

WAC Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 8619

SHARE OFFER

Sponsor

AmCap

Ample Capital Limited
豐盛融資有限公司

Sole Global Coordinator

 首盛資本集團
Alpha Financial Group

Joint Bookrunners

 首盛資本集團
Alpha Financial Group

 GREAT WALL
SECURITIES LIMITED
長城證券有限公司

 潮商證券有限公司
ChaoShang Securities Limited

Co-lead Managers

 首盛資本集團
Alpha Financial Group

 GREAT WALL
SECURITIES LIMITED
長城證券有限公司

 潮商證券有限公司
ChaoShang Securities Limited

 Pacific
Foundation

 AFG
高鈺証券

IMPORTANT

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

WAC Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

LISTING ON GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED BY WAY OF SHARE OFFER

Number of Offer Shares : 288,000,000 Shares (subject to the Offer Size Adjustment Option)
Number of Public Offer Shares : 28,800,000 Shares (subject to reallocation)
Number of Placing Shares : 259,200,000 Shares (subject to reallocation and the Offer Size Adjustment Option)
Offer Price : Not more than HK\$0.28 per Offer Share and expected to be not less than HK\$0.20 per Offer Share, plus brokerage of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005% (payable in full on application in Hong Kong dollars and subject to refund)
Nominal Value : HK\$0.01 per Share
Stock Code : 8619

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Foundation

 AFG
高鈺証券

Co-managers

 藍山金融
BLUE MOUNT

 CHKL | 中港通證券
CHINA HONG KONG LINK SECURITIES

 利盟證券有限公司
Grand Partners Securities Limited

 RUN
宏匯證券

 一盈證券有限公司
I WIN SECURITIES LTD.

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 as to the contents of this prospectus or any other documents referred to above.

The Offer Price is expected to be determined by agreement between our Company and the Sole Global Coordinator (for itself and on behalf of the Underwriters) on the Price Determination Date which is expected to be on or around Monday, 10 September 2018 or such later date as may be agreed by our Company and the Sole Global Coordinator (for itself and on behalf of the Underwriters). The Offer Price will be not more than HK\$0.28 per Offer Share and is expected to be not less than HK\$0.20 per Offer Share, unless otherwise announced. If, for any reason, the Offer Price is not agreed between the Sole Global Coordinator (for itself and on behalf of the Underwriters) and our Company on or before Wednesday, 12 September 2018, the Share Offer will not become unconditional and will lapse immediately.

The Sole Global Coordinator (for itself and on behalf of the Underwriters) may, with our Company's consent, reduce the indicative Offer Price range stated in this prospectus and/or the number of Offer Shares being offered at any time prior to the Price Determination Date, which is expected to be on or around Monday, 10 September 2018. In such case, a notice of the reduction of the indicative Offer Price range and/or the number of Offer Shares will be published on the website of the Stock Exchange at www.hkexnews.hk and our website at www.wccc.hk not later than the Price Determination Date, which is expected to be on or around Monday, 10 September 2018. Further details are set out in the sections headed "Structure and conditions of the Share Offer" and "How to apply for Public Offer Shares" in this prospectus.

Prior to making an investment decision, prospective investors should consider carefully all of the information set out in this prospectus and the Application Forms, including the risk factors set out in the section headed "Risk factors" in this prospectus.

The obligations of the Underwriters under the Underwriting Agreements are subject to termination by the Sole Global Coordinator (for itself and on behalf of the Underwriters) if certain grounds arise prior to 8:00 a.m. on the Listing Date. Such grounds are set out in the section headed "Underwriting – Underwriting arrangements and expenses – Public Offer – Grounds for termination" in this prospectus.

31 August 2018

CHARACTERISTICS OF GEM

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

EXPECTED TIMETABLE

If there is any change in the following expected timetable of the Share Offer, our Company will issue an announcement to be posted on the websites of the Stock Exchange at www.hkexnews.hk and of our Company at www.wcce.hk.

2018 ^(Note 1)

Public Offer commences and **WHITE** and **YELLOW** Application

Forms available from Friday, 31 August

Application lists of the Public Offer open ^(Note 2) 11:45 a.m. on Wednesday,
5 September

Latest time to lodge **WHITE** and **YELLOW** Application Forms
and to give **electronic application instructions**

to HKSCC ^(Note 3) 12:00 noon on Wednesday,
5 September

Application lists of the Public Offer close ^(Note 2) 12:00 noon on Wednesday,
5 September

Expected Price Determination Date on or around ^(Note 4) Monday, 10 September

Announcement of the Offer Price, the indication of the level of interest in the Placing, the level of applications in the Public Offer, the basis of allotment of the Public Offer Shares, and the number of Offer Shares reallocated, if any, between the Public Offer and the Placing to be published (a) on the website of our Company at www.wcce.hk ^(Note 5); and (b) on the website of the Stock Exchange at www.hkexnews.hk on or

before Friday, 14 September

Results of allocations in the Public Offer will be available at www.tricor.com.hk/ipo/result with a “search by ID

Number/Business Registration Number” function from Friday, 14 September

Announcement of results of allotment of the Public Offer (with successful applicants’ identification document numbers, where applicable) to be available through a variety of channels as described in the section headed “How to apply for Public Offer Shares – 10. Publication of results” in this prospectus from Friday, 14 September

Despatch/collection of refund cheques in respect of wholly or partially unsuccessful applications and wholly or partially successful applications if the Offer Price as finally determined is less than the price payable on application pursuant to the Public Offer on or around ^(Note 6) Friday, 14 September

EXPECTED TIMETABLE

2018 *(Note 1)*

Despatch/collection of share certificates or deposit of the share certificates into CCASS in respect of wholly or partially successful applications pursuant to the Public Offer on or around ^(Note 7) Friday, 14 September

Dealings in Shares on GEM to commence at 9:00 a.m. on Monday, 17 September

Notes:

1. All times and dates refer to Hong Kong local times and dates except as otherwise stated. Details of the structure of the Share Offer, including the conditions of the Public Offer, are set out in the section headed “Structure and conditions of the Share Offer” in this prospectus. If there is any change in this expected timetable, an announcement will be published on the websites of the Stock Exchange at www.hkexnews.hk and of our Company at www.wcce.hk.
2. If there is a “black” rainstorm warning or a tropical cyclone warning signal number eight or above in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Wednesday, 5 September 2018, the application lists will not open and close on that day. Please refer to the section headed “How to apply for Public Offer Shares – 9. Effect of bad weather on the opening of the application lists” in this prospectus. If the application lists do not open and close on Wednesday, 5 September 2018, the dates mentioned in this section may be affected. An announcement will be made by us in such event.
3. Applicants who apply for Public Offer Shares by giving **electronic application instructions** to HKSCC should refer to the section headed “How to apply for Public Offer Shares – 5. Applying by giving electronic application instructions to HKSCC via CCASS” in this prospectus.
4. The Price Determination Date, being the date on which the Offer Price is to be determined, is expected to be on or around Monday, 10 September 2018 and in any event, not later than Wednesday, 12 September 2018. If, for any reason, the Offer Price is not agreed by Wednesday, 12 September 2018 between the Sole Global Coordinator (for itself and on behalf of the Underwriters) and our Company, the Share Offer (including the Public Offer) will not proceed and will lapse.
5. None of the information contained on any website forms part of this prospectus.
6. Refund cheques will be issued in respect of wholly or partially unsuccessful application and also in respect of successful applications in the event that the Offer Price is less than the initial price per Public Offer Share payable on application. Part of your Hong Kong identity card number/passport number or, if you are joint applicants, part of the Hong Kong identity card number/passport number of the first-named applicant, provided by you may be printed on your refund cheque, if any. Such data would also be transferred to a third party to facilitate your refund. Your banker may require verification of your Hong Kong identity card number/passport number before encashment of your refund cheque. Inaccurate completion of your Hong Kong identity card number/passport number may lead to delay in encashment of your refund cheque or may invalidate your refund cheque. Further information is set out in the section headed “How to apply for Public Offer Shares” in this prospectus.
7. Applicants who apply for 1,000,000 Public Offer Shares or more on **WHITE** Application Forms and have provided all information required by their Application Forms may collect share certificates (if applicable) and refund cheques (if applicable) from our Hong Kong Branch Share Registrar, Tricor Investor Services Limited from 9:00 a.m. to 1:00 p.m. on Friday, 14 September 2018 or any other date as notified by us.

Applicants being individuals who are eligible for personal collection must not authorise any other person(s) to make collection on their behalf. Applicants being corporations which are eligible for personal collection must attend by sending their authorised representative(s) bearing a letter of authorisation from such corporation(s)

EXPECTED TIMETABLE

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 who apply for 1,000,000 Public Offer Shares or more on **YELLOW** Application Forms and have provided all required information 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 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.

Uncollected share certificates and refund cheques, if any, will be despatched by ordinary post to the addresses specified in the relevant Application Form at the applicants' own risk. Further information is set out in the section headed "How to apply for Public Offer Shares – 13. Despatch/collection of share certificates and refund monies" in this prospectus.

Share certificates are expected to be issued on Friday, 14 September 2018 but will only become valid certificates of title provided that the Share Offer has become unconditional in all respects and neither of the Underwriting Agreements has been terminated in accordance with its terms. Investors who trade Shares on the basis of publicly available allocation details prior to the receipt of share certificates or prior to the share certificates becoming valid certificates of title do so entirely at their own risk.

Particulars of the structure of the Share Offer, including the conditions thereto, are set out in the section headed "Structure and conditions of the Share Offer" in this prospectus. Details relating to how to apply for the Public Offer Shares are set out in the section headed "How to apply for Public Offer Shares" in this prospectus.

CONTENTS

You should rely only on the information contained in this prospectus to make your investment decision.

Our Company, the Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Co-lead Managers, the Co-managers 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 our Company, the Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Co-lead Managers, the Co-managers and the Underwriters, and any of their respective directors, officers, employees, agents or representatives or any other party involved in the Share Offer.

The contents on the website at www.wcce.hk which is the official website of our Company do not form part of this prospectus.

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SUMMARY

This summary aims to give you an overview of the information contained in this prospectus. As this is a summary, it does not contain all the information that may be important to you. You should read the whole document 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

We are a construction engineering consultant focusing on the area of comprehensive structural and geotechnical engineering which was mainly provided in Hong Kong. Our comprehensive structural and geotechnical engineering consultancy service contributed all of our revenue for the three years ended 31 March 2018. Please refer to the section headed “Financial information – Principal components of results of operations – Revenue” in this prospectus for details of our revenue breakdown during the Track Record Period.

Our consultancy service includes (i) structural engineering, which involves loading calculation and stress designs; (ii) geotechnical engineering, which involves calculation of earth surface conditions and assessment of risks posed by site conditions; (iii) certain civil engineering practice areas, which involves infrastructure works (such as drainage); and (iv) material engineering, which involves analysing the use of and selecting building materials in a construction project. We also provide some other related services such as Registered Structural Engineers and Authorized Persons work in relation to alterations and additions works, and expert services from time to time as requested by our clients. Please refer to the section headed “Business – Our service” in this prospectus for further details on our areas of service.

Our Group has a team of professionals including Registered Structural Engineers, Registered Geotechnical Engineers, Authorized Persons, Registered Inspectors, Registered Professional Engineers and other engineering staff. Our projects covered residential, office, hotel, commercial, institutional, educational and industrial developments. In respect of our structural and/or geotechnical engineering works, we have accomplished and completed a wide range of slope investigation and improvement projects, site formation as well as excavation and lateral support works. In respect of our civil engineering practice areas, we have also been the consultants for a variety of engineering works such as drainage and sewerage, traffic projects, bridges and roads projects.

Building works are regulated in Hong Kong which results in the constant demand of AP, RSE, RGE services by premises owners, developers, contractors etc. Please refer to the section headed “Regulatory overview” in this prospectus for further information on the regulatory requirements of building works in Hong Kong.

Our Group has three offices, located in Hong Kong, Shenzhen and Macau respectively. We take on projects mainly through W&C Hong Kong, our operating subsidiary in Hong Kong. W&C Shenzhen mainly serves as our Hong Kong office’s supportive back office and in the area of computer-aided drawings and PRC site visits. W&C Macau is operating subsidiary that acts as a representative office to facilitate some clients for Macau project engagement. Our Macau projects are generally handled by our Hong Kong office and supported by our PRC office. Please refer to the section headed “Business – Roles and functions by our subsidiaries” in this prospectus.

We aim to further enhance our operation by expanding our business through (i) hiring more professionals and support staff; and (ii) enhancing our office infrastructure by acquiring and/or upgrading BIM. For further details of our business strategies and future plans, please refer to the section headed “Business objectives, future plans and use of proceeds” in this prospectus.

During the Track Record Period, we derived revenue from 250 projects or more for each year. We completed 43, 71 and 195 projects during each of the period in the Track Record Period and we had 215 projects in progress as at the Latest Practicable Date.

