking into account the Shares which may be issued upon exercise of the Share Option Scheme), such mandate to remain in effect until the conclusion of our next annual general meeting unless by ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions, or the expiration of the period within which our next annual general meeting is required by the Articles of Association or any applicable law of the Cayman Islands to be held, or until revoked or varied by an ordinary resolution of the Shareholders in general meeting, whichever occurs first;
- (viii) the extension of the Issuing Mandate by the addition to the aggregate nominal value of the share capital of our Company 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 aggregate nominal value of the share capital of our Company repurchased by our Company pursuant to the Repurchase Mandate, provided that such extended amount shall not exceed 10% of the aggregate of the total nominal value of the share capital of our Company in issue immediately following completion of the Capitalisation Issue and the Global Offering (assuming the Over-allotment Option is not exercised and without taking into account the Shares which may be issued upon exercise of the Share Option Scheme);
- (ix) the Share Option Scheme was approved and adopted with such additions, amendments or modifications thereto as may be approved by our Directors in their absolute discretion and the Directors were authorised, at their absolute discretion, to implement the Share Option Scheme, to grant options thereunder and to allot, issue and deal with the Shares thereunder and to take all such steps as may be necessary, desirable or expedient to carry into effect the Share Option Scheme;

- (b) the Articles of Association were adopted in substitution of and to the exclusion of the existing articles of association of our Company with effect from the Listing Date.

## 6. Repurchase of Shares

This paragraph sets out information required by the Stock Exchange to be included in this prospectus relating to the repurchase by our Company of our own securities.

### *(a) Shareholders' approval*

All proposed repurchases of securities (which must be fully paid up in the case of shares) by a company listed on the Stock Exchange must be approved in advance by an ordinary resolution of the shareholders, either by way of general mandate or by specific approval of a particular transaction.

Pursuant to a resolution in writing passed by our sole Shareholder on 23 June 2017, the Repurchase Mandate was given to our Directors authorising any repurchase by our Company of Shares on the Stock Exchange, or 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, of up to 10% of the aggregate nominal amount of the share capital of our Company in issue immediately following completion of the Global Offering and the Capitalisation Issue but excluding any Shares which may be issued pursuant to the exercise of the Over-allotment Option and the Share Option Scheme, such mandate to expire at the conclusion of the next annual general meeting of our Company, or the date by which the next annual general meeting of our Company is required by the Articles of Association, the Cayman Companies Law or applicable Cayman Islands laws to be held, or the passing of an ordinary resolution by Shareholders in general meeting revoking or varying the authority given to our Directors, whichever occurs first.

### *(b) Source of funds*

Repurchases must be funded out of funds legally available for the purpose in accordance with the Memorandum of Association, the Articles of Association, the Listing Rules and the applicable laws of the Cayman Islands. A listed company may 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. Subject to the foregoing, any repurchase by our Company may be made out of our funds which would otherwise be available for dividend or distribution or out of the proceeds of a new issue of Shares made for the purpose of the repurchase. Any amount of premium payable on a purchase over the par value of the Shares to be repurchased must be made out of the funds which would otherwise be available for dividend or distribution or from sums standing to the credit of our share premium account.

### *(c) Reasons for repurchases*

Our Directors believe that it is in the best interest of our Company and the Shareholders for our Directors to have general authority from the 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 if our Directors believe that such repurchases will benefit our Company and the Shareholders.

(d) *Funding of repurchases*

In repurchasing securities, our Company may only apply funds legally available for such purpose in accordance with the Memorandum of Association, the Articles of Association, the Listing Rules and the applicable laws of the Cayman Islands.

On the basis of our current financial position as disclosed in this prospectus and taking into account our 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 our working capital and/or our 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 our working capital requirements or the gearing levels which in the opinion of our Directors are from time to time appropriate for us.

Exercise in full of the Repurchase Mandate, on the basis of 512,000,000 Shares in issue after completion of the Capitalisation Issue and Global Offering (assuming the Over-allotment Option is not exercised and without taking into account of any Shares which may be issued upon the exercise of the Share Option Scheme), could accordingly result in up to 51,200,000 Shares being repurchased by our Company during the period in which the Repurchase Mandate remains in force.

(e) *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 us or our subsidiaries. Our Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the Listing Rules, the Memorandum of Association, the Articles of Association, the Cayman Companies Law and any other applicable law of the Cayman Islands.

If, as a result of a repurchase of Shares, a Shareholder's proportionate interest in the voting rights of us is increased, such increase will be treated as an acquisition for the purpose of the Takeovers Code. Accordingly, a Shareholder or a group of Shareholders acting in concert could obtain or consolidate control of us 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 consequence of any repurchase pursuant to the Repurchase Mandate.

Our Directors will not exercise the Repurchase Mandate if the repurchase would result in the number of Shares which are in the hands of the public falling below 25% of the total number of Shares in issue (or such other percentage as may be prescribed as the minimum public shareholding under the Listing Rules).

No connected person of our Company has notified us that he/she/it has a present intention to sell any Share to our Company, or has undertaken not to do so if the Repurchase Mandate is exercised.

**FURTHER INFORMATION ABOUT OUR BUSINESS****7. Summary of material contracts**

The following contracts (not being contracts entered into in the ordinary course of business) were entered into by members of our Group within the two years preceding the date of this prospectus and are or may be material:

- (a) the deed of assignment of debts entered into between WWW Materials, WWW Construction, WWW Holdings and Dr. Kan on 30 June 2016, pursuant to which WWW Materials assigned to WWW Construction all its rights, title and benefits in respect of the debts in the amounts of HK\$9,630,933 and HK\$200,000 advanced to WWW Holdings and Dr. Kan respectively with effect on 28 June 2016 as part of the reorganisation for the Listing;
- (b) the deed of novation entered between WWW Holdings, Mr. Wong, WWW Construction and Smart City Engineering on 30 June 2016 pursuant to which, as part of the reorganisation for the Listing, WWW Construction assumed all of Smart City Engineering's obligations and liabilities to repay to WWW Holdings and Mr. Wong the debts in the amounts of HK\$8,163,753 and HK\$4,599,932, respectively with effect on 28 June 2016;
- (c) the deed of assignment of debt entered between Dr. Kan, WWW Construction and WWW Construction (Saipan) on 30 June 2016 pursuant to which, as part of the reorganisation for the Listing, WWW Construction (Saipan) assigned to WWW Construction all its rights, title and benefits in respect of the debt in the amount of HK\$333,641 advanced to Dr. Kan with effect on 28 June 2016;
- (d) the deed of novation entered between Mr. Wong, WWW Holdings and WWW Construction on 30 June 2016 pursuant to which, as part of the reorganisation for the Listing, WWW Holdings assumed all of WWW Construction's obligations and liabilities to repay to Mr. Wong the debt in the amount of HK\$5,346,364 with effect on 28 June 2016;
- (e) the deed of assignment of debts entered into between WWW Construction, WWW Holdings, Dr. Kan and Mr. SM Lee on 30 June 2016, pursuant to which WWW Construction assigned to WWW Holdings all its rights, title and benefits in respect of the debts in the amounts of HK\$54,014,659 and HK\$6,223,736 advanced to Dr. Kan and Mr. SM Lee respectively with effect on 28 June 2016 as part of the reorganisation for the Listing;
- (f) the sale and purchase agreement between SKW Global, K LW Holdings and Condover Assets dated 4 August 2016 pursuant to which Condover Assets acquired an aggregate of 20,000 Shares, being 10,000 Shares from each of SKW Global and K LW Holdings in consideration of an aggregate of 20,000 shares in the share capital of Condover Assets, of which 10,000 shares were issued to each of Mr. Wong and Dr. Kan at the direction of SKW Global and K LW Holdings respectively;
- (g) the sale and purchase agreement between WWW Investment and WWW Investment Holdings dated 30 December 2016 pursuant to which WWW Investment Holdings acquired the entire issued share capital of each of Smart City Engineering Holdings, WWW Construction Holdings and WWW Materials Holdings held by WWW Investment at the consideration of US\$30,000, which is equivalent to the nominal value of the shares held by WWW Investment in each of Smart City Engineering Holdings, WWW Construction Holdings and WWW Materials Holdings as at the date of the transfer;