SUMMARY

According to the Ipsos Report, the construction engineering consultancy industry is considered to be relatively mature with the gross output value increased from approximately HK\$5.2 billion in 2012 to approximately HK\$6.0 billion in 2017 at a CAGR of around 2.9%. In terms of competition, the industry is relatively fragmented with many players specialising in specific categories such as structural engineering, geotechnical engineering, façade engineering and electrical and mechanical engineering. In Hong Kong, the construction engineering firms are often distinguished from international firms and local firms where international firms mainly focus on large scale infrastructure projects in Hong Kong such as the Central Wan-chai Bypass where local firms mainly focus on building works in the private sector, including private residential, commercial, public facilities and office buildings. According to the Ipsos Report, our Group is a recognisable local firm in the market. Clients may appoint consultants based on the project nature and needs. Our Group recorded a revenue of approximately HK\$69.1 million for the year ended 31 March 2018, which represented a market share of approximately 1.1% if it were put for market comparison for the year ended 31 December 2017. For details on the market in which our Group operates, please refer to the section headed “Industry overview” in this prospectus.

BUSINESS MODEL, SALES, CLIENTS AND OPERATION

When a building project requires our comprehensive structural and geotechnical engineering consultancy service, the project owner can appoint us directly or via a contractor or an architect. If we are being appointed directly, sometimes we also assist project owners to appoint architects and/or other consultants.

Our clients are mainly (i) premises owners and developers in need for comprehensive structural and geotechnical engineering consultancy service; (ii) architectural firms which need structural and geotechnical engineering consultancy service and require an external Registered Structural Engineers and/or Registered Geotechnical Engineers; (iii) general contractors and subcontractors in need for structural and geotechnical engineering consultancy service in providing layout plans or certifying their works; (iv) government departments, hospitals and public institution; and (v) parties requesting an expert report regarding structural engineering aspects.

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

	Year ended 31 March					
	2016		2017		2018	
	HK\$'000	%	HK\$'000	%	HK\$'000	%
1. Premises owners and developers	33,738	49.6	37,281	52.8	33,586	48.6
2. Architectural firms	15,843	23.3	15,805	22.4	16,508	23.9
3. General contractors and subcontractors	12,436	18.3	10,572	15.0	16,030	23.2
– main contractor	10,219	15.0	8,007	11.4	13,601	19.7
– subcontractor	2,217	3.3	2,565	3.6	2,429	3.5
4. Government departments, hospitals and public institutions	876	1.3	1,976	2.8	680	1.0
5. Parties requesting expert services and others	5,116	7.5	4,935	7.0	2,285	3.3
Total	68,009	100.0	70,569	100.0	69,089	100.0

SUMMARY

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

	Year ended 31 March					
	2016		2017		2018	
	HK\$'000	%	HK\$'000	%	HK\$'000	%
1. Private residential units	22,738	33.4	21,840	30.9	22,012	31.9
2. Private commercial and office spaces	20,906	30.7	18,826	26.7	22,631	32.8
3. Government, quasi-government, institution or community related	16,305	24.0	22,411	31.8	20,032	29.0
4. Public residential units	739	1.1	1,545	2.2	1,688	2.4
5. Others ^(Note 1)	2,205	3.3	1,012	1.4	441	0.6
Sub-total	62,893	92.5	65,634	93.0	66,804	96.7
Expert services and others ^(Note 2)	5,116	7.5	4,935	7.0	2,285	3.3
Total	<u>68,009</u>	<u>100.0</u>	<u>70,569</u>	<u>100.0</u>	<u>69,089</u>	<u>100.0</u>

Notes:

- Others include projects related to infrastructure such as slopes, tunnels and pedestrian walkway.
- Some projects, for example our expert services, are excluded from this breakdown due to the nature of the services provided is unrelated to building types.

In general, our service fee is paid on (i) a lump sum divided into various portions by milestones; and (ii) if supervision is needed, monthly fees of supervision during the construction period of the project. Regarding the lump sum portion, our service fee is paid in separate stages according to the progress of the project.

Our subconsultants are engaged by us in our projects in case needed. In general, we engage our subconsultants mainly for AP, architectural and other ancillary services in the projects. To a lesser extent, we also engage subconsultants in cases when we have taken up projects outside our capacity limit.

Pricing of our service

The price or contract sum of our project is generally estimated based on various factors, including the scope, complexity and specifications of project, the fee level in the market and competitive conditions, the availability of our manpower and expertise, the quotations from subconsultants, salary trend, and our previous tender records.

Backlog

As at Latest Practicable Date, the outstanding contract sum amounted to approximately HK\$63.7 million in terms of cashflow and approximately HK\$49.4 million in terms of revenue expected to be recognised, which we expect to recognise approximately HK\$23.7 million, HK\$18.1 million and HK\$7.6 million for the three years ending 31 March 2021 respectively. From 1 April 2018 to the Latest Practicable Date, we have recognised revenue of approximately HK\$24.8 million. For further information regarding our project pipeline, please refer to the section headed "Business – Backlog" in this prospectus.

SUMMARY

Tender success rates

During the Track Record Period, our success rates of invited tenders by client types are set out below:

- (i) premises owners and developers, ranges from 15.3% to 17.6%;
- (ii) architectural firms, ranges from 6.1% to 8.6%;
- (iii) general contractors and subcontractors, ranges from 18.1% to 23.4%;
- (iv) government developments and hospitals, ranges from 5.0% to 16.7%; and
- (v) parties requesting expert services and others, ranges from 0% to 33.3%.

Our tendering strategy is in line with our pricing policy, which we determine the price based on various factors, including the scope, complexity and specifications of project, the fee level in the market and competitive conditions, the availability of our manpower and expertise, the quotations from subconsultants, salary trend, and our previous tender records.

Our Directors are of the view that the above historical tender success rates may not be reflective of our future success as our Group has experienced limitation in tendering during the Track Record Period due to insufficient staffing. Our Directors noted that in some cases even when we have insufficient staffing, rather than refrained from tendering, our Directors will proceed with tendering at a higher price to maintain our market presence, having the need to factor in substantial over-time payments, subconsulting and even recruitment cost.

COMPETITIVE ADVANTAGES

Our executive Directors believe that our Group possesses the following competitive advantages:

- We are one of the AACSB Band 1 structural engineering consultants in Hong Kong
- We have an experienced management and professional team
- We provide comprehensive structural and geotechnical engineering consultancy service to our clients
- We have established client relationships with some sizeable developers, contractors, public institutions and architectural firms
- We have gained wide market reputation and recognition in Hong Kong

For further details of our competitive advantages, please refer to the section headed “Business – Our competitive advantages” in this prospectus.

BUSINESS MILESTONES

The key milestones in the development of our Group are as follows:

Year	Milestone
1987	Our principal operating subsidiary, W&C Hong Kong was established
1996	We were accredited with ISO 9001:2015 in respect of our quality management system
2001	Our second operating subsidiary, W&C Shenzhen was established
2002	Our third operating subsidiary, W&C Macau was established

SUMMARY

BUSINESS OBJECTIVES AND STRATEGIES

We will continue to play an active role in seeking opportunities in the structural and geotechnical engineering consultancy service industry in Hong Kong in order to achieve sustainable growth in our business and create long-term shareholder's value. We will keep focusing on undertaking projects involving (i) building development or redevelopment; (ii) alterations and additions works consultancy; and (iii) other structural engineering related consultancy such as rendering expert reports and being expert witnesses in court cases.

We will stick with our service operation model and to increase our productivity and profitability by adopting the following strategies:

- Support and expand our structural and geotechnical engineering team
- Grow and develop our civil engineering team
- Expand our office infrastructure and BIM upgrade
- Support and expand our material engineering and building repairs area of service

QUALIFICATIONS AND RECOGNITIONS OF OUR PROFESSIONAL TEAM

As at the Latest Practicable Date, our Hong Kong employees had the following major qualifications/recognitions:

Qualifications/recognitions <i>(Note 1)</i>	Number of employees with the relevant qualification
Registered Geotechnical Engineer	2
Registered Structural Engineer	4
Licensed Civil Engineer – Macau	2
Authorized Person (list of engineers)	2
Registered Professional Engineer	12
Registered Inspector	2
Member and/or fellow of the Hong Kong Institution of Engineers	12
Member of the Hong Kong Institute of Arbitrators	1
Member of the Institution of Civil Engineers	4
Member of the Institution of Structural Engineers	8

Note:

1. Our Directors consider that these qualifications/recognitions collectively held by our employees are crucial to our operations as it is a major competitive strength of our Group which demonstrates our professional abilities in handling projects with substantial scale.

LISTING EXPENSES

The total expenses for the Listing are estimated to be approximately HK\$30.5 million based on a Offer Price of HK\$0.24 (being the mid-point of our indicative range of Offer Price), of which approximately HK\$12.6 million is directly attributable to the issue of new Shares to the public and to be accounted for as a deduction from equity, approximately HK\$11.0 million had been charged to the profit or loss for the year ended 31 March 2018 and approximately HK\$6.9 million is expected to be charged to profit or loss of our Group for the year ending 31 March 2019.

FUTURE PLANS AND USE OF PROCEEDS AND REASONS FOR THE LISTING

Our Directors believe that the Listing will enhance our corporate profile and the net proceeds from the Share Offer will strengthen our financial position and will enable us to implement our business plans set out in the section headed "Business objectives, future plans and use of proceeds – Implementation plans" in this prospectus. Furthermore, our Directors are

SUMMARY

of the view that a public listing status on the Stock Exchange will give us access to the capital market for corporate finance exercise which will assist us in our future business development, enhance our corporate profile and strengthen our competitiveness. An enhanced corporate profile may potentially lead to more business opportunities for our Group as our brand will receive more exposure to potential clients. This is of significant importance because our structural and geotechnical engineering consultancy service is akin to architectural services and we do not have any marketing strategy. We obtain most of our business through referrals from property owners and architecture firms, reputation and brand profile are often one of the selection criteria of our clients. We therefore consider that an enhanced corporate profile and increased exposure are important factors in succeeding in our industry. We believe the Listing will allow us to enhance our market profile and recognition so that we will be more successful in attracting talent, potentially give rise to more career advancement opportunities and retain our employees more successfully.

We intend to use the net proceeds of the Share Offer, after deduction of underwriting fees and commissions and estimated expenses payable by us in connection with the Share Offer and assuming that the Offer Size Adjustment Option is not exercised at all, of approximately HK\$38.6 million (based on the Offer Price of HK\$0.24 per Offer Share, being the mid-point of our indicative range of the Offer Price), for the following purposes:

- approximately HK\$11.3 million or 29.3% of the net proceeds will be used for supporting and expanding our structural engineering and geotechnical engineering team, which is currently main area of operations, including software investment, retaining high calibre staff;
- approximately HK\$11.3 million or 29.3% of the net proceeds will be used for growing and developing our civil engineering team by hiring of high calibre staff;
- approximately HK\$7.5 million or 19.4% of the net proceeds will be used for expanding our office infrastructure and BIM upgrade, which mainly involves launching BIM system, general software investment, training and empowering current staff with better office utilities;
- approximately HK\$6.8 million or 17.6% of the net proceeds will be used for expanding our material engineering and building repairs area of service; and
- the remaining amount of approximately HK\$1.7 million or 4.4% will be used to provide funding for our working capital and other general corporate purposes.

If the Offer Size Adjustment Option is exercised in full, we estimate that we would receive additional net proceeds of approximately HK\$9.4 million. The additional net proceeds received from the exercise of the Offer Size Adjustment Option will be applied pro rata to the abovementioned purposes.

Please refer to the section headed “Business objectives, future plans and use of proceeds” in this prospectus for further details.

SUMMARY OF OUR FINANCIAL PERFORMANCE

The tables below present a summary of our financial information for the years indicated and should be read in conjunction with our financial information as set out in Appendix I to this prospectus.

SUMMARY

Consolidated statements of profit or loss and other comprehensive income

	Year ended 31 March		
	2016 HK\$'000	2017 HK\$'000	2018 HK\$'000
Revenue	68,009	70,569	69,089
Cost of services	(36,874)	(37,459)	(38,616)
Gross profit	31,135	33,110	30,473
Other gains/(losses), net	(1,537)	(1,305)	(812)
Listing expenses	—	—	(11,023)
General and administrative expenses	(13,710)	(12,585)	(14,108)
Profit before taxation	16,238	19,667	4,547
Profit for the year	13,281	16,286	2,089
Total comprehensive income for the year	13,021	16,361	1,935

Revenue

Revenue represents contract revenue recognised for the provision of comprehensive structural and geotechnical engineering consultancy service to our clients, which amounted to approximately HK\$68.0 million, HK\$70.6 million and HK\$69.1 million for the three years ended 31 March 2018 respectively.

The number of projects with revenue contribution and our revenue generated from our comprehensive structural and geotechnical engineering consultancy service during the Track Record Period by project site location are set forth below:

	Year ended 31 March								
	2016			2017			2018		
	Number of projects	HK\$'000	%	Number of projects	HK\$'000	%	Number of projects	HK\$'000	%
Hong Kong	245	60,633	89.2	305	66,955	94.9	283	64,443	93.3
PRC, Macau and Saipan	18	7,376	10.8	15	3,614	5.1	15	4,646	6.7
Total	263	68,009	100.0	320	70,569	100.0	298	69,089	100.0

Our revenue is generally recognised based on the stage of completion of our projects. The stage of completion of a project is established by reference to the percentage of service cost incurred to date to the estimated total service cost for the project.

The following table sets forth the summary of our projects based on their respective revenue recognised during the Track Record Period:

Number of projects by revenue contribution	Year ended 31 March		
	2016	2017	2018
HK\$1,000,000 or above ^(Note 1)	17	19	17
HK\$500,000 to below HK\$1,000,000	27	22	19
HK\$100,000 to below HK\$500,000	71	80	88
Below HK\$100,000	148	199	174
Total ^(Note 2)	263	320	298

SUMMARY

Notes:

1. Please refer to the section headed “Business – Our Service” in this prospectus for further description on our service and details of projects contributing HK\$1 million or more in a specific year during the Track Record Period.
2. As certain projects commenced in one financial year and were completed in another financial year, they contributed revenue to more than one financial year.

The following table sets forth the breakdown of our projects based on the contract sum during the Track Record Period:

Number of projects by contract sum	Year ended 31 March		
	2016	2017	2018
HK\$3,000,000 or above	24	26	27
HK\$1,000,000 to below HK\$3,000,000	52	47	45
HK\$500,000 to below HK\$1,000,000	36	41	41
HK\$100,000 to below HK\$500,000	83	105	97
Below HK\$100,000	68	101	88
Total	263	320	298

Notes:

1. As certain projects commenced in one financial year and were completed in another financial year, they contributed revenue to more than one financial year.
2. Contract sum includes variation orders (if any) as of the end of each financial year.

Cost of services rendered

The following table sets forth a breakdown of our cost of services during the Track Record Period:

	Year ended 31 March		
	2016	2017	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Staff costs	30,261	33,265	36,650
Subconsulting charges	6,595	4,181	1,954
Others	18	13	12
Total	36,874	37,459	38,616

Gross profit

Our gross profit was approximately HK\$31.1 million, HK\$33.1 million and HK\$30.5 million for the three years ended 31 March 2018, while our gross profit margin was approximately 45.8%, 46.9% and 44.1% for the same reporting periods, respectively. The decrease in gross profit margin for the year ended 31 March 2018 when compared to that for the year ended 31 March 2017 was mainly due to the slight increase in cost of services resulted from the increase in the number of professional staff and the general increase in salary while our revenue slightly decreased in the year ended 31 March 2018. There is no segment reporting for our gross profit because our gross profit was only related to the provision of comprehensive structural and geotechnical engineering consultancy service during the Track Record Period.

SUMMARY

Key information from consolidated statements of financial position

	2016 HK\$'000	As at 31 March 2017 HK\$'000	2018 HK\$'000
Non-current assets	14,069	812	1,468
Current assets			
Trade and other receivables	16,801	23,470	25,873
Amounts due from customers for contract work	10,104	11,292	12,150
Income tax recoverable	–	–	374
Bank balances and cash	164	609	6,633
	<u>27,069</u>	<u>35,371</u>	<u>45,030</u>
Current liabilities			
Trade and other payables	4,986	4,714	7,323
Amounts due to customers for contract work	6,627	7,477	1,986
Amounts due to Controlling Shareholders	4,256	4,112	389
Bank borrowings	4,570	3,118	8,875
Obligations under finance lease	337	–	–
Income tax payable	2,587	5,779	–
	<u>23,363</u>	<u>25,200</u>	<u>18,573</u>
Net current assets	<u>3,706</u>	<u>10,171</u>	<u>26,457</u>
Non-current liabilities			
Obligations under finance lease	9,986	–	–
NET ASSETS	<u>7,789</u>	<u>10,983</u>	<u>27,925</u>

The key components of our current assets included trade and other receivables and bank balances and cash. The key components of our current liabilities included trade and other payables, amounts due to customers for contract work and bank borrowings.

Our income tax recoverable as at 31 March 2018 was mainly due to the overpaid income tax as a result of a larger provisional income tax paid than the income tax expense incurred and the potential refundable tax arising from the additional tax deductible expenses that can be accounted for in previous years.

Our trade and other receivables mainly consist of (i) trade debtors relating to our provision of service; and (ii) deposits and prepayments relating to the prepayment of professional indemnity insurance, medical and labour insurance for our staff and rent. In general, our Group is entitled to make progress billing to the clients pursuant to the schedule of the contract which is normally linked to milestones of the project, such as completion of submission and obtaining approval on the plans. The trade receivables increased from approximately HK\$16.4 million as at 31 March 2016 to approximately HK\$22.2 million as at 31 March 2017 and decreased slightly to approximately HK\$21.7 million as at 31 March 2018. Our trade receivables turnover days were approximately 73.8 days, 99.8 days and 116.0 days for the three years ended 31 March 2018 respectively.

Our trade and other payables are principally related to (i) the works performed by subconsultants for our projects; and (ii) accrual of staff's remuneration and professional service fees. As our service is carried out on a project-by-project basis, our cost of services may fluctuate due to the size and the progress of our projects at a given time thereby affecting our

SUMMARY

trade payables balance as at the end of each reporting period. Our Group's trade payables turnover days increased from approximately 110.3 days for year ended 31 March 2016 to approximately 152.5 days for the year ended 31 March 2017 and further to approximately 247.2 days for the year ended 31 March 2018.

SELECTED KEY FINANCIAL RATIOS

Set out below is a summary of the key financial ratios of our Group during the Track Record Period:

	As at/For the year ended 31 March		
	2016	2017	2018
Current ratio	1.2 times	1.4 times	2.4 times
Gearing ratio	245.8%	65.8%	33.2%
Debt to equity ratio	243.7%	60.3%	9.4%
Interest coverage	52.4 times	53.0 times	15.9 times
Return on total assets	32.3%	45.0%	4.5%
Return on equity	170.5%	148.3%	7.5%
Net profit margin	19.5%	23.1%	3.0%

Note:

1. For details of formula for each of the ratios set forth above, please refer to the section headed "Financial information – Other key financial ratios" in this prospectus.

Current ratio

Our current ratio increased from approximately 1.2 times as at 31 March 2016 to approximately 1.4 times as at 31 March 2017. Such increase was mainly due to the increase in current assets, particularly the increase in trade receivables of approximately HK\$5.8 million or 35.7% arising from the prolonged payment cycles of some of our clients, outpacing the increase in current liabilities as at 31 March 2017. Our current ratio further increased from approximately 1.4 times as at 31 March 2017 to approximately 2.4 times as at 31 March 2018. The increase was mainly due to (i) the increase in bank balances and cash of approximately HK\$6.0 million mainly arising from the proceeds of Pre-IPO Investment; and (ii) the decrease in current liabilities of approximately 26.3% as at 31 March 2018 mainly due to the decrease in amounts due to customers for contract work and the income tax payable.

Please refer to the section headed "Financial information – Other key financial ratios" in this prospectus for more details of our key financial ratios.

RECENT DEVELOPMENT

The financial and operational performance of our Group is dependent on, among others, the market conditions of the construction engineering consultancy industry in Hong Kong. As at the Latest Practicable Date, we had 215 projects in progress, which we counted by premises location, with a total estimated remaining contract sum of approximately HK\$63.7 million in terms of cashflow and approximately HK\$49.4 million in terms of revenue expected to be recognised, which we expect to recognise approximately HK\$23.7 million, HK\$18.1 million and HK\$7.6 million for the three years ending 31 March 2021 respectively. From 1 April 2018 to the Latest Practicable Date, we have recognised revenue of approximately HK\$24.8 million. According to our Group's unaudited financial information, the monthly average revenue for the three months ended 30 June 2018 remained relatively stable when compared to that for the year ended 31 March 2018. These financial information are derived from our Group's unaudited financial statements, which have been reviewed by our reporting accountants in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity".

SUMMARY

Our Group has placed 255 tenders subsequent to the Track Record Period and up to the Latest Practicable Date. The following table sets out the timeline our management expects to know the results of tenders submitted from 1 April 2018 up to the Latest Practicable Date:

	Number of tender	Tender amount <i>HK\$'000</i>
Results expected to be known in 1 month from the Latest Practicable Date	51	30,859
Results expected to be known in 3 months from the Latest Practicable Date	75	106,370
Results expected to be already known as at the Latest Practicable Date	129	165,121
	<u>255</u>	<u>302,350</u>
Total	<u>255</u>	<u>302,350</u>

Note:

- 26 projects were awarded from 1 April 2018 to the Latest Practicable Date. Please refer to the section headed "Business-Backlog" for more details of our project movement.

Our management has taken additional effort to recover long past due trade receivables after the Track Record Period and as a result, trade receivables over 90 days past due and not impaired in the amount of approximately HK\$11.0 million as at 31 March 2018, of which approximately HK\$7.8 million was subsequently settled as at the Latest Practicable Date. For further details of the remaining HK\$3.2 million of trade receivables over 90 days past due as at 31 March 2018, please refer to the section headed "Financial information – Trade and other receivables" in this prospectus.

Due to (i) the Listing expenses of approximately HK\$6.9 million in connection with the Listing, which will be recorded in our consolidated statement of profit or loss and other comprehensive income for the year ending 31 March 2019; and (ii) the expected significant increase in staff costs included in cost of services for the year ending 31 March 2019 caused by the recruitment of professional staff pursuant to our future plans set out in the section headed "Business objectives, future plans and use of proceeds" in this prospectus and the increase in salaries and directors remunerations resulting from the remunerations to be paid to two of our executive Directors and the expected appointment of three independent non-executive Directors after the Listing, our Directors are of the view that there would be a material adverse change in our financial results for the year ending 31 March 2019. Save for the above, our Directors confirm that there have been no material adverse change in the operation, financial or trading position, or prospect of our Group since 31 March 2018 (being the date to which the latest audited consolidated financial statements of our Group were prepared) and up to the date of this prospectus, and there is no event since 31 March 2018 and up to the date of this prospectus which materially affects the information shown in the Accountants' Report set out in Appendix I to this prospectus.

STATISTICS OF THE SHARE OFFER

	Based on an Offer Price of HK\$0.20 per Offer Share	Based on an Offer Price of HK\$0.28 per Offer Share
Market capitalisation of the Shares	HK\$192.0 million	HK\$268.8 million
Unaudited pro forma adjusted consolidated net tangible assets of our Group attributable to owners of our Company per Share ^(Note 1)	HK\$0.07	HK\$0.09

SUMMARY

Note:

1. The unaudited pro forma adjusted consolidated net tangible assets of our Group attributable to owners of our Company per Share has been prepared with reference to certain estimation and adjustment. Further details are set out in Appendix II to this prospectus.

OUR SHAREHOLDERS

Pre-IPO investment by Galaxy

On 9 May 2017, W&C Hong Kong, Dr. Chan, Mr. Kwong and Galaxy entered into the Share Subscription Agreement pursuant to which W&C Hong Kong agreed to allot and issue share representing 29.9% of its enlarged issued share capital to Galaxy at a consideration of HK\$15,000,000. On 29 August 2017, our Company, W&C Hong Kong, Dr. Chan, Mr. Kwong and Galaxy entered into the Novation Deed, pursuant to which and amongst others, the liabilities and obligations of W&C Hong Kong under the Share Subscription Agreement were novated to our Company details of which are set out in the section headed “History, reorganisation and group structure – The Pre-IPO Investment” in this prospectus.

Controlling Shareholders and Substantial Shareholders

Immediately following completion of the Share Offer and the Capitalisation Issue (taking no account of any Shares which may be allotted and issued pursuant to the exercise of the Offer Size Adjustment Option and share option that may be granted under the Share Option Scheme and Shares that may be allotted and issued or repurchased by our Company pursuant to the Issuing Mandate and the Repurchase Mandate):

- (a) Dr. Chan and Mr. Kwong, as the Concerted Group, together will, through Manning Properties, hold approximately 49.1% of the entire issued share capital of our Company. As Dr. Chan and Mr. Kwong, as the Concerted Group, and Manning Properties are, directly or indirectly, entitled to exercise or control the exercise of 30% or more of the voting power at general meetings of our Company, each of them is regarded as a group of Controlling Shareholder. For further details, please refer to the section headed “History, reorganisation and group structure – Acting-in-concert confirmation” in this prospectus; and
- (b) Dr. Yuen will, through Galaxy, hold approximately 20.9% of the entire issued share capital of our Company. As Dr. Yuen and Galaxy are, directly or indirectly, entitled to exercise or control the exercise of 10% or more of the voting power at general meetings of our Company, each of them is regarded as a Substantial Shareholder.

DIVIDENDS

For the two years ended 31 March 2017, the subsidiaries of our Group declared and paid interim dividends of approximately HK\$10.0 million and HK\$13.2 million respectively. No dividends were declared by our Group after 31 March 2017 and up to the Latest Practicable Date. Our Company currently does not have a dividend policy and may distribute dividends by way of cash or by other means that our Directors consider appropriate. A decision to declare and pay any dividend would require the approval of our Directors and will be at their discretion. In addition, any final dividend for a financial year will be subject to Shareholders’ approval.