- (h) the sale and purchase agreement between Dr. Kan, Mr. SM Lee, Mr. Wong and our Company dated 23 June 2017 pursuant to which our Company acquired the entire issued share capital of WWW Investment Holdings held by Dr. Kan, Mr. SM Lee and Mr. Wong in consideration of a total of 23,400,000 Shares issued to Condoever Assets at the direction of Dr. Kan, Mr. SM Lee and Mr. Wong;
- (i) the Deed of Non-competition;
- (j) the Deed of Indemnity; and
- (k) the Hong Kong Underwriting Agreement.

## 8. Intellectual property rights of our Group

### (a) Trademarks

As at the Latest Practicable Date, we were the registered owner of the following trademarks which we believe are material to our business:

<u>Trademark</u>	<u>Place of Registration</u>	<u>Class</u>	<u>Registration Number</u>	<u>Registration Date</u>	<u>Expiry Date</u>
A 	Hong Kong	6, 19, 37	303215042	26 November 2014	25 November 2024
B 					
C 					
D 					
	Hong Kong	35	300790353	4 January 2007	3 January 2027



*(b) Domain name*

As at the Latest Practicable Date, we were the registered owner of the following domain name which we believe is material to our business:

<u>Domain name</u>	<u>Expiry date</u>
winwinway.com.hk . . . . .	9 May 2018

Save as disclosed above, as at the Latest Practicable Date, there were no other intellectual property rights which are material to our business.

**FURTHER INFORMATION ABOUT OUR DIRECTORS AND SUBSTANTIAL SHAREHOLDERS****9. Directors***(a) Interests of our Directors and chief executive in the share capital of our Company or our associated companies*

The following table sets out the interests of our Directors immediately following completion of the Global Offering and the Capitalisation Issue (assuming the Over-allotment Option is not exercised and without taking into account the Shares which may be issued upon exercise of the Share Option Scheme) in the 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 SFO (including 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 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, once the Shares are listed:

*(i) Long position in our Shares*

<u>Name of Director/ chief executive</u>	<u>Capacity/nature of interest</u>	<u>Immediately following completion of the Global Offering and the Capitalisation Issue</u>	
		<u>Number of Shares<sup>(1)</sup></u>	<u>Shareholding Percentage</u>
Dr. Kan <sup>(2)</sup> . . . . .	Interest in controlled corporation	384,000,000 (L)	75%
Mr. SM Lee <sup>(3)</sup> . . . . .	Interest in controlled corporation	384,000,000 (L)	75%
Mr. Wong <sup>(4)</sup> . . . . .	Interest in controlled corporation	384,000,000 (L)	75%

Notes:

- The letter "L" denotes a long position in the Shares.
- The 384,000,000 Shares are held by Condover Assets. Dr. Kan beneficially owns approximately 33.33% of the issued share capital of Condover Assets. Therefore, Dr. Kan is deemed, or taken to be, interested in all the Shares held by Condover Assets for the purpose of the SFO. Dr. Kan is a director of Condover Assets.
- The 384,000,000 Shares are held by Condover Assets. Mr. SM Lee beneficially owns approximately 33.33% of the issued share capital of Condover Assets. Therefore, Mr. SM Lee is deemed, or taken to be, interested in all the Shares held by Condover Assets for the purpose of the SFO. Mr. SM Lee is a director of Condover Assets.
- The 384,000,000 Shares are held by Condover Assets. Mr. Wong beneficially owns approximately 33.33% of the issued share capital of Condover Assets. Therefore, Mr. Wong is deemed, or taken to be, interested in all the Shares held by Condover Assets for the purpose of the SFO. Mr. Wong is a director of Condover Assets.



(ii) Long position in the ordinary shares of associated corporation

Name of Director/ chief executive	Name of associated corporation	Capacity/nature of interest	Immediately following completion of the Global Offering and the Capitalisation Issue	
			Number of Shares <sup>(1)</sup>	Shareholding Percentage
Dr. Kan <sup>(2)</sup> . . . . .	Condover Assets	Beneficial owner	384,000,000 (L)	75%
Mr. SM Lee <sup>(3)</sup> . . . . .	Condover Assets	Beneficial owner	384,000,000 (L)	75%
Mr. Wong <sup>(4)</sup> . . . . .	Condover Assets	Beneficial owner	384,000,000 (L)	75%

*Notes:*

1. The letter "L" denotes a long position in the Shares.
2. The 384,000,000 Shares are held by Condover Assets. Dr. Kan beneficially owns approximately 33.33% of the issued share capital of Condover Assets. Therefore, Dr. Kan is deemed, or taken to be, interested in all the Shares held by Condover Assets for the purpose of the SFO. Dr. Kan is a director of Condover Assets.
3. The 384,000,000 Shares are held by Condover Assets. Mr. SM Lee beneficially owns approximately 33.33% of the issued share capital of Condover Assets. Therefore, Mr. SM Lee is deemed, or taken to be, interested in all the Shares held by Condover Assets for the purpose of the SFO. Mr. SM Lee is a director of Condover Assets.
4. The 384,000,000 Shares are held by Condover Assets. Mr. Wong beneficially owns approximately 33.33% of the issued share capital of Condover Assets. Therefore, Mr. Wong is deemed, or taken to be, interested in all the Shares held by Condover Assets for the purpose of the SFO. Mr. Wong is a director of Condover Assets.

*(b) Particulars of service contracts*

Each of our executive Directors has signed a service contract with our Company for an initial term of three years, commencing from the Listing Date (subject to termination in certain circumstances as stipulated in the relevant service agreement).

The annual remuneration payable to our executive Directors by our Group (excluding any discretionary bonus) is as follows:

Name of Director	Remuneration (per annum)
Dr. Kan . . . . .	HK\$1,183,000
Mr. SM Lee . . . . .	HK\$1,183,000
Mr. Wong . . . . .	HK\$1,183,000
Mr. KL Lee . . . . .	HK\$1,300,000
Mr. Kwong Po Lam . . . . .	HK\$1,300,000

Each of the independent non-executive Directors has signed an appointment letter with our Company for an initial term of three years, commencing from the Listing Date (subject to termination in certain circumstances as stipulated in the relevant service contract). Each of the independent non-executive Directors is entitled to an annual remuneration of HK\$240,000.

None of our Directors has or is proposed to have entered into any service contract 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 payment of compensation other than statutory compensation) save as disclosed as aforesaid.

*(c) Directors' Remuneration*

- (1) The aggregate sums of approximately HK\$3.2 million, HK\$3.6 million and HK\$5.2 million were paid to our Directors as remuneration for the years ended 31 December 2014, 2015 and 2016 (being such part of the remuneration paid by the Group to our Directors which was allocated to our Group as expenses by reference to their involvement in the operations of our Group). Further information in respect of our Directors' and chief executive's emoluments and employees' remuneration is set out in the "Accountants' Report" in Appendix I to this prospectus.
- (2) Under the arrangements currently in force, it is estimated that an aggregate of approximately HK\$4.1 million is payable by our Group to our Directors as remuneration (including benefits in kind but excluding any discretionary bonus which may be paid to any executive Director) for the financial year ending 31 December 2017.
- (3) None of our Directors or past directors of any member of our Group has been paid any sum of money for the years ended 31 December 2014, 2015 and 2016 for (a) loss of office as director of any member of our Group or any other office in connection with the management affairs of any member of our Group or (b) as an inducement to join or upon joining any member of our Group.
- (4) There has been no arrangement under which a Director has waived or agreed to waive any emoluments in each of the three financial years ended 31 December 2014, 2015 and 2016.
- (5) None of our Directors has been or is interested in the promotion of, or in the property proposed to be acquired by, our Company, and no sum has been paid or agreed to be paid to any of them in cash or shares or otherwise by any person either to induce him to become, or to qualify him as, a Director, or otherwise for services rendered by him in connection with the promotion or formation of our Company.

**10. Interests of the Substantial Shareholders in the share capital of our Company**

So far as our Directors are aware, immediately following completion of the Global Offering and the Capitalisation Issue (assuming the Over-allotment Option is not exercised and without taking into account the Shares which may be issued upon exercise of the Share Option Scheme), the following persons (other than a Director or chief executive of our Company) will have an interest or short position in the Shares or underlying Shares which would fall to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who will, 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 general meetings of any other member of our Group:

Name	Capacity/ nature of interest	Immediately following completion of the Global Offering and the Capitalisation Issue	
		Number of Shares <sup>(1)</sup>	Shareholding Percentage
Condover Assets . . . . .	Beneficial owner	384,000,000 (L)	75%
Ms. Poon Man Yee <sup>(2)</sup> . . . . .	Interest of spouse	384,000,000 (L)	75%
Ms. Sheba Kishinchand Daswani <sup>(3)</sup> . . . . .	Interest of spouse	384,000,000 (L)	75%
Ms. Ho Lai Kuen <sup>(4)</sup> . . . . .	Interest of spouse	384,000,000 (L)	75%

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*Notes:*

1. The letter “L” denotes a long position in the Shares.
2. Ms. Poon Man Yee is the spouse of Dr. Kan. Accordingly Ms. Poon Man Yee is deemed, or taken to be, interested in all the Shares in which Dr. Kan is interested for the purpose of the SFO.
3. Ms. Sheba Kishinchand Daswani is the spouse of Mr. SM Lee. Accordingly Ms. Sheba Kishinchand Daswani is deemed, or taken to be, interested in all the Shares in which Mr. SM Lee is interested for the purpose of the SFO.
4. Ms. Ho Lai Kuen is the spouse of Mr. Wong. Accordingly Mr. Wong is deemed, or taken to be, interested in all the Shares in which Mr. Wong is interested for the purpose of the SFO.

**11. Related party transactions**

Save as disclosed in note 23 to the Accountants' Report, within the two years immediately preceding the date of this prospectus, our Company has not engaged in any other related party transaction.

**12. Disclaimers**

Save as disclosed herein:

- (a) none of our Directors or the chief executive of our Company has, immediately following completion of the Global Offering and the Capitalisation Issue (assuming the Over-allotment Option is not exercised and without taking into account the Shares which may be issued upon exercise of the Share Option Scheme), any interest or short position in the Shares, underlying Shares or debentures of our Company or any of our associated corporation (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 SFO (including 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 referred to therein, or which will be required to be notified to our Company and the Stock Exchange pursuant to Model Code for Securities Transactions by Directors of Listed Companies once the Shares are listed;
- (b) so far as our Directors are aware, immediately following completion of the Global Offering and the Capitalisation Issue (assuming the Over-allotment Option is not exercised and without taking into account the Shares which may be issued upon exercise of the Share Option Scheme), no person (other than a Director or chief executive of our Company) will have an interest or short position in the Shares or underlying Shares which would fall to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who will, 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 general meetings of any other member of our Group;
- (c) none of our Directors or the experts referred to in the paragraph “Further Information about our Directors and Substantial Shareholders” and “20. Qualifications of Experts” in this Appendix has any direct or indirect interest in the promotion of our Company, or in any asset which was 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 or the experts referred to in the paragraph “Further Information about our Directors and Substantial Shareholders” and “20. 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 the business of our Group taken as a whole; and
- (e) so far as our Directors are aware, none of our Directors, their respective close associates or Shareholders who are interested in more than 5% of the issued share capital of our Company has any interest in the five largest customers and/or suppliers of our Group.

## OTHER INFORMATION

### 13. Share Option Scheme

The following is a summary of the principal terms of the Share Option Scheme conditionally approved and adopted in compliance with Chapter 17 of the Listing Rules by written resolutions of the Shareholders passed on 23 June 2017. The following summary does not form, nor is intended to be, part of the Share Option Scheme nor should it be taken as affecting the interpretation of the rules of the Share Option Scheme.

#### (a) Purpose

The purpose of the Share Option Scheme is to motivate Eligible Persons (as set out in paragraph (b) below) (i) to optimise their future contributions to our Group; (ii) to reward them for their past contributions; and (iii) to attract, retain or otherwise maintain on-going relationships with Eligible Persons who are significant to and/or whose contributions are or will be beneficial to the performance, growth and success of our Group.

#### (b) Eligible persons

Our Board may, at its sole discretion, invite any director or proposed director (including an independent non-executive director) of any member of our Group, any executive director of, manager of, or other employee holding an executive, managerial, supervisory or similar position in, any member of our Group (an “**Employee**”), any proposed Employee, any full-time or part-time Employee, or a person for the time being seconded to work full-time or part-time for any member of our Group (an “**Executive**”), a consultant, business or sole venture partner, franchisee, contractor, agent or representative of any member of our Group, a person or entity that provides research, development or other technological support or any advisory, consultancy, professional or other services to any member of our Group, or an associate (as defined under the Listing Rules) of any of the foregoing persons (together, “**Eligible Persons**” and each an “**Eligible Person**”).