There will be no assurance that our Company will be able to declare or distribute any dividend in the amount set out in any plan of the Board or at all. The dividend distribution record in the past may not be used as a reference or basis to determine the level of dividends that may be declared or paid by the Board in the future. Subsequent to the Listing, our Group does not have any pre-determined dividend distribution ratio and the recommendation or declaration of the payment of dividend will be considered by our Directors after taking into account our operations, earnings, financial condition, cash requirements and availability, capital expenditure and future development requirements and other factors as it may deem relevant at such time.

SUMMARY

RISK FACTORS

We believe that there are certain risks involved in our operations, many of which are beyond our control. The relatively material risks encompass the following:

- We rely heavily on our professional staff, in particular, our management team, in operating our business;
- Our continued success depends on our responsiveness to our client's preference;
- Our Group determines the tender price based on, among other things, the estimated time and costs involved in a project, which may deviate from the actual time and costs involved;
- Negative publicity or damage to our business reputation may have a potential adverse impact on our project engagement;
- Our revenue is mainly derived from projects which are non-recurring in nature;
- Our Group is subject to potential exposure to professional liabilities;
- Our service fee may not be paid in full due to our clients' projects not being completed as originally planned;
- We are exposed to the credit risk of trade receivables and may experience increasing balance of such receivables and longer trade receivables' turnover days in the future;
- Mismatch in liquidity and cashflow associated with our net bank overdraft position mainly caused by the prolonged trade receivables settlement cycle as our Group generally offered no credit terms to our clients.

Details of these risks are set out in the section headed "Risk factors" in this prospectus.

NON-COMPLIANCE

During the Track Record Period, our Group were involved in certain non-compliance matters which had been ceased as at the Latest Practicable Date, including (i) social insurance and housing provident funds underpayment; and (ii) insufficient withholding tax related to employees' salary. Please refer to the section headed "Business – Regulatory compliance" in this prospectus.

MATERIAL ADVERSE CHANGE

Due to (i) the Listing expenses for the year ending 31 March 2019; and (ii) the expected significant increase in staff costs included in cost of services for the year ending 31 March 2019, our Directors are of the view that there would be a material adverse change in our financial results for the year ending 31 March 2019. Save for the above, our Directors confirm that there has been no material adverse change in our operation, financial or trading position or prospects since 31 March 2018, being the date of our last audited financial statements as set forth in Appendix I to this prospectus, and up to the date of this prospectus.

DEFINITIONS

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

“Acting-in-concert Agreement”	the acting-in-concert agreement executed by the Concerted Group on 21 December 2009
“Acting-in-concert Confirmation”	the acting-in-concert confirmation executed by the Concerted Group on 15 November 2017
“Alpha” or “Sole Global Coordinator”	Alpha Financial Group Limited, a licensed corporation engaging in type 1 (dealing in securities) regulated activity under the SFO, being the sole global coordinator, joint bookrunner and co-lead manager to the Share Offer
“Ample Capital” or “Sponsor”	Ample Capital Limited, a licensed corporation engaging in type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the SFO, being the sole sponsor to the Share Offer
“Application Form(s)”	WHITE Application Form(s) and YELLOW Application Form(s) or, where the context so requires, any of them
“Articles” or “Articles of Association”	the articles of association of our Company conditionally adopted on 27 August 2018 to take effect upon the Listing and as amended from time to time, a summary of which is set out in Appendix III to this prospectus
“associate(s)”	has the meaning ascribed to it under Rule 20.06(2) of the GEM Listing Rules
“Audit Committee”	the audit committee of the Board
“Board”	the board of Directors
“business day”	any day (other than a Saturday, Sunday or public holiday in Hong Kong and any day on which tropical cyclone warning number eight or above or a black rainstorm warning signal is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.) on which banks in Hong Kong are generally open for normal banking business
“BVI”	the British Virgin Islands

DEFINITIONS

“Capitalisation Issue”	the issue of 671,000,000 Shares to be made upon capitalisation of HK\$6,710,000 standing to the credit of the share premium account of our Company as referred to in the section headed “Statutory and general information – Information about our Company – 3. Resolutions in writing of our Shareholders passed on 27 August 2018” in Appendix IV to this prospectus
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“CCASS Clearing Participant(s)”	person(s) admitted to participate in CCASS as direct clearing participant(s) or general clearing participant(s)
“CCASS Custodian Participant(s)”	person(s) admitted to participate in CCASS as custodian participant(s)
“CCASS Investor Participant(s)”	person(s) admitted to participate in CCASS as investor participant(s) who may be individual(s) or joint individuals or corporation(s)
“CCASS Operational Procedures”	the operational procedures of HKSCC in relation to CCASS, containing the practices, procedures and administrative requirements relating to the operations and functions of CCASS, as from time to time in force
“China” or “PRC”	the People’s Republic of China, but for the purpose of this prospectus only and except where the context requires otherwise, does not include Hong Kong, Macau and Taiwan
“close associate(s)”	has the meaning ascribed to it under Rule 1.01 of the GEM Listing Rules
“Companies Law”	the Companies Law, Cap. 22 (Law 3 of 1961) of the Cayman Islands, as amended, consolidated, revised or otherwise modified from time to time
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time

DEFINITIONS

“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”	WAC Holdings Limited, an exempted company incorporated in the Cayman Islands with limited liability on 25 August 2017
“Concerted Group”	collectively refers to Dr. Chan and Mr. Kwong
“connected person(s)”	has the same meaning ascribed to it under Rule 20.06(7) of the GEM Listing Rules
“Controlling Shareholder(s)”	the controlling shareholder(s) (having the meaning ascribed to it in the GEM Listing Rules) of our Company, namely, Manning Properties, Dr. Chan and Mr. Kwong
“core connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Deed of Indemnity”	the deed of indemnity dated 27 August 2018 executed by each of our Controlling Shareholders in favour of our Company (for ourselves and as trustee for each of our subsidiaries stated therein), details of which are set out in the section headed “Statutory and general information – Other information – 14. Estate duty, tax and other indemnity” in Appendix IV to this prospectus
“Deed of Non-Competition”	the deed of non-competition undertaking executed by each of our Controlling Shareholders in favour of our Company on 27 August 2018, details of which are set out in the section headed “Relationship with our Controlling Shareholders – Non-compete undertakings” in this prospectus
“Director(s)”	the director(s) of our Company
“Dr. Chan”	Dr. CHAN Yin Nin (陳延年), an executive Director of our Company and a Controlling Shareholder holding approximately 68.2% of interests in Manning Properties

DEFINITIONS

“Dr. Yuen”	Dr. YUEN Fung Ting (袁鳳婷), being the sole shareholder of Galaxy and hence, she will be indirectly interested in approximately 20.9% of shareholding of our Company upon Listing (assuming the Offer Size Adjustment Option and any option that may be granted under the Share Option Scheme is not exercised) by virtue of her interest in Galaxy
“EITIR”	the Implementation Rules of the Enterprise Income Tax Law of the PRC (中華人民共和國企業所得稅法實施條例) as promulgated by the State Council of the PRC on 6 December 2007 and came into effect on 1 January 2008
“EIT Law”	the Enterprise Income Tax Law of the PRC (中華人民共和國企業所得稅法) as adopted by the National People’s Congress of the PRC on 16 March 2007 and came into effect on 1 January 2008
“Galaxy”	Galaxy Sourcing Limited, a company incorporated in the BVI with limited liability on 31 August 2006, and a substantial shareholder of our Company, which is wholly owned by Dr. Yuen. It will be interested in approximately 20.9% of the shareholding of our Company upon Listing (assuming the Offer Size Adjustment Option and any option that may be granted under the Share Option Scheme is not exercised)
“GEM”	GEM operated by the Stock Exchange
“GEM Listing Rules”	Rules Governing the Listing of Securities on GEM (as amended, supplemented or otherwise modified from time to time)
“General Rules of CCASS”	the terms and conditions regulating the use of CCASS, as may be amended or modified from time to time and where the context so permits, shall include the CCASS Operational Procedures
“Government”	the Government of Hong Kong
“Group”, “our Group”, “we” or “us”	our Company together with its subsidiaries, or where the context so requires in respect of the period before our Company became the holding company of its present subsidiaries, the companies that are the present subsidiaries of our Company

DEFINITIONS

“HK\$” or “HK dollar(s)” and “cent(s)”	Hong Kong dollar(s) and cent(s) respectively, the lawful currency of Hong Kong
“HKFRSs”	Hong Kong Financial Reporting Standards issued by HKICPA
“HKICPA”	Hong Kong Institute of Certified Public Accountants
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Branch Share Registrar”	Tricor Investor Services Limited, the branch share registrar and transfer office of our Company in Hong Kong
“Hong Kong Legal Counsel”	Mr. Cheung, Harrison C.H., a barrister-at-law in Hong Kong advising on certain aspects of Hong Kong law relating to our Group’s operation
“Independent Third Party(ies)”	a person or persons or a company or companies which, to the best of our Directors’ knowledge, information and belief, having made all reasonable enquires, is not a connected person (within the meaning of the GEM Listing Rules) of our Company
“Internal Control Adviser”	Wellink Corporate Advisory Limited, the internal control adviser of our Company
“Ipsos”	Ipsos Limited, an Independent Third Party, being a professional market research consulting company
“Ipsos Report”	the industry report prepared by Ipsos which was commissioned by us in relation to, among others, market landscape and competitive analysis of the construction engineering consultancy industry in Hong Kong
“Issuing Mandate”	the general unconditional mandate granted to our Directors by our Shareholders in relation to the issue of new Shares, further information of which is set out in the section headed “Statutory and general information – Information about our Company – 3. Resolutions in writing of our Shareholders passed on 27 August 2018” in Appendix IV to this prospectus

DEFINITIONS

“Latest Practicable Date”	22 August 2018, being the latest practicable date for ascertaining certain information prior to the printing of this prospectus
“Listing”	the listing of the Shares on GEM
“Listing Date”	the date on which dealings in the Shares on the GEM first commence, which is expected to be on or about Monday, 17 September 2018
“Listing Department”	the listing department of the Stock Exchange
“Macau”	the Macau Special Administrative Region of the PRC
“Macau Legal Advisers”	Rato, Ling, Lei & Cortés – Advogados, a qualified Macau law firm, being our legal advisers as to Macau laws for the application for the Listing
“Main Board”	the stock market (excluding the option markets) operated by the Stock Exchange which is independent from and operated in parallel with GEM
“Manning Properties”	Manning Properties Limited (萬年地產發展有限公司), a company incorporated in the BVI with limited liability on 9 February 2015, and a Controlling Shareholder, which is wholly-owned by the Concerted Group, comprising Mr. Kwong (approximately 31.8% shareholding) and Dr. Chan (approximately 68.2% shareholding)
“Memorandum” or “Memorandum of Association”	the memorandum of association of our Company as amended from time to time
“MOP”	Macau pataca, the lawful currency of Macau
“Mr. Kwong”	Mr. KWONG Po Lam (鄭保林), an executive Director of our Company and a Controlling Shareholder holding approximately 31.8% of interest in Manning Properties
“Nomination Committee”	the nomination committee of the Board

DEFINITIONS

“Novation Deed”	the deed of novation and amendment dated 29 August 2017 entered into between our Company, W&C Hong Kong, Dr. Chan, Mr. Kwong and Galaxy. Details of which are set out in the section headed “History, Reorganisation and group structure – The Pre-IPO Investment – The Pre-IPO Subscription Agreements” in this prospectus
“Offer Price”	the final offer price per Offer Share (exclusive of brokerage, SFC transaction levy and Stock Exchange trading fee payable thereon) which will be not more than HK\$0.28 per Offer Share and is expected to be not less than HK\$0.20 per Offer Share at which the Offer Shares are to be offered for subscription pursuant to the Share Offer, to be determined as further described in the section headed “Structure and conditions of the Share Offer” in this prospectus
“Offer Shares”	collectively, the Public Offer Shares and the Placing Shares
“Offer Size Adjustment Option”	the option granted by our Company to the Placing Underwriters, exercisable by Sole Global Coordinator (for itself and on behalf of the Placing Underwriters) under the Placing Underwriting Agreement to require our Company to issue up to an additional 43,200,000 Shares, representing 15% of the number of the Offer Shares initially available under the Share Offer at the Offer Price, details of which are set out in the section headed “Structure and conditions of the Share Offer” in this prospectus
“Placing”	the conditional placing by the Placing Underwriters on behalf of our Company of the Placing Shares for cash at the Offer Price, as further described under the section headed “Structure and conditions of the Share Offer” in this prospectus
“Placing Shares”	the 259,200,000 new Shares initially being offered by our Company at the Offer Price for subscription under the Placing subject to reallocation and the Offer Size Adjustment Option, and the terms and conditions as described in the section headed “Structure and conditions of the Share Offer” in this prospectus