#### (c) Conditions and administration

The Share Option Scheme shall come into effect on the Listing Date, subject to:

- (i) the Listing Committee granting the approval of the listing of, and the permission to deal in, the Shares in issue and to be issued pursuant to the Global Offering (including any additional Share which may be issued pursuant to the exercise of the Over-allotment Option) and the Shares which may be issued upon exercise of the Share Option Scheme; and
- (ii) the commencement of dealings in the Shares on the Stock Exchange.

The Share Option Scheme shall be subject to the administration of our Board whose decision on all matters arising in relation to the Share Option Scheme or its interpretation or effect shall (except as otherwise provided in the rules of the Share Option Scheme) be final and binding on all parties thereto. Our Board may delegate any or all of its powers in relation to the Share Option Scheme to any of its committees.

*(d) Determination of eligibility*

- (i) The Board may, at its absolute discretion, offer to grant to any Eligible Person (a “**Grantee**”) an option to subscribe for Shares under the Share Option Scheme.
- (ii) The basis of eligibility of any Eligible Person to the grant of any option shall be determined by our Directors from time to time on the basis of their contributions to the development, growth and success of our Group.
- (iii) For the avoidance of doubt, the grant of any option by our Company for the subscription of Shares to any person who falls within the definition of Eligible Persons shall not, by itself, unless our Directors otherwise determine, be construed as a grant of options under the Share Option Scheme.
- (iv) An Eligible Person or a Grantee shall provide the Board such information and supporting evidence as the Board may in its absolute discretion request from time to time (including before the offer of a grant of option, at the time of acceptance of a grant of option and at the time of exercise of an option) for the purpose of assessing and/or determining his eligibility or continuing eligibility as an Eligible Person and/or a Grantee or that of his close associates or for purposes in connection with the terms of an option (and the exercise thereof) or the Share Option Scheme and the administration thereof.

*(e) Duration*

The Share Option Scheme shall be valid and effective for a period of ten years commencing on the Listing Date. However, the Shareholders may by a resolution in general meeting at any time terminate the Share Option Scheme. Upon expiry or termination of the Share Option Scheme, no further options shall be offered but in all other respects the provisions of the Share Option Scheme shall remain in full force and effect. All options granted before such expiry or termination (as the case may be) and not then exercised shall continue to be valid and exercisable subject to and in accordance with the terms of the Share Option Scheme.

*(f) Grant of options*

On and subject to the terms and conditions of the Share Option Scheme, our Board shall be entitled at any time within a period of ten years commencing on the Listing Date to offer the grant of any option to any Eligible Person as the Board may in its absolute discretion select, and on acceptance of the offer, grant such part of the option as accepted to the Eligible Person.

Subject to the provisions of the Share Option Scheme, the Board may in its absolute discretion when offering the grant of an option impose any condition, restriction or limitation in relation thereto in addition to those set forth in the Share Option Scheme as the Board may think fit (to be stated in the letter containing the offer of the grant of the option), including but without prejudice to the generality of the foregoing continuing eligibility criteria, conditions, restrictions or limitations relating to the achievement of performance, operating or financial targets by our Company and/or the Grantee, the satisfactory performance or maintenance by the Grantee of certain conditions or obligations or the time or period when the right to exercise the option in respect of all or some of the Shares to which the option relates shall vest.

An offer of the grant of an option shall be deemed to have been accepted when the duplicate letter comprising acceptance of the option duly signed by the Grantee together with a remittance in favour of our Company of HK\$1.00 by way of consideration for the grant thereof is received by our Company within the period specified in the letter containing the offer of the grant of the option. Once such acceptance is made, the option shall be deemed to have been granted and to have taken effect from the offer date.

*(g) Subscription price of the Shares*

The subscription price in respect of any particular option shall be such price as our Board may in its absolute discretion determine at the time of the grant of the relevant option (and shall be stated in the letter containing the offer of the grant of the option) but the subscription price shall not be less than whichever is the highest of:

- (i) the nominal value of a Share;
- (ii) the closing price of Shares as stated in the Stock Exchange's daily quotations sheet on the offer date; and
- (iii) the average of the closing prices of Shares as stated in the Stock Exchange's daily quotations sheet for the five Business Days immediately preceding the offer date.

The subscription price shall also be subject to adjustment in accordance with paragraph (m).

*(h) Exercise of options*

- (i) An option shall be exercised in whole or in part by the Grantee according to the procedures for the exercise of options established by our Company from time to time. Every exercise of an option must be accompanied by a remittance for the full amount of the subscription price for the Shares to be issued upon exercise of such option.
- (ii) An option shall be personal to the Grantee and shall not be assignable. No Grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest in favour of any third party over or in relation to any option or purport to do so. Any breach of the foregoing shall entitle our Company to cancel any outstanding option or any part thereof granted to such Grantee without any compensation.
- (iii) Subject to sub-paragraph (v) below and any condition, restriction or limitation imposed in relation to the particular option pursuant to the provisions of paragraphs (f), (j) or (l) and subject as hereinafter provided, an option may be exercised at any time during the option period, provided that:
  - (1) if the Grantee (being an individual) dies or becomes permanently disabled before exercising an option (or exercising it in full), he (or his legal representative(s)) may exercise the option up to the Grantee's entitlement (to the extent not already exercised) within a period of 12 months following his death or permanent disability or such longer period as our Board may determine;
  - (2) in the event of the Grantee ceasing to be an Executive by reason of his retirement pursuant to such retirement scheme applicable to our Group at the relevant time, his option (to the extent not exercised) shall be exercisable until the expiry of the relevant option period;



- (3) in the event of the Grantee ceasing to be an Executive by reason of his transfer of employment to an affiliated company of our Company, his option (to the extent not exercised) shall be exercisable until the expiry of the relevant option period unless our Board in its absolute discretion otherwise determines in which event the option (or such remaining part thereof) shall be exercisable within such period as our Board has determined;
- (4) in the event of the Grantee ceasing to be an Executive by any reason (including his employing company ceasing to be a member of our Group) other than his death, permanent disability, retirement pursuant to such retirement scheme applicable to our Group at the relevant time, transfer of employment to an affiliate company or the termination of his employment with the relevant member of our Group by resignation or culpable termination, the option (to the extent not already exercised) shall lapse on the date of cessation of such employment and not be exercisable unless our Board otherwise determines in which event the option (or such remaining part thereof) shall be exercisable within such period as our Board may in its absolute discretion determine following the date of such cessation;
- (5) in the event of the Grantee ceasing to be an Executive by reason of the termination of his employment by resignation or culpable termination, the option (to the extent not already exercised) shall lapse on the date on which the notice of termination is served (in the case of resignation) or the date on which the Grantee is notified of the termination of his employment (in the case of culpable termination) and not be exercisable unless our Board otherwise determines in which event the option (or such remaining part thereof) shall be exercisable within such period as our Board may in its absolute discretion determine following the date of such service or notification. A resolution of our Board resolving that the Executive's option has lapsed pursuant to this sub-paragraph shall be final and conclusive;
- (6) if a Grantee being an executive Director ceases to be an Executive but remains a non-executive Director, his option (to the extent not already exercised) shall be exercisable until the expiry of the relevant option period unless our Board in its absolute discretion otherwise determines in which event the option (or such remaining part thereof) shall be exercisable within such period as our Board has determined the option (to the extent not already exercised) shall lapse on the date of cessation of such appointment and not be exercisable unless the Board otherwise determines in which event the option (or such remaining part thereof) shall be exercisable within such period as the Board may in its absolute discretion determine following the date of such cessation;
- (7) if (aa) our Board in its absolute discretion at any time determines that a Grantee has ceased to be an Eligible Person; or (bb) a Grantee has failed to satisfy or comply with or no longer satisfies or complies with such criteria or terms and conditions that may be attached to the grant of the option or which were the basis on which the option was granted, the option (to the extent not already exercised) shall lapse on the date on which the Grantee is notified thereof (in the



case of (aa)) or on the date on which the Grantee has failed to satisfy or comply with or no longer satisfies or complies with such criteria or terms and conditions as aforesaid (in the case of (bb)) and not be exercisable unless our Board otherwise determines in which event the option (or such remaining part thereof) shall be exercisable within such period as our Board may in its absolute discretion determine following the date of such notification or the date of such failure/non-satisfaction/non-compliance. In the case of (aa), a resolution of our Board resolving that the Grantee's option has lapsed pursuant to this sub-paragraph shall be final and conclusive;

- (8) if a Grantee (being a corporation) (aa) has a liquidator, provisional liquidator, receiver or any person carrying out any similar function appointed anywhere in the world in respect of the whole or any part of the assets or undertakings of the Grantee; or (bb) has suspended, ceased or threatened to suspend or cease business; or (cc) is unable to pay its debts; or (dd) otherwise becomes insolvent; or (ee) suffers a change in its constitution, directors, shareholding or management which in the opinion of our Board is material; or (ff) commits a breach of any contract entered into between the Grantee or his associate and any member of our Group, the option (to the extent not already exercised) shall lapse on the date of appointment of the liquidator or receiver or other similar person or on the date of suspension or cessation of business or on the date when the Grantee is deemed to be unable to pay its debts or on the date of notification by our Company that the said change in constitution, directors, shareholding or management is material or on the date of the said breach of contract (as the case may be), and not be exercisable unless our Board otherwise determines in which event the option (or such remaining part thereof) shall be exercisable within such period as our Board may in its absolute discretion determine following the date of such occurrence. A resolution of our Board resolving that the Grantee's option has lapsed pursuant to this sub-paragraph by reason of a breach of contract as aforesaid shall be final and conclusive;
- (9) if a Grantee (being an individual) (aa) is unable or has no reasonable prospects of being able to pay his debts within the meaning of the Bankruptcy Ordinance (Chapter 6 of the Laws of Hong Kong) or any other applicable law or has otherwise become insolvent; (bb) or has made any arrangements or compositions with his creditors generally; or (cc) has been convicted of any criminal offence involving his integrity or honesty; or (dd) commits a breach of any contract entered into between the Grantee or his associate and any member of our Group, the option (to the extent not already exercised) shall lapse on the date on which he is deemed unable or to have no reasonable prospects of being able to pay his debts as aforesaid or on the date on which a petition for bankruptcy has been presented in any jurisdiction or on the date on which he enters into the said arrangement or composition with his creditors, or on the date of his conviction or on the date of the said breach of contract (as the case may be), and not be exercisable unless our Board otherwise determines in which event the option (or such remaining part thereof) shall be exercisable within such period as our Board may in its absolute discretion determine following the date of such occurrence. A resolution of our Board resolving that the Grantee's option has lapsed pursuant to this sub-paragraph by reason of a breach of contract as aforesaid shall be final and conclusive;

- (10) if a general offer (whether by way of takeover offer or scheme of arrangement or otherwise in like manner) is made to all the holders of Shares (or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror) and such offer becomes or is declared unconditional (in the case of a takeover offer) or is approved by the requisite majorities at the relevant meetings of the Shareholders (in the case of a scheme of arrangement), the Grantee shall be entitled to exercise the option (to the extent not already exercised) at any time (in the case of a takeover offer) within one month after the date on which the offer becomes or is declared unconditional or (in the case of a scheme of arrangement) before such time and date as shall be notified by our Company;
- (11) in the event of an effective resolution being passed for the voluntary winding-up of our Company, and if the Grantee immediately before such event had any subsisting option which had not been fully exercised, the Grantee may by notice in writing to our Company within one month after the date of such resolution elect to be treated as if the option had been exercised immediately before the passing of such resolution either to its full extent or to the extent specified in such notice and shall accordingly be entitled to receive out of the assets available in the liquidation, with the rights same as the holders of Shares, such sum as would have been received in respect of the Shares the subject of such election reduced by an amount equal to the subscription price which would otherwise have been payable in respect thereof;
- (12) if a compromise or arrangement between our Company and its members or creditors is proposed for the purpose of or in connection with a scheme for the reconstruction of our Company or its amalgamation with any other company, our Company shall give notice thereof to the Grantees who have unexercised options at the same time as it despatches notices to all members or creditors of our Company summoning the meeting to consider such a compromise or arrangement and thereupon each Grantee (or his legal representatives or receiver) may until the expiry of the earlier of: (aa) the option period; (bb) the period of two months from the date of such notice; and (cc) the date on which such compromise or arrangement is sanctioned by the court, exercise in whole or in part his option. Except insofar as exercised in accordance with this sub-paragraph, all options outstanding at the expiry of the relevant period referred to in this sub-paragraph shall lapse. Our Company may then require each Grantee to transfer or otherwise deal with the Shares issued on exercise of the option to place the Grantee in the same position as would have been the case had such Shares been the subject of such compromise or arrangement, provided that in determining the entitlement of any Grantee to exercise an option on any particular date, our Board may in its absolute discretion relax or waive, in whole or in part, conditionally or unconditionally, any additional condition, restriction or limitation imposed in relation to the particular option pursuant to the provisions of paragraph (f) and/or deem the right to exercise the option in respect of the Shares the subject thereof to have been exercisable notwithstanding that according to the terms of the particular option such right shall not have then vested;
- (13) the Shares to be allotted upon exercise of an option shall be subject to all the provisions of the Articles of Association in force from time to time and shall carry the same rights as then existing fully-paid Shares in issue on the allotment date, and accordingly shall entitle the holders to participate in all dividends or other distributions paid or made on or after the allotment date, other than any dividend

or other distribution previously declared or recommended or resolved to be paid or made if the record date thereof shall be before the allotment date. Subject as aforesaid, no Grantee shall enjoy any of the rights of a Shareholder by virtue of the grant of an option pursuant to the Share Option Scheme; and

- (14) our Company is entitled to refuse any exercise of an option if such exercise is not in accordance with the terms and conditions of the Share Option Scheme or the procedures for exercise of options established from time to time or if such exercise may cause to contravene or breach the Listing Rules, any applicable law, enactment or regulation for the time being in force in Hong Kong, the Cayman Islands or any other jurisdiction, or any other rule or regulation governing the listing of the Shares on a stock exchange.