DEFINITIONS

“Placing Underwriters”	the underwriters of the Placing Shares who are expected to enter into the Placing Underwriting Agreement to underwrite the Placing Shares
“Placing Underwriting Agreement”	the conditional underwriting agreement relating to the Placing to be entered into between, amongst others, our Company, our Controlling Shareholders, our executive Directors, the Sponsor, and the Placing Underwriters, particulars of which are summarised in the section headed “Underwriting – Placing – Placing Underwriting Agreement” in this prospectus
“PRC Legal Advisers”	Shu Jin Law Firm (廣東信達律師事務所), a qualified PRC law firm, being our legal advisers as to PRC laws for the application for the Listing
“Pre-IPO Investment”	the investment by Galaxy in our Group under the Pre-IPO Subscription Agreements, details of which are set out in the section headed “History, Reorganisation and group structure – The Pre-IPO Investment – The Pre-IPO Subscription Agreements” in this prospectus
“Pre-IPO Subscription Agreements”	the Share Subscription Agreement entered into between W&C Hong Kong (which has been substituted by our Company pursuant to the Novation Deed), Dr. Chan, Mr. Kwong and Galaxy in respect of the Pre-IPO Investment as further described under the section headed “History, Reorganisation and group structure – The Pre-IPO Investment – The Pre-IPO Subscription Agreements” in this prospectus
“Price Determination Agreement”	the agreement to be entered into between Alpha (for itself and on behalf of the Underwriters) and our Company on the Price Determination Date to fix and record the Offer Price
“Price Determination Date”	the date, expected to be on or around Monday, 10 September 2018 or such later date as the Alpha (for itself and on behalf of the Underwriters) and our Company may agree, on which the Offer Price is to be fixed, but in any event not later than Wednesday, 12 September 2018

DEFINITIONS

“Public Offer”	the offer of the Public Offer Shares for subscription by the public in Hong Kong for cash at the Offer Price on and subject to the terms and conditions stated in this prospectus and in the Application Forms and as further described in the section headed “Structure and conditions of the Share Offer” in this prospectus
“Public Offer Shares”	the 28,800,000 new Shares (subject to reallocation) initially being offered by our Company for subscription in the Public Offer, as described under the section headed “Structure and conditions of the Share Offer” in this prospectus
“Public Offer Underwriters”	the underwriters of the Public Offer Shares whose names are set out in the section headed “Underwriting – Public Offer Underwriters” in this prospectus
“Public Offer Underwriting Agreement”	the conditional underwriting agreement relating to the Public Offer entered into by our Company, our Controlling Shareholders, our executive Directors, the Sponsor, and the Public Offer Underwriters on or around Thursday, 30 August 2018, details of which are set forth in the section headed “Underwriting – Public Offer – Public Offer Underwriting Agreement” in this prospectus
“Remuneration Committee”	the remuneration committee of the Board
“Reorganisation”	the reorganisation of our Group in preparation for the Listing described in the sections headed “History, Reorganisation and group structure – Reorganisation” and “Statutory and general information – Information about our Company – 4. Group Reorganisation” in Appendix IV to this prospectus
“Repurchase Mandate”	the general unconditional mandate to repurchase Shares granted to our Directors by our Shareholders, further information of which is set out in the section headed “Statutory and general information – Information about our Company – 3. Resolutions in writing of our Shareholders passed on 27 August 2018” in Appendix IV to this prospectus
“RMB” or “Renminbi”	the lawful currency of the PRC

DEFINITIONS

“SAFE”	the State Administration of Foreign Exchange of the PRC (中華人民共和國國家外匯管理局)
“SFC”	Securities and Futures Commission of Hong Kong
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
“Share(s)”	ordinary share(s) of nominal value of HK\$0.01 each in the share capital of our Company
“Shareholder(s)”	holder(s) of our Share(s) from time to time
“Share Offer”	the Public Offer and the Placing
“Share Option Scheme”	the share option scheme conditionally approved and adopted by our Company pursuant to written resolutions of our Shareholders on 27 August 2018 as described in the section headed “Statutory and general information – Other information – 13. Share Option Scheme” in Appendix IV to this prospectus
“Share Subscription Agreement”	the share subscription agreement dated 9 May 2017 (as amended from time to time), entered into between W&C Hong Kong, Dr. Chan, Mr. Kwong and Galaxy
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the GEM Listing Rules
“Substantial Shareholder(s)”	the substantial shareholder(s) of our Company having the meaning ascribed to it under the GEM Listing Rules
“Takeovers Code”	The Code on Takeovers and Mergers as issued by the SFC, as amended, supplemented or otherwise modified from time to time
“Tax Adviser”	The Concord Consulting Service Limited, the tax adviser of our Company
“Track Record Period”	the three years ended 31 March 2018

DEFINITIONS

“Underwriters”	the Public Offer Underwriters and the Placing Underwriters
“Underwriting Agreements”	the Public Offer Underwriting Agreement and the Placing Underwriting Agreement
“United States”	the United States of America
“US\$” or “U.S. dollars”	the lawful currency for the time being of the United States
“W&C Hong Kong”	Wong & Cheng Consulting Engineers Limited (黃鄭顧問工程師有限公司), formerly known as “Wong & Cheng Consulting Engineers Limited” and “Fine Future Limited (明程有限公司)”, a company incorporated in Hong Kong with limited liability on 19 June 1987, which is owned as to 100% by WAC (HK) and is our indirect wholly-owned subsidiary
“W&C Macau”	Wong & Cheng Consulting Engineers (Macau) Limited (黃鄭顧問工程師(澳門)有限公司), a company incorporated under the laws of Macau with limited liability on 14 June 2002 which is owned as to 100% by WAC (Macau) and is our indirect wholly-owned subsidiary
“W&C Shenzhen”	黃鄭建築科技開發(深圳)有限公司, a company incorporated under the laws of PRC with limited liability on 2 November 2001 which is owned as to 100% by W&C Hong Kong and is our indirect wholly-owned subsidiary
“WAC (HK)”	WAC (Hong Kong) Limited, a company incorporated in the BVI with limited liability on 29 August 2017, which is our direct wholly-owned subsidiary
“WAC (Macau)”	WAC (Macau) Limited, a company incorporated in the BVI with limited liability on 29 August 2017, which is our direct wholly-owned subsidiary
“ WHITE Application Form(s)”	the application form(s) for use by the public who require such Public Offer Shares to be issued in the applicant’s or applicants’ own name(s)
“ YELLOW Application Form(s)”	the application form(s) for use by the public who require such Public Offer Shares to be deposited directly into CCASS

DEFINITIONS

“%” per cent.

Words importing the singular include, where applicable, the plural and vice versa. Words importing the masculine gender include, where applicable, the feminine and neuter genders.

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.

All times and dates refer to Hong Kong local time and dates unless otherwise stated.

Unless otherwise specified, all relevant information in this prospectus assumes no exercise of the Offer Size Adjustment Option.

GLOSSARY OF TECHNICAL TERMS

This glossary contains certain definitions of technical terms used in this prospectus as they relate to our Group and as they are used in this prospectus in connection with our Group's business or our Group. Some of these definitions may not correspond to standard industry definitions.

“ARB”	the Architects Registration Board established under the ARO
“ARO”	the Architects Registration Ordinance (Chapter 408 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Authorized Person” or “AP”	a person whose name is on the authorized persons' register kept by the Building Authority under section 3(1) of the BO as an architect, an engineer, or a surveyor
“BIM”	building information modelling
“BO”	the Buildings Ordinance (Chapter 123 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Building Authority”	the Director of Buildings of the Buildings Department of the Government
“CAD”	computer-aided design
“comprehensive structural and geotechnical engineering consultancy service”	our area of construction engineering consultancy focusing on offering a combination of related areas of service in structural engineering, geotechnical engineering, certain civil engineering practice areas and material engineering
“ERB”	the Engineers Registration Board established under the ERO
“ERO”	the Engineers Registration Ordinance (Chapter 409 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“GDP”	gross domestic product, a market value of all officially recognised final goods and services produced within a country in a given period
“HKIA”	the Hong Kong Institute of Architects

GLOSSARY OF TECHNICAL TERMS

“ISO”	the International Organization for Standardization
“ISO 9001”	a standard published by the ISO for a quality management system
“Minor Works”	minor works as prescribed under the Building (Minor Works) Regulation (Chapter 123N of the Laws of Hong Kong)
“Registered Architect” or “RA”	a person whose name is on the register of registered architects maintained by the ARB under the ARO
“Registered Geotechnical Engineer” or “RGE”	a person whose name is for the time being on the geotechnical engineers’ register kept by the Building Authority under section 3(3A) of the BO
“Registered Professional Engineer” or “RPE”	a person whose name is on the register of registered professional engineers maintained by ERB under ERO
“Registered Structural Engineer” or “RSE”	a person whose name is for the time being on the structural engineers’ register kept by the Building Authority under section 3(3) of the BO

FORWARD-LOOKING STATEMENTS

Our Company has included in this prospectus forward-looking statements that are not historical facts, but relate to its intentions, beliefs, expectations or predictions for future event. These forward-looking statements are contained principally in the sections entitled “Summary”, “Risk factors”, “Industry overview”, “Business”, and “Financial information” of this prospectus, which are, by their nature, subject to risks and uncertainties.

In some cases, our Company uses the words “aim”, “anticipate”, “believe”, “continue”, “could”, “expect”, “intend”, “may”, “ought to”, “plan”, “potential”, “predict”, “project”, “propose”, “seek”, “should”, “will”, “would” and similar expressions or statements to identify forward-looking statements. These forward-looking statements include, without limitation, statements relating to:

- its business strategies and plan of operations;
- its capital expenditure and funding plans;
- projects under construction and planning;
- general economic conditions;
- capital market development;
- the trends of industry;
- certain statements in “Financial information” with respect to trends in prices, operations;
- margins, overall market trends, risk management and exchange rates;
- the regulatory environment for the comprehensive structural and geotechnical engineering consultancy service industry in general and the level of policy support; and
- other statements in this prospectus that are not historical fact.

These forward-looking statements are subject to risks, uncertainties and assumptions, some of which are beyond the control of our Company. In addition, these forward-looking statements reflect the current views of our Company with respect to future events and are not a guarantee of future performance.

Additional factors that could cause actual performance or achievements to differ materially include those discussed under the section headed “Risk factors” and elsewhere in this prospectus.

FORWARD-LOOKING STATEMENTS

These forward-looking statements are based on current plans and estimates, and speak only as of the date they are made. Our Company undertakes no obligation to update or revise any forward-looking statement in light of new information, future events or otherwise. Forward-looking statements involve inherent risks and uncertainties and are subject to assumptions, some of which are beyond the control of our Company. Our Company cautions you that a number of important factors could cause actual outcomes to differ, or to differ materially, from those expressed in any forward-looking statements.

Due to these risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this prospectus might not occur in the way our Company expects, or at all. In light of these and other uncertainties, the inclusion of forward-looking statements in this prospectus should not be regarded as representation by our Company that its plan, or objective will be achieved. 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 these cautionary statements.

RISK FACTORS

You should carefully consider all of the information in this prospectus including the risks and uncertainties described below before making an investment in our Company. You should pay particular attention to the fact that the legal and regulatory environment of which may differ in some respects from that which prevails in other countries. The business, financial condition or results of operation of our Group could be materially and adversely affected by any of these risks and uncertainties. The trading price of our Shares could decline due to any of these risks and uncertainties, and you may lose all or part of your investment.

Our Group believes that there are certain risks involved in our business and operations. Many of these risks are beyond our control and can be categorised in the following manner: (i) risks relating to the business operations of our Group and the industry in which we operate; (ii) risks relating to conducting business in the PRC; (iii) risks relating to the Share Offer; and (iv) risks relating to this prospectus.

RISKS RELATING TO THE BUSINESS OPERATIONS OF OUR GROUP AND THE INDUSTRY IN WHICH WE OPERATE

We rely heavily on our professional staff, in particular, our management team, in operating our business

Our Group relies heavily on our professional staff, including our RSEs, RGEs and APs in Hong Kong to render a comprehensive structural and geotechnical engineering consultancy service to our clients. Details of our Group's professional staff are set out in the section headed "Business – Major qualifications" in this prospectus. Members of our professional staff may voluntarily serve notice of termination of their employment with us for any reason at any time and our Group may not be able to retain them. We may not be able to find suitable replacement and even if we can find suitable replacement, it may be costly and time-consuming. Constant replacements may result in an increasingly high staff turnover rate. During the Track Record Period and from 1 April 2018 to the Latest Practicable Date, our staff turnover rates were approximately 38.3%, 34.4%, 32.1% and 25.3%, respectively. Please refer to the section headed "Business – Employees and employee's benefit" in this prospectus for more details. The loss of service of these professional staff and possible failure to find suitable replacements could adversely and significantly affect our operations and financial position.

Our success relies, to a significant extent, on our ability to identify, hire, train and retain suitable, skilled and qualified employees, including management personnel with the requisite expertise. Members of our management team, comprising our executive Directors namely Dr. Chan and Mr. Kwong, and our senior management, namely Mr. Fong Chi Wai, Mr. Heung Siu Kee, Mr. Huang Wan Fu, Mr. Lee Sik Kwan, Mr. Ngai Wai Bun, Dr. Chu Yu Tin, Albert and Dr. Chen Hui, have ample years of experience in the construction engineering consultancy industry and our Directors believe that we possess in-depth knowledge and insightful understanding of the culture and preference of the developers in the market. Further information about our management team's experience is set out in the section headed "Directors, senior management and staff" in this prospectus. If any of our executive Directors or our senior management cease

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to be involved in the management of our Group in the future and our Group is unable to find a suitable replacement in a timely manner, there could be an adverse impact on the business, results of operations and profitability of our Group.

Our continued success depends on our responsiveness to our client's preference

Our comprehensive structural and geotechnical engineering consultancy service engagement is dependent on our client's preference, which are subjective in nature. We assist our clients by advising them, from a comprehensive structural and geotechnical engineering consultancy service perspective, according to their preference, feasibility, cost, utility and risks for the development. Our Directors believe that one of the major factors underlying our continued success is our responsiveness to our clients' preference.

Since preference and expectations vary from client to client, we must be able to anticipate, identify and respond promptly to each client's preference in order to achieve a continued success in the industry. If we fail to anticipate or respond to our clients' preference, fail to introduce a commercially viable structural or geotechnical design or fail to do so in a timely manner, our business and results of operations may be materially and adversely affected.

Our Group determines the tender price based on, among other things, the estimated time and costs involved in a project, which may deviate from the actual time and costs involved

Our projects are generally awarded through invited tendering and quotation. Our tender price of a project is based on, among other things, our estimated time and costs of completing the work. There is no assurance that the actual time spent and the actual costs for a project would fall within our estimation.

The time taken and the costs actually involved in completing our projects may be adversely affected by many factors, including, among others:

- the departure of key personnel;
- unforeseeable difficulties faced on site;
- disputes with our clients or subconsultants;
- amount of queries issued by the Buildings Department regarding our submission plans;
- changes in government policies;
- changes in market conditions;
- other unforeseen problems and circumstances; and
- any event or series of events in the nature of force majeure.

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Any one of the above factors may give rise to an unexpected increase in our time and costs involved due to the delay in our projects or increase in complexity of our projects. If we are unable to reallocate our resources in an efficient manner or enter into a variation order with our clients, this may result in our profitability being lower than expected.

Our profitability may be affected by the potential increase in operating expenses upon hiring additional employees if we are unable to expand our service

It is our business strategy to hire additional employees by utilising approximately 76.2% of net proceeds from the Share Offer to expand our teams of professionals by strengthening our manpower. Please refer to the section headed “Business objectives, future plans and use of proceeds” in this prospectus for details as to the potential employees to be hired.

Please also refer to the section headed “Business – Business strategies and future plans” in this prospectus for details of our reasons and basis in formulating our business strategies. As a result of hiring additional employees, it is expected that the additional operating expenses will be charged to our profit and loss. If we cannot implement our business strategies effectively to grow our business as expected, we may not be able to enjoy the full economic benefit brought from such additional employees and offset the cost for hiring them and our financial performance and operating results may be affected as a result.

Negative publicity or damage to our business reputation may have a potential adverse impact on our project engagement

As a professional service provider, our Group’s ability to secure new projects depends heavily upon our reputation and the reputation of our team as we generally obtain our business by invited tendering and quotation. Negative publicity associated with our Group or our team could result in the loss of clients or lead to increasing difficulty to be awarded new projects in the tendering process. In the event that, (i) any client is not satisfied with our work; (ii) any delay in completing a project because of the quality of our work or other parties; and (iii) any party raises any complaint regarding our Group which comes to the attention of the public, our existing or potential clients, the business, brand and reputation of our Group may be adversely affected, which will in turn, adversely affect our growth prospects and financial condition.

Our revenue is mainly derived from projects which are non-recurring in nature

Most of our projects are undertaken on a project-by-project basis. As such, our revenue derived from such projects is non-recurring in nature and we cannot guarantee that our clients will provide us with new business after our current projects are completed. Our Group has to go through invited tendering and quotation process to secure new projects. In the event that we are unable to maintain our reputation, our business relationships with our existing clients or are unable to make our tender price competitive, our business and our revenue will be adversely affected.

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Our Group is subject to potential exposure to professional liabilities

Our Group is principally engaged in the provision of comprehensive structural and geotechnical engineering consultancy service to our clients. In the event that our client who may suffer a loss due to the negligence of our Group in providing such service, it may request for compensation from our Group. Our Directors consider that one of the major business risks associated with our provision of service is the potential lawsuits arising from professional negligence, misconduct and fraudulent act.

In spite of the quality control measures adopted by our Group, there is no assurance that these measures can completely eliminate the professional negligence, misconduct or fraudulent act caused by our employees. If our Group experiences any event of professional negligence, misconduct or fraudulent act, our Group could be exposed to liabilities, such as claims or lawsuits, and the same may have an adverse impact on our Group's reputation. Our Group is covered by professional indemnity insurance and we may experience an adverse impact on our Group's financial position in the event that the claim from our clients exceeds the coverage or the scope of the insurance does not cover such claim. Details of our Group's insurance policies are set out in the section headed "Business – Insurance" in this prospectus.

Our service fee may not be paid in full and there is no guarantee that progress payments will be paid to us on time due to our clients' projects not being completed as originally planned

Projects of our clients may involve complex procedures that last for a long period of time and may contain many inherent risks that could hinder the projects from being completed as originally planned. Also, the planning and progress of our clients' projects are usually outside our control. In such event, it will materially affect our budget and work allocation if we were not given sufficient prior notice. As we receive payment based on work stage of a project, if a project has material delay or being halted by the client, we also may not be able to obtain the remaining contract sum as projected.

We usually receive progress payments from our client according to the billing schedule as set out in the service contract. Once a specific milestone as set out in the service contract is completed, we will issue an invoice to our client. The trade receivables as at 31 March 2016, 2017 and 2018 were approximately HK\$16.4 million, HK\$22.2 million and HK\$21.7 million, respectively, and approximately HK\$16.7 million or 77.1%, of the trade receivables as at 31 March 2018 had subsequently been settled as at the Latest Practicable Date.

There can be no assurance that progress payments will be paid to us on time by our clients or that the level of bad debt arising from such payment practice can be maintained at similar levels as in the Track Record Period. Any failure by our clients to make remittance on time may have an adverse effect on our future liquidity position.

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We are exposed to the credit risk of and may experience increasing balance of trade receivables from clients and longer trade receivables' turnover days in the future

We are subject to the credit risks of our clients and our liquidity is dependent on the prompt payment of our clients.

As at 31 March 2016, 2017 and 2018, the trade receivables from clients amounted to approximately HK\$16.4 million, HK\$22.2 million and HK\$21.7 million respectively, representing an increase of approximately HK\$5.8 million or 35.7% from approximately HK\$16.4 million as at 31 March 2016 to HK\$22.2 million as at 31 March 2017 and a decrease of approximately HK\$0.5 million or 2.3% to HK\$21.7 million as at 31 March 2018 when compared with that as at 31 March 2017 whereas the respective amounts of trade receivables from clients accounted for 39.8%, 61.4% and 46.6% of our total assets respectively. As at 31 March 2016, 2017 and 2018, the trade receivables which were past due for more than 90 days amounted to approximately HK\$5.3 million, HK\$9.4 million and HK\$11.0 million respectively. As at the Latest Practicable Date, approximately HK\$7.8 million of the HK\$11.0 million trade receivables which were past due for more than 90 days as at 31 March 2018 had been subsequently settled.

In addition, the trade receivables' turnover days were approximately 73.8 days, 99.8 days and 116.0 days for each of the three years ended 31 March 2018 respectively. For details of reasons of the fluctuations in progress billings receivable from clients and trade receivables' turnover days, please refer to the section headed "Financial information – Analysis of various items from the consolidated statements of financial position – Trade and other receivables" in this prospectus.

There is no assurance that we will be able to bill all or any part of the amounts due from customers for contract work according to the billing schedule as stated on our service contract or that we will be able to collect all or any part of the progress billings receivable from clients within the credit terms granted by us to our clients or at all. There is also a possibility that we may take longer than the debtors' turnover days to collect payments. This will therefore, negatively affect our cash flow and financial performance.

Mismatch in liquidity and cashflow associated with our net bank overdraft position mainly caused by the prolonged trade receivables settlement cycle as our Group generally offered no credit terms to our clients

Our Group recorded net bank overdrafts of approximately HK\$3.9 million and HK\$515,000 as at 31 March 2016 and 2017, respectively. Our net bank overdraft position occurred in the Track Record Period was mainly caused by the prolonged trade receivables settlement cycle as our Group generally offered no credit terms to our clients. Excluding the proceed from the issue of new shares of our Company of approximately HK\$15.0 million and the Listing expenses of approximately HK\$11.0 million for the year ended 31 March 2018, our Group would have recorded net cash position of approximately HK\$2.6 million. Please refer to the section headed "Financial information – Liquidity and capital resources – Cash and cash equivalents at the end

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of the reporting period” in this prospectus for more details. We cannot assure you that our clients will settle our invoices in a timely manner or in full. Any default or delay in payment by our clients and therefore mismatch in liquidity and cashflow may materially and adversely affect our business operations.

Risks associated with our computer hardware or software system and data storage and potential computer system failure and disruptions

Part of our work is substantially carried out by computers and software such as CAD. Our computer hardware, software and data storage is maintained by our information technology department. The computer servers of our Group are currently situated at our offices in Hong Kong and the PRC with restricted access only to authorised personnel. Our Group’s back-up facilities may malfunction in the event of a physical breakdown of and damage to our computer hardware, software and data storage, which may lead to a loss of data.

There is no assurance that our Group has sufficient ability to protect our computer hardware, software and data storage from all possible damage, including, acts of nature, telecommunications breakdown, electricity failure or other unexpected events. Any damage to our computer hardware, software and data storage will cause business interruptions to our Group, thus will directly and adversely affect our operating performance. Any damage to our computer hardware, software and data storage may have a material impact on our operating performance and reputation.

The network computer system of our Group is vulnerable to the attack of computer viruses, worms, trojan horses, hackers or other computer network disruptions. Any failure in safeguarding our computer network system from these disruptions may cause the breakdown of our computer network system and/or leakage of confidential information, including the designs of our Group, particulars of tenders to be placed by our Group and information of our projects and our clients. There is no assurance that our computer network system is absolutely secure. Any failure in the protection of our computer network system from external threats may cause disruption to our operations and may damage our reputation for any breach of confidentiality to our clients and in turn, may indirectly and adversely affect the business operations and performance of our Group. During the Track Record Period and up to the Latest Practicable Date, as confirmed by our executive Directors, we did not experience any material breakdown in our computer network system or breach of confidentiality.

We face intense competition

The construction engineering consultancy industry is considered to be relatively mature and fragmented with many players specialising in specific categories including structural engineering, geotechnical engineering building services engineering and façade engineering. Clients may appoint consultants based on the project nature and needs, while price, reputation and client relationship are major factors of competition in the industry. According to the Census and Statistics Department, there were 1,997 establishments of architectural, surveying and engineering services in 2016. As such, we have to compete with other service providers in terms

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of price and delivery. Construction engineering consultancy service providers may intensify competition if the market experiences a slowdown, which may induce price competition. If we fail to compete effectively, our business operations and financial condition will suffer.

Our Group is reliant on the construction engineering consultancy industry market in Hong Kong

During the Track Record Period, almost all of our Group's revenue was generated from providing our comprehensive structural and geotechnical engineering consultancy service to our clients for projects located in Hong Kong. We expect that Hong Kong and areas in its vicinity will continue to account for a significant portion of our operations in the near future. If Hong Kong experiences any adverse movements in the supply of, or demand for, properties or experiences any adverse economic conditions, such as an economic downturn, a natural disaster, a contagious disease outbreak or a terrorist attack, or if the local government authorities adopt regulations that place additional restrictions or burdens on the property buyers or us in general, our business, financial position and results of operations could be materially and adversely affected.

We may incur unanticipated and non-recoverable costs in order to meet the specifications of our clients

In the course of providing our comprehensive structural and geotechnical engineering consultancy service, our clients, architects or the Buildings Department may request us to amend or vary any of our project outputs such as layout plans and designs. A certain extent of comments and variations to be made to the aforementioned documents is generally expected and included in our service fee under our engagements. Any substantial amendments outside of the agreed scope of work would be subject to additional charges to be agreed by our clients and us. However, there is no assurance that our clients will not dispute on the agreed scope of variations or that agreement on the rate of the additional variation works can be reached between our clients and us. If the rate of additional variation works determined and agreed between our clients and us is materially lower than our original estimation in assessing the profit or loss of each project, our results of operations may be adversely affected. In the event that agreements cannot be reached and we are not paid for the variation works, contractual disputes with our clients may arise and extra costs, such as legal fees, may be incurred in the relevant project, thereby materially and adversely affecting our profitability, financial performance and results of operations.

Risks associated with the operations of our business may not be sufficiently covered by insurance

Certain risks associated with the operations of our business may not be fully covered by insurance as insurance may not be available or available on commercially reasonable terms. For example, we do not maintain insurance for litigation risks or business termination risks. For further information on our insurance coverage, please refer to the section headed "Business – Insurance" in this prospectus.

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There is no assurance that our current insurance coverage will be able to cover all types of risks involved in our business operations, or sufficiently cover the full extent of loss or liability for which we may be held liable. Any event that is not insured and any loss or liability that exceeds the insurance limit or is excluded from the scope of our existing insurance policies may materially and adversely affect our business, results of operations and financial condition.