*(i) Lapse of options*

An option shall lapse automatically and not be exercisable (to the extent not already exercised) on the earliest of the occurrence of any of the following events unless otherwise relaxed or waived (conditionally or unconditionally) by our Company:

- (i) the expiry of the option period;
- (ii) the expiry of any of the periods referred to in sub-paragraph (h)(iii) above;
- (iii) subject to sub-paragraph (h)(iii)(11) above, the date of the commencement of the winding-up of our Company;
- (iv) there is an unsatisfied judgement, order or award outstanding against the Grantee or our Board has reason to believe that the Grantee is unable to pay or has no reasonable prospect of being able to pay his/its debts within the meaning of the Bankruptcy Ordinance (Chapter 6 of the Laws of Hong Kong);
- (v) there are circumstances entitling any person to take any action, appoint any person, commence proceedings or obtain any order of the type mentioned in sub-paragraphs (h)(iii)(8), (h)(iii)(9) or (i)(iv) above; or
- (vi) a bankruptcy order has been made against any director or shareholder of the Grantee (being a corporation) in any jurisdiction.

No compensation shall be payable upon the lapse of any option, provided that our Board shall be entitled in its discretion to pay such compensation to the Grantee in such manner as it may consider appropriate in any particular case.

*(j) Maximum number of Shares available for subscription*

The maximum number of Shares to be issued upon exercise of all options which may be granted under the Share Option Scheme (and under any other post-IPO share option scheme of our Company) shall not in aggregate exceed 10% of the Shares representing 51,200,000 Shares in issue immediately after completion of the Global Offering and as at the Listing Date (“**Scheme Mandate Limit**”), provided that our Company may at any time as our Board may think fit seek approval from the Shareholders to refresh the Scheme Mandate Limit, except that the maximum number of Shares to be issued upon exercise of all options which may be granted under the Share Option Scheme (and under any other post-IPO share option scheme of our Company) shall not exceed 10% of the Shares in issue as at the date of approval by the Shareholders in general meeting where such limit is refreshed. Options previously granted under the Share

Option Scheme and any other post-IPO share option scheme (including those outstanding, cancelled and lapsed in accordance with the terms and conditions of the Share Option Scheme or any other post-IPO share option scheme or exercised options under the said schemes of our Company) shall not be counted for the purpose of calculating the limit as refreshed. Our Company shall issue a circular containing the information required under Rule 17.02(2)(d) and the disclaimer required under Rule 17.02(4) of the Listing Rules to the Shareholders. In addition, our Company may seek separate approval from the Shareholders in general meeting for granting options beyond the Scheme Mandate Limit, provided that the options in excess of the Scheme Mandate Limit are granted only to the Eligible Persons specified by our Company before such approval is sought and for whom specific approval is obtained. Our Company shall issue a circular to the Shareholders containing the information required under Rule 17.03(3) of the Listing Rules.

Notwithstanding the preceding paragraph, the maximum number of Shares to be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme (and under any other post-IPO share option scheme of our Company) shall not exceed 30% of the Shares in issue from time to time.

The maximum number of Shares issued and to be issued upon exercise of the options granted to any one Eligible Person (including exercised and outstanding options) in any 12-month period shall not exceed 1% of the Shares in issue from time to time. Where any further grant of options to such an Eligible Person would result in the Shares issued and to be issued upon exercise of all options granted and which may be granted to such Eligible Person (including exercised, cancelled and outstanding options) in the 12-month period up to and including the date of such further grant representing in aggregate over 1% of the Shares in issue, such further grant shall be separately approved by the Shareholders in general meeting with such Eligible Person and his associates or close associates (as the case may be) abstaining from voting. The applicable requirements of Rule 17.03(4) of the Listing Rules shall be complied with.

The maximum numbers set out in this paragraph (j) shall be subject to adjustment in accordance with paragraph (l) but shall not in any event exceed the limits imposed by Chapter 17 of the Listing Rules.

*(k) Grant of options to core connected persons*

Insofar as and for so long as the Listing Rules require, where any offer of an option is proposed to be made to a Director, chief executive of our Company or Substantial Shareholder or any of their respective associates, such offer must first be approved by the independent non-executive Directors (excluding any independent non-executive Director who is or whose associate is the Grantee to whom the option is proposed to be granted). Insofar and for so long as the Listing Rules so require, no option may be granted to any Substantial Shareholder or Independent Non-executive Director or any of their respective associates which would result in the Shares issued and to be issued upon exercise of all options already granted or to be granted (including options exercised, cancelled and outstanding) to such person under the Share Option Scheme (and under any other share option scheme of our Company) in the 12-month period up to and including the date of board meeting for proposing such further grant (i) representing in aggregate over 0.1% of the share capital of our Company in issue; or (ii) having an aggregate value, based on the closing price of the Shares at the date of the board meeting for proposing such further grant, in excess of HK\$5 million, unless such further grant is approved by the Shareholders in general meeting. Before seeking such approval, our Company shall issue a circular containing such information as required by the Listing Rules to the Shareholders. At such general meeting, the grant of options to the Substantial Shareholder or independent non-executive Director or any of their respective associates shall, for so long and insofar as the

Listing Rules so required, be approved by the Shareholders by way of poll with the Grantee, his associates and all core connected persons of our Company abstaining from voting, except that any such person may vote against such resolution provided that he has informed our Company of his intention to do so and such intention has been stated in the relevant circular to the Shareholders.

*(l) Cancellation of options*

Our Board shall be entitled for the following causes to cancel any option in whole or in part by giving notice in writing to the Grantee stating that such option is thereby cancelled with effect from the date specified in such notice (“**Cancellation Date**”):

- (i) the Grantee commits or permits or attempts to commit or permit a breach of subparagraphs (d)(iv) or (h)(ii) above or any term or condition attached to the grant of the option;
- (ii) the Grantee makes a written request to our Board for, or agrees to, the option to be cancelled; or
- (iii) if the Grantee has, in the opinion of our Board, conducted himself in any manner whatsoever to the detriment of or prejudicial to the interests of our Company or any member of our Group.

The option shall be deemed to have been cancelled with effect from the Cancellation Date in respect of any part of the option which has not been exercised as at the Cancellation Date. No compensation shall be payable upon any such cancellation, provided that our Board shall be entitled in its discretion to pay such compensation to the Grantee in such manner as it may consider appropriate in any particular case. Where our Company cancels an option held by a Grantee and issues new options to the same Grantee, the issue of such new options may only be made under the Share Option Scheme with available unissued options (excluding the cancelled option) within the limits set out in paragraph (j) above.

*(m) Reorganisation of capital structure*

In the event of any change in the capital structure of our Company while any option may become or remains exercisable, whether by way of a capitalisation of profits or reserves, rights issue, consolidation, subdivision or reduction of the share capital of our Company, our Board may, if it considers the same to be appropriate, direct that adjustments be made to:

- (i) the number of Shares subject to outstanding options;
- (ii) the subscription price of each outstanding option; and/or
- (iii) the number of Shares subject to the Share Option Scheme.