We may be liable for the actions of our employees

We cannot assure you that all the actions by our employees will meet our own standards, applicable legal standards, and our clients' expectations, especially since it is difficult for us to effectively monitor the actions of our employees at all times. We could be held financially liable for any inappropriate actions of our employees in the operation of our business, and our reputation could be materially and adversely affected by their actions, which could lead to a material adverse effect on our business, results of operations, and financial condition.

RISKS RELATING TO CONDUCTING BUSINESS IN THE PRC

Our non-compliance with certain laws and regulations regarding social insurance, housing provident fund and insufficient withholding tax relating to employees' salaries in the PRC could lead to the imposition of fines and penalties on us

Pursuant to the relevant PRC laws and regulations, (i) employers in the PRC are required to make social insurance and housing provident fund contributions for their employees, while entities failing to make such contributions may be ordered to settle the outstanding contributions within a prescribed time period and subject to penalties or fines; and (ii) we should withhold sufficient withholding tax for our employees. During the Track Record Period, we were not in strict compliance with the requisite contribution requirements in relation to our PRC employees. For further details, please see the section headed "Business – Regulatory compliance" in this prospectus.

There is no assurance that we will not be subject to penalties or fines imposed by the relevant PRC authorities as a result of such non-compliance incidents. There is also no assurance that there will not be any employee complaint against us in relation to our failure to make full social insurance and housing provident fund contributions. 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.

The political, economic and social conditions of the PRC, as well as government policies, laws and regulations, may affect our business, financial performance and results of operations

Given that an office of our subsidiary is located in the PRC, our Group's operations, financial performance and prospects are therefore subject to the general economic, political and social developments in the PRC.

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The economy of the PRC differs from the economies of most developed countries in a number of respects, including its structure, the extent of government involvement, level of development, growth rate, control of capital investment, control of foreign exchange and allocation of resources. The PRC's economy is in the midst of transitioning from a centrally planned economy to a more market-oriented economy. In the past few decades, the PRC government has implemented measures emphasising market forces for economic reform, the reduction of state ownership of productive assets and the establishment of sound corporate governance in business enterprises to spur the development of the PRC economy. However, the PRC government continues to play a significant role in regulating industrial development and PRC's economic growth through policy measures on the allocation of resources, controlling payment of foreign currency-denominated obligations, setting monetary policies and providing preferential treatments to particular industries or companies. There can be no assurance that we may be able to benefit from all, or any, of these measures that are under continuous adjustments.

Inflation in the PRC could have an adverse effect on our business, results of operations and financial conditions

Our office in the PRC mainly serves as our Hong Kong office's supportive back office, especially in the area of computer-aided drawings and PRC site visits. While the PRC economy has experienced rapid growth, such growth has been uneven among various sectors of the economy and in different geographical areas of the country. Rapid economic growth can lead to growth in the money supply and rising inflation. Since our projects are mainly taken up by our Hong Kong office and supported by our PRC office, if costs in the PRC increases, the profit margin of our Group will decrease accordingly.

Dividends payable by us to our non-PRC Shareholders or gain realised on the transfer of our Shares may be subject to PRC income tax under PRC tax laws

Pursuant to the EIT Law and the EITIR, subject to any applicable tax treaty or arrangement between the PRC and the investors' jurisdiction of residence that provides a different income tax arrangement, the payment of a dividend by a PRC resident enterprise to investors that are non-PRC resident enterprises (including enterprises that do not have an establishment or place of business in the PRC and enterprises that have an establishment or place of business but their income is not effectively connected with the establishment or place of business) or any gain realised on the transfer of shares by such investors is generally subject to PRC income tax at a rate of 10.0%, to the extent that the source of such dividend is in the PRC or such gain is regarded as income derived from sources within the PRC. Under the PRC Individual Income Tax Law (中華人民共和國個人所得稅法) and its implementation rules (中華人民共和國個人所得稅法實施條例), dividends from sources within the PRC paid to foreign individual investors who are not PRC residents and gains from PRC sources realised by such investors on the transfer of shares are generally subject to a PRC income tax at a rate of 20.0%, subject to any reduction or exemption set out in applicable tax treaties and PRC laws.

It is uncertain whether we will be considered as a PRC resident enterprise. If we are regarded as a PRC resident enterprise, dividends payable by us with respect to our Shares, or

RISK FACTORS

any gain realised from the transfer of our Shares, may be treated as income derived from sources within the PRC and may be subject to PRC income tax, subject to the interpretation, application and enforcement of the EIT Law and the EITIR by the relevant tax authorities. If we are required under the EIT Law to withhold PRC income tax on dividends payable to our non-PRC resident Shareholders, or if the investors are required to pay PRC income tax on the transfer of the investors' Shares, the value of the investors' investment in our Shares may be materially and adversely affected.

PRC regulations on direct investment and loans by offshore holding companies to PRC subsidiaries may delay or prevent us from using the proceeds from the Share Offer to make additional capital contributions or loans to our PRC subsidiary, which could harm our liquidity and our ability to fund and expand our business

As an exempted company incorporated in the Cayman Islands, we may make additional capital contributions or loans to our PRC subsidiary, including from the proceeds of the Share Offer. Any loans to our PRC subsidiary are subject to PRC regulations. For example, loans from us to our PRC subsidiary, which is a foreign-invested enterprise, to finance its activities cannot exceed statutory limits and must be registered with SAFE or its local counterparts. We may also decide to finance our PRC subsidiary by means of capital contributions. These capital contributions must be approved by the Ministry of Commerce of PRC or its local counterparts. There can be no assurance that we will be able to complete the necessary government registrations or obtain the necessary government approvals on a timely basis, or at all, with respect to making future borrowings or capital contributions to our PRC subsidiary with the net proceeds from the Share Offer. If we fail to complete such registrations or obtain such approvals, our ability to use the net proceeds of the Share Offer to capitalise our PRC operations may be negatively affected, which could adversely and materially affect our liquidity and our ability to fund and expand our business.

Pursuant to the SAFE Circular on Reforming the Management Approach Regarding the Foreign Exchange Capital Settlement of Foreign-invested Enterprises (國家外匯管理局關於改革外商投資企業外匯資本金結匯管理方式的通知) (the “**Circular 19**”), which became effective on 1 June 2015, foreign-invested enterprises shall be allowed to settle foreign exchange capital on a discretionary basis. Furthermore, where foreign-invested enterprises are engaged in equity investment in the PRC, they shall comply with the regulations on reinvestment in the PRC. While Circular 19 unlocks the restrictions on foreign exchange capital settlement, it is uncertain how the PRC authorities will interpret, apply and enforce Circular 19 and whether Circular 19 will be effective in unlocking the restrictions on foreign exchange capital settlement.

Government control of currency conversion may affect our ability to pay dividends and other obligations

Part of our revenue is denominated in Renminbi. The PRC Government has imposed controls on the conversion between Renminbi and foreign currencies and, in certain cases, the remittance of foreign currencies into and out of the PRC. Pursuant to the existing PRC foreign exchange regulations, payments of current account items, such as dividend distributions and

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interest payments, can be made in foreign currencies without prior approval from the SAFE, but subject to certain procedural requirements. However, approval from or registration with the SAFE is required where Renminbi is to be converted into other foreign currencies and remitted out of the PRC to pay capital expenses such as the repayment of loans denominated in foreign currencies.

We cannot assure you that the PRC regulatory authorities will not impose restrictions on foreign exchange transactions for current account items in the future. Any shortage in the availability of foreign currency may restrict the ability of our PRC subsidiary to remit sufficient foreign currency to pay dividend or make other payments to its holding company, or otherwise satisfy their obligations that are required to be settled in foreign currency. If the foreign exchange control system prevents us from obtaining sufficient foreign currency to satisfy our currency demands, we may not be able to pay dividend in foreign currencies to our Shareholders.

The exchange rate between the RMB and other currencies could negatively affect our business, financial condition and results of operations

The exchange rate of the RMB against the other foreign currencies fluctuates and is affected by, among other things, the policies of the PRC government and changes in the PRC's and international political and economic conditions. Any future exchange rate volatility relating to RMB may adversely affect our business, financial condition and results of operations. Part of our service income are denominated in RMB whereas our reporting currency is HK\$. As such, we are subject to foreign exchange risks and our profits may be adversely affected should RMB weaken against HK\$. When we prepare our consolidated financial statements, transactions made in RMB are converted into HK\$ at the rates prevailing during the reporting period. Accordingly, the profits we derived in HK\$ would be lower should there be any depreciation in the exchange rates of RMB against HK\$ which may adversely affect our business, financial condition and results of operations.

Moreover, to the extent that we need to convert the net proceeds from the Share Offer and future financing proceeds into the RMB for our operations, appreciation of the RMB against HK\$ would have an adverse effect on the RMB amount we would receive from the conversion. On the other hand, because the dividends on our Shares, if any, will be paid in HK\$, any devaluation of the RMB against the HK\$ could adversely affect the amount of any cash dividends on our Shares in HK\$ terms.

RISKS RELATING TO THE SHARE OFFER

Our Shareholders' interests in our Company may be diluted as a result of additional equity fund raising

We may issue additional Shares to raise additional funds in the future to finance our business. If additional funds are raised through the issuance of new equity or equity-linked securities of our Company, other than on a pro rata basis to existing Shareholders, then (i) the

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percentage ownership of those existing Shareholders may be reduced, and they may experience subsequent dilution, and/or (ii) such newly issued securities may have rights, preferences or privileges superior to those of the Shares of existing Shareholders.

There has been no prior public market for our Shares. If an active trading market for our Shares does not develop, the price of our Shares may be adversely affected and may decline below the Offer Price

Prior to the Share Offer, there was no public market for our Shares. The Offer Price was the result of negotiations between us and Alpha (for itself and on behalf of the Underwriters), and the Offer Price may differ significantly from the market price for our Shares following the Share Offer. In addition, we cannot assure you that an active trading market will develop or be maintained following the completion of the Share Offer, or that the market price of our Shares will not decline below the Offer Price.

The liquidity and market price of our Shares following the Share Offer may be volatile

The price and trading volume of our Shares may be highly volatile. Factors such as variations in our revenues, earnings and cash flows and announcements of major works contracts awarded could cause the market price of our Shares to change substantially. The securities market may also from time to time experience significant price and volume fluctuations not related to a particular company's operating performance. Any such developments may result in large and sudden changes in the volume and price at which our Shares will trade.

Due to the time lag between pricing and trading of our Shares, there is a risk that the price of our Shares may fall before trading begins

The Offer Price will be determined on the Price Determination Date, which is expected to be on or around Monday, 10 September 2018 or such later date as Alpha (for itself and on behalf of the Underwriters) and our Company may agree but in any event no later than Wednesday, 12 September 2018. However, trading of the Shares on GEM will not commence until the Listing Date, which is expected to be on Monday, 17 September 2018. During this period, investors may not be able to sell or otherwise deal in our Shares. Accordingly, holders of our Shares are subject to the risk that the Shares' price could fall before trading begins as a result of adverse market conditions or other adverse developments that could occur between the time of the sale and the time trading begins.

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

Future issues of securities by our Company or the disposal of Shares by any of our Controlling Shareholders or the perception that such issues or sale may occur, may negatively impact the prevailing market price of the Shares. The Shares held by our Controlling Shareholders are subject to certain lock-up undertakings for periods up to 12 months after the Listing Date. There is no assurance that our Controlling Shareholders will not dispose of their

RISK FACTORS

Shares following the expiration of their respective lock-up periods after completion of the Share Offer. We cannot predict the effect, if any, of any future sales of Shares by any Controlling Shareholders, or the availability of Shares for sale by any Controlling Shareholders may have on the market price of our Shares. Sales of substantial amounts of Shares by any Controlling Shareholders or the market perception that such sales may occur, could materially and adversely affect the prevailing market price of our Shares.

There is no guarantee that dividends will be declared in the future

The declaration, payment and amount of any future dividends are subject to the discretion of our Board depending on, among other things, our Group's earnings, financial condition and cash requirements and the provisions governing the declaration and distribution as contained in the Articles, applicable laws and other relevant factors. There can be no assurance that we will be able to declare or distribute any dividend or at all in the future.

Granting options under the Share Option Scheme may affect our Group's result of operations and dilute our Shareholders' percentage of ownership

Our Company may grant share options under the Share Option Scheme in the future. The subscription price of the share options will be determined by reference to the Share Option Scheme, which may adversely affect our Group's results of operations. Issuance of Shares for the purpose of satisfying any award made under the Share Option Scheme will also increase the number of Shares in issue after such issuance and thus may result in dilution to the percentage of ownership by our Shareholders and the net asset value per Share. No option has been granted pursuant to the Share Option Scheme as at the Latest Practicable Date. For a summary of the major terms of the Share Option Scheme, please see the section headed "Statutory and general information – Other information – 13. Share Option Scheme" in Appendix IV to this prospectus.