Where our Board determines that adjustments are appropriate (other than an adjustment arising from a Capitalisation Issue), the auditors or the independent financial advisors (as our Board may select) shall certify in writing to our Board that any such adjustments to be in their opinion fair and reasonable and in compliance with Rule 17.03(13) of the Listing Rules (as amended from time to time) and the notes thereto and the supplementary guidance attached to the letter from the Stock Exchange dated 5 September 2005 to all issues relating to share option schemes, provided that:

- (i) the aggregate percentage of the issued share capital of our Company available for the grant of options shall remain as nearly as possible the same as it was before such change but shall not be greater than the maximum number prescribed by the Listing Rules from time to time;
- (ii) any such adjustments shall be made on the basis that the aggregate subscription price payable by a Grantee on the full exercise of any option shall remain as nearly as possible the same as (but shall not be greater than) it was before such event;
- (iii) no such adjustments shall be made the effect of which would be to enable a Share to be issued at less than its nominal value; and
- (iv) any such adjustments shall, as nearly as practicable, be made on the basis that the proportion of the issued share capital of our Company (as interpreted in accordance with the supplementary guidance attached to the letter from the Stock Exchange dated 5 September 2005 to all issues relating to share option schemes) for which any Grantee is entitled to subscribe pursuant to the options held by him shall remain the same as (but shall not be greater than) that to which he was previously entitled (as interpreted in accordance with the supplementary guidance as amended from time to time).

For the avoidance of doubt only, the issue of securities as consideration in a transaction shall not be regarded as a circumstance requiring an adjustment.

The capacity of the auditors or the independent financial advisors (as the case may be) in this paragraph (m) is that of experts and not of arbitrators and their certification or confirmation shall, in the absence of manifest error, be final, conclusive and binding on our Company and the Grantees. The costs of the auditors or the independent financial advisors (as the case may be) shall be borne by our Company.

*(n) Distributions*

Upon distribution by our Company to holders of the Shares of any cash or in specie of assets (other than dividends in the ordinary course) ("**Distribution**"), our Company may make a downward adjustment to the subscription price of any option granted but not exercised as at the date of such Distribution by an amount which our Board considers as reflecting the impact such Distribution will have or will likely to have on the trading price of the Shares provided that (i) the Board's determination of any adjustment shall be final and binding on all Grantees; (ii) the amount of adjustment shall not exceed the amount of such Distribution to be made to the Shareholders; (iii) such adjustment shall take effect on or after the date of such Distribution by our Company; (iv) any adjustment provided for in this paragraph (n) shall be cumulative to any other adjustment contemplated under paragraph (m) or approved by the Shareholders in general meeting; and (v) the adjusted subscription price shall not, in any case, be less than the nominal value of the Shares.



(o) *Share capital*

The exercise of any option shall be subject to the Shareholders in general meeting approving any necessary increase in the authorised share capital of our Company. Subject thereto, our Board shall make available sufficient authorised but unissued share capital of our Company to meet subsisting requirements on the exercise of options.

(p) *Disputes*

Any dispute arising in connection with the Share Option Scheme (whether as to the number of Shares, the subject of an option, the amount of the subscription price or otherwise) shall be referred to the auditors or the independent financial advisers (as the case may be) for decision, who shall act as experts and not as arbitrators and whose decision shall be final and binding.

(q) *Alteration of the Share Option Scheme*

The Share Option Scheme may be altered in any respect by a resolution of our Board, except that the following shall not be carried out except with the prior approval of the Shareholders by an ordinary resolution in a general meeting:

- (i) any material alteration of the terms and conditions of the Share Option Scheme or any change to the terms of options granted (except where the alterations take effect under the existing terms of the Share Option Scheme);
- (ii) any alteration of the provisions of the Share Option Scheme in relation to the matters set out in Rule 17.03 of the Listing Rules;
- (iii) any change to the authority of our Directors in relation to any alteration of the terms of the Share Option Scheme; or
- (iv) any alteration to this paragraph (q),

provided always that the amended terms of the Share Option Scheme shall comply with the applicable requirements of Chapter 17 of the Listing Rules.

(r) *Termination*

Our Company may by a resolution of the Shareholders in general meeting at any time terminate the operation of the Share Option Scheme. Upon expiry or termination of the Share Option Scheme, no further options shall be offered but in all other respects the provisions of the Share Option Scheme shall remain in full force and effect. All options granted before such expiry or termination (as the case may be) and not then exercised shall continue to be valid and exercisable subject to and in accordance with the Share Option Scheme.

#### 14. Tax, estate duty and other indemnity

Each of our Controlling Shareholders (together the “**Indemnifiers**”) has entered into the Deed of Indemnity with our Company (for ourselves and as trustee for each of our subsidiaries). Under the Deed of Indemnity, the Indemnifiers will indemnify and keep indemnified our Company (on our own behalf and as trustee for each of our subsidiaries) against, among other things, (a) all taxation falling on any member of our Group resulting from, or relating to, or in consequence of, or by reference to any income, profits or gains earned, accrued or received (or deemed to be so earned, accrued or received) and/or assets acquired by any member of our Group on or before the date on which the Global Offering becomes unconditional (the “**Effective Date**”); and



(b) any estate duty which is or becomes payable by any member of our Group by virtue of section 35 or under the provisions of section 43 of the Estate Duty Ordinance (Chapter 111 of the Laws of Hong Kong) (or the equivalent thereof under the laws of any jurisdiction outside Hong Kong) by reason of the death of any person and by reason of the assets of members of our Group or any of them being deemed for the purpose of estate duty to be included in the property passing on his or her death by reason of that person making or having made a relevant transfer to members of our Group or any of them on or before the Effective Date.

The Indemnifiers will, however, not be liable under the Deed of Indemnity where, among other things, (a) specific provision or reserve has been made for such liability in the Accountants' Report set out in Appendix I to this prospectus; or (b) the liability arises or is increased as a result only of a retrospective change in law or a retrospective increase in tax rates coming in force after the Effective Date; or (c) the liability would not have arisen but for any voluntary act of any member of our Group after the Effective Date which the relevant member of our Group ought reasonably to have known would give rise to such liability; or (d) in respect of any liability under the taxation indemnity given, and any claim in relation to taxation as specified under the Deed of Indemnity, the liability arises in the ordinary course of business of our Group after 31 December 2016 and up to the Effective date.

#### **15. Litigation**

Except as disclosed in the paragraph headed "Business — Legal Proceedings and Legal Compliance" in this prospectus, as at the Latest Practicable Date, neither our Company nor any of our subsidiaries 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 us and that would have a material adverse effect on our results of operations or financial condition.

#### **16. Preliminary expenses**

Our preliminary expenses was approximately US\$4,100 and have been paid by us.

#### **17. Promoter**

Our Company has no promoter for the purpose of the Listing Rules.

#### **18. Application for listing**

The Sole Sponsor has made an application on behalf of our Company to the Listing Committee for the listing of, and permission to deal in, the Shares to be issued as mentioned in this prospectus and any Share which may be issued upon exercise of the Over-allotment Option or pursuant to the exercise of any option which may be granted under the Share Option Scheme. All necessary arrangements have been made to enable the securities to be admitted into CCASS.

#### **19. Sole Sponsor**

The Sole Sponsor is independent of our Company pursuant to Rule 3A.07 of the Listing Rules. The total amount of fees payable by our Company to the Sole Sponsor is HK\$6.0 million.

**20. Qualifications of experts**

The qualifications of the experts who have given their opinion and/or whose names are included in this prospectus are as follows:

<b>Name</b>	<b>Qualifications</b>
KGI Capital Asia Limited. . . . .	A corporation licensed to conduct type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities under the SFO
Appleby. . . . .	Legal advisers to our Company as to Cayman Islands law
Burger Comer Magliari . . . . .	Tax advisers to our Company as to tax matters in CNMI
Cap Wealth Consultancy Services Limited. . . . .	Contract consultant to our Company as to our entitlements under the residential development at Castle Peak Road
Ms. Vivien Chan . . . . .	Barrister-at-law of Hong Kong, legal counsel to Mr. Wong on the Arrest
China Insights Consultancy Limited	Industry consultant
Hogan Lovells . . . . .	Legal advisers to our Company as to the dispute in connection with one of the construction projects undertaken by us
King Law Office, LLC . . . . .	Legal advisers to our Company as to CNMI law
K.M. Lai & Li . . . . .	Legal advisers to Dr. Kan on the Building Summons
Mr. Eric T.M. Kwok S.C. . . . .	Barrister-at-law of Hong Kong, legal counsel to Dr. Kan on bankruptcy matters
KPMG. . . . .	Certified Public Accountants
Mr. Ching Y. Wong QC, SC . . . . .	Barrister-at-law of Hong Kong, legal counsel to Mr. Wong on the Arrest
Mr. Peter T.K. Wong . . . . .	Barrister-at-law of Hong Kong, legal counsel to Mr. Wong on the Arrest

**21. Consents of experts**

Each of the experts listed in the preceding paragraph has given and has not withdrawn its written consent to the issue of this prospectus with copies of its reports, letters or opinions (as the case may be) and the references to its names or summaries of opinions included herein in the form and context in which they respectively appear.

**22. Binding effect**

This prospectus shall have the effect, if an application is made in pursuance of it, 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.

**23. No material adverse change**

Our Directors confirm that there has been no material adverse change in the financial or trading position or prospects of our Group since 31 December 2016, being the date to which the latest audited combined financial statements of our Group were made up.

**24. Miscellaneous**

Save as otherwise disclosed in this prospectus:

- (a) within the two years immediately preceding the date of this prospectus, no share or loan capital of our Company or any of our subsidiaries has been issued, agreed to be issued or is proposed to be issued fully or partly paid either for cash or for a consideration other than cash;
- (b) within the two years immediately preceding the date of this prospectus, no commission, discount, brokerage or other special term has been granted in connection with the issue or sale of any share or loan capital of our Company or any of our subsidiaries;
- (c) within the two years preceding the date of this prospectus, no commission has been paid or is payable (save for the underwriting commission to the Underwriters) for subscribing or agreeing to subscribe, or procuring or agreeing to procure the subscription, for any Share in our Company;
- (d) neither our Company nor any of our subsidiaries has issued or agreed to issue any founder share, management share or deferred share;
- (e) 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;
- (f) save in connection with the Underwriting Agreements, none of the experts listed in the paragraph "Qualifications of experts" in this Appendix:
  - (i) is interested legally or beneficially in any securities of any member of our Group; or
  - (ii) has any right or option (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group;
- (g) none of the equity and debt securities of our Company is listed or dealt with in any other stock exchange or trading system, nor is any listing or permission to deal on any stock exchange other than the Stock Exchange is currently being or proposed to be sought;
- (h) our Company has no outstanding convertible debt securities or debentures;
- (i) 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;
- (j) there is no arrangement under which future dividends are waived or agreed to be waived; and

- (k) our Company has adopted a code of conduct regarding Directors' securities transactions on terms as required under the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules.

**25. Bilingual prospectus**

The English language and Chinese language versions of this prospectus are being published separately, in reliance upon the exemption provided under section 4 of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

**DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES**

The documents attached to a copy of this prospectus and delivered to the Registrar of Companies in Hong Kong for registration are (i) a copy of each of the **WHITE, YELLOW** and **GREEN** Application Forms; (ii) written consents referred to in the paragraph headed “Other Information — 21. Consents of experts” in Appendix IV to this prospectus; and (iii) a copy of each of the material contracts referred to in the paragraph headed “Further Information about our Business — 7. Summary of material contracts” in Appendix IV to this prospectus.

**DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be available for inspection at the office of Deacons on 5th Floor, Alexandra House, 18 Chater Road, Central, Hong Kong during normal business hours up to and including the date which is 14 days from the date of this prospectus:

- (i) the Memorandum of Association and the Articles of Association;
- (ii) the Accountants’ Report from KPMG in respect of the historical financial information of our Group for the years ended 31 December 2014, 2015 and 2016, the text of which is set out in Appendix I to this prospectus;
- (iii) the audited combined financial statements of our Group for the Track Record Period;
- (iv) the report relating to the unaudited pro forma financial information of our Group, the text of which is set out in Appendix II to this prospectus;
- (v) the letter of advice prepared by Appleby, our legal advisers as to Cayman Islands law, summarising certain aspects of the Cayman Companies Law referred to in Appendix III to this prospectus;
- (vi) the material contracts referred to in the paragraph “Further Information about our Business — 7. Summary of material contracts” in Appendix IV to this prospectus;
- (vii) the service contracts and the letters of appointment referred to in the paragraph “Further Information about our Directors and Substantial Shareholders — 9. Directors — (b) Particulars of service contracts” in Appendix IV to this prospectus;
- (viii) the written consents referred to in the paragraph “Other Information — 21. Consents of experts” in Appendix IV to this prospectus;
- (ix) the CIC Report;
- (x) the Cayman Companies Law;
- (xi) the opinion prepared by Messrs. Burger Comer Magliari, our tax advisers as to tax matters in CNMI, summarising the taxation applying to our business activities in CNMI;
- (xii) the opinions prepared by Hogan Lovells, our legal advisers with respect to the dispute in connection with one of the construction projects undertaken by us;
- (xiii) opinions prepared by Cap Wealth Consultancy Services Limited with respect to our entitlements under the residential development at Castle Peak Road;
- (xiv) the opinion prepared by King Law Office, LLC, our legal advisers as to CNMI law;

- (xv) the opinion prepared by Messrs. K.M. Lai & Li, legal advisers to Dr. Kan on the Building Summons;
- (xvi) the opinion prepared by Mr. Eric T.M. Kwok S.C., legal counsel to Dr. Kan on bankruptcy matters;
- (xvii) the opinion prepared by Ms. Vivien Chan, legal counsel to Mr. Wong on the Arrest;
- (xviii) the opinion prepared by Mr. Ching Y. Wong, QC, SC, leading Mr. Peter T.K. Wong, legal counsel to Mr. Wong on the Arrest; and
- (xix) the rules of the Share Option Scheme.

Win Win Way Construction Holdings Ltd.  
恆誠建築控股有限公司