RISKS RELATING TO THIS PROSPECTUS

Investors should not place undue reliance on facts, forecasts and other statistics in this prospectus relating to the economy and our industry obtained from public or official sources

This prospectus contains facts, forecasts and other statistics relating to the economy and the industry in which we operate our business that have been derived from various publications and industry-related sources prepared by government officials or Independent Third Parties. In addition, certain facts and information have been extracted from an industry report commissioned by us and prepared by Ipsos, an independent professional market research consulting company. We believe that the sources of such information are appropriate and reasonable due care has been exercised in extracting and reproducing such information. We have no reason to believe that such information is false, misleading or has been omitted. However, the information has not been independently verified by our Company, our Directors, the Sponsor, nor any parties involved in the Share Offer, other than Ipsos with respect to the information contained in the Ipsos Report, and no representation is given as to its accuracy. Due to

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discrepancies between standards or levels of accuracy between published information and market practice, we make no representation as to the accuracy of the information contained in such sources. Accordingly, such industry information and statistics contained herein may not be accurate and should not be unduly relied upon.

Investors should not place undue reliance on the information contained in press articles or other media

Our Group wishes to emphasise to prospective investors that we do not accept any responsibility for the accuracy or completeness of the information contained in any press articles or other media coverage regarding our Group or the Share Offer, and such information that was not sourced from or authorised by us. We make no representation as to appropriateness, accuracy, completeness or reliability of any information contained in any press articles or other media about our business or financial projections, share valuation or other information. Accordingly, in all cases, prospective investors should give consideration as to how much weight or importance they should attach to, or place on, such press articles or other media coverage.

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

This prospectus contains certain forward-looking statements and information in relation to our Group that are based on the beliefs of our Directors as well as assumptions made by and information currently available to our Directors. Such statements reflect the current views of our Directors with respect to future events which may not materialise or may change. The accuracy of these statements is subject to certain risks, uncertainties and assumptions, including the other risk factors as described in this prospectus. You are strongly cautioned that reliance on any forward-looking statements in this prospectus involves known and unknown risks and uncertainties. Details of these statements and their associated risks are set out in the section headed “Forward-looking statements” in this prospectus.

INFORMATION ABOUT THIS PROSPECTUS AND THE SHARE OFFER

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

This prospectus, for which our Directors 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 and the GEM Listing Rules for the purpose of giving information with regard to our Group. Our Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, (a) the information contained in this prospectus is accurate and complete in all material respects and not misleading or deceptive; (b) there are no other matters the omission of which would make any statement herein or this prospectus misleading; and (c) all opinion expressed in this prospectus have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

INFORMATION ON THE SHARE OFFER

The Public 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 Share Offer or to make any representation not contained in this prospectus and the Application Forms, and any information or representation not contained herein or therein must not be relied upon as having been authorised by us, the Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Underwriters, any of our or their respective affiliates or their respective directors, agents, officers, employees or advisers or any other party involved in the Share Offer.

Details of the structure of the Share Offer, including its conditions and the arrangements relating to the Offer Size Adjustment Option, are set out in the section headed "Structure and conditions of the Share Offer" in this prospectus, and the procedures for applying for the Public Offer Shares are set out in the section headed "How to apply for Public Offer Shares" in this prospectus and in the relevant Application Forms.

Neither the delivery of this prospectus nor any subscription or acquisition made under it shall, under any circumstances, create any implication that there has been no change in our affairs since the date of this prospectus or that the information in it is correct as of any subsequent time.

OFFER SHARES ARE FULLY UNDERWRITTEN

This prospectus is published solely in connection with the Share Offer which is sponsored by the Sponsor and managed by the Sole Global Coordinator. The Public Offer Shares are fully underwritten by the Public Offer Underwriters under the terms and conditions of the Public Offer Underwriting Agreement. The Placing Shares are fully underwritten by the Placing Underwriters pursuant to the Placing Underwriting Agreement. For further information relating to the Underwriters and the underwriting arrangements, please refer to the section headed "Underwriting" in this prospectus.

INFORMATION ABOUT THIS PROSPECTUS AND THE SHARE OFFER

DETERMINATION OF THE OFFER PRICE

The Offer Shares are being offered at the Offer Price which is expected to be determined by the Sole Global Coordinator (for itself and on behalf of the Underwriters) and our Company on or around Monday, 10 September 2018 (Hong Kong time) or such later date as the Sole Global Coordinator (for itself and on behalf of the Underwriters), and our Company may agree. 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) by Wednesday, 12 September 2018, the Share Offer will not proceed and will lapse.

RESTRICTIONS ON SALE OF THE OFFER SHARES

No action has been taken to permit any public offering of the Offer Shares or the distribution of this prospectus in any jurisdiction other than Hong Kong. This prospectus may not be used for the purpose of, and does not constitute, an offer or invitation, nor is it circulated to invite to solicit offers in any jurisdiction other than Hong Kong or in any circumstances in which such offer or invitation is not authorised or to any person to whom it is unlawful to make such an offer or invitation. Persons who possess this prospectus are deemed to have confirmed with our Company, the Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Co-lead Managers and the Underwriters that such restrictions have been observed.

Each person acquiring the Public Offer Shares under the Public Offer will be required to confirm, and is deemed by his acquisition of the Offer Shares, to have confirmed that he is aware of the restrictions on offers of the Offer Shares described in this prospectus and the Application Forms and that he is not acquiring, and has not been offered any Offer Shares in circumstances that contravene any such restrictions.

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 laws or any applicable rules and regulations of such jurisdiction pursuant to registration with or authorisation by the relevant regulatory authorities or an exemption therefrom. In particular, the Offer Shares have not been publicly offered or sold, directly or indirectly, in the PRC or the United States.

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

OFFER SIZE ADJUSTMENT OPTION

For details of the Offer Size Adjustment Option, please refer to the section headed “Structure and conditions of the Share Offer” in this prospectus.

INFORMATION ABOUT THIS PROSPECTUS AND THE SHARE OFFER

APPLICATION FOR LISTING ON GEM

Application has been made to the Listing Department for the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus on GEM.

No part of the share or loan capital of our Company is listed or dealt in on any other stock exchange and no such listing of, or permission to deal in, any part of such share or loan capital is being or is proposed to be sought in the near future.

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 Offer Shares on GEM is refused before the expiration of three weeks from the date of the closing of the Share Offer, 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, then any allotment made on application in pursuance of this prospectus shall, whenever made, be void.

Pursuant to Rule 11.23(7) of the GEM Listing Rules, at the time of listing and at all times thereafter, our Company must maintain the minimum prescribed percentage of at least 25% of the total issued share capital of our Company in the hands of the public.

COMMENCEMENT OF DEALINGS IN THE SHARES

Dealings in the Shares on GEM are expected to commence at 9:00 a.m. on Monday, 17 September 2018 under the stock code 8619. Shares will be traded in board lots of 10,000 each. Our Company will not issue any temporary document of title.

SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

Subject to the granting of the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus on GEM and the 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 GEM or on 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.

All necessary arrangements have been made for the Shares to be admitted into CCASS. If you are unsure about the details of CCASS settlement arrangements and how such arrangements will affect your rights and interests, you should seek the advice from your stockbrokers or other professional advisers.

INFORMATION ABOUT THIS PROSPECTUS AND THE SHARE OFFER

PROFESSIONAL TAX ADVICE RECOMMENDED

If you are unsure about the taxation implications of the subscription for, purchase, holding or disposal of, dealing in, or the exercise of any rights in relation to the Shares, you should consult your professional adviser. It is emphasised that none of our Company, the Sponsor, the Joint Bookrunners, the Co-lead Managers, the Underwriters, any of their respective directors, officers, employees, agents or advisers or any other person involved in the Share Offer accepts responsibility for any tax effects on or liabilities of any person resulting from the subscription for, purchase, holding or disposal of, dealings in, or the exercise of any rights in relation to the Shares.

REGISTER OF MEMBERS AND STAMP DUTY

The Shares may be registered on the principal register of members in the Cayman Islands or on the branch register of members of our Company in Hong Kong. Only Shares registered on the branch register of members maintained in Hong Kong may be traded on GEM, unless the Stock Exchange otherwise agrees.

Dealings in the Shares registered on our Company's Hong Kong branch register of members will be subject to Hong Kong stamp duty.

Unless our Company determines otherwise, dividends payable in Hong Kong dollars in respect of the Shares will be sent by ordinary post at our Shareholder's risk to the registered address of each Shareholder or, in the case of joint holders, the first-named holder.

LANGUAGE

If there is any inconsistency between this prospectus and the Chinese translation of this prospectus, this prospectus shall prevail. Names of any laws and regulations, governmental authorities, institutions, natural persons or other entities which have been translated into English and included in this prospectus and for which no official English translation exists are unofficial translations for your reference only. If there is any inconsistency, the Chinese name prevails.

EXCHANGE RATE CONVERSION

Unless otherwise specified, this prospectus contains translations for the convenience of the reader the following rates: HK\$ into US\$ at the rate of HK\$7.80 = US\$1.00, HK\$ into RMB at the rate of HK\$1.00 = RMB0.8506, HK\$ into MOP at the rate of HK\$1.00 = MOP1.0085. These translations are provided for reference and convenience only, and no representation is made, and no representation should be construed as being made, that any amounts in HK\$ or US\$ can be or could have been at the relevant dates converted at the above rates or any other rates at all.

ROUNDING

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

DIRECTORS AND PARTIES INVOLVED IN THE SHARE OFFER

DIRECTORS

Name	Residential Address	Nationality
<i>Executive Directors</i>		
Dr. CHAN Yin Nin (陳延年博士)	Flat 15B, Serene Court 8 Kotewall Road Hong Kong	British
Mr. KWONG Po Lam (鄺保林先生)	5H, Block 20, Laguna City Kwun Tong Kowloon, Hong Kong	Chinese
<i>Independent non-executive Directors</i>		
Ms. CHU Moune Tsi, Stella (崔滿枝女士)	Avenida Da Praia Grande No. 763 Edificio Lun Pong, 8-Andar-D Macau	Chinese
Mr. CHOY Wai Shek, Raymond, <i>MH, JP</i> (蔡偉石先生， 榮譽勳章，太平紳士)	Room 5A, 5/F Fuk Lee Building 1-7 Shell Street North Point Hong Kong	Chinese
Mr. SZE, Kyran, <i>MH</i> (施家殷先生，榮譽勳章)	Flat B, 13/F Birchwood Place 96 Macdonnell Road Central Hong Kong	Chinese

Please also refer to the section headed “Directors, senior management and staff” in this prospectus for further details.

DIRECTORS AND PARTIES INVOLVED IN THE SHARE OFFER

PARTIES INVOLVED IN THE SHARE OFFER

Sponsor

Ample Capital Limited

A licensed corporation engaging in type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the SFO

14A Two Chinachem Plaza
135 Des Voeux Road Central
Central
Hong Kong

**Sole Global Coordinator,
Joint Bookrunner and
Co-lead Manager**

Alpha Financial Group Limited

A licensed corporation engaging in type 1 (dealing in securities) regulated activity under the SFO

Room A, 17/F
Fortune House
61 Connaught Road Central
Hong Kong

**Joint Bookrunners and Co-lead
Managers**

Great Wall Securities Limited

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

17/F
No 148 Electric Road
North Point
Hong Kong

ChaoShang Securities Limited

A licensed corporation engaging in type 1 (dealing in securities) and type 2 (dealing in future contracts) regulated activities under the SFO

Rooms 4001–4002, 40/F
China Resources Building
26 Harbour Road
Wan Chai
Hong Kong

DIRECTORS AND PARTIES INVOLVED IN THE SHARE OFFER

Co-lead Managers

Pacific Foundation Securities Limited
A licensed corporation engaging in type 1 (dealing in securities) and type 9 (asset management) regulated activities under the SFO
11th Floor
New World Tower II
16–18 Queen’s Road Central
Hong Kong

AFG Securities Limited
A licensed corporation engaging in type 1 (dealing in securities) regulated activity under the SFO
Room B, 17/F
Fortune House
61 Connaught Road Central
Central
Hong Kong

Co-managers

Bluemount Securities Limited
A licensed corporation engaging in type 1 (dealing in securities) and type 4 (advising on securities) regulated activities under the SFO
Room 2403–05
Jubilee Centre
18 Fenwick Street
Wan Chai
Hong Kong

China-Hong Kong Link Securities Company Limited
A licensed corporation engaging in type 1 (dealing in securities) regulated activity under the SFO
19/F
80 Gloucester Road
Wanchai
Hong Kong

DIRECTORS AND PARTIES INVOLVED IN THE SHARE OFFER

Grand Partners Securities Limited

*A licensed corporation engaging in type 1
(dealing in securities) regulated activity under the
SFO*

9/F

Connaught Harbourfront House

35-36 Connaught Road West

Hong Kong

Run Investment Services Limited

*A licensed corporation engaging in type 1
(dealing in securities) regulated activity under the
SFO*

Room 08, 24/F

Dominion Centre

No. 43-59 Queen's Road East

Wan Chai

Hong Kong

I Win Securities Limited

*A licensed corporation engaging in type 1
(dealing in securities) regulated activity under the
SFO*

Room 1916

Hong Kong Plaza

188 Connaught Road West

Sai Wan

Hong Kong

Legal advisers to our Company

As to Hong Kong laws:

Li & Partners

22/F, World-Wide House

19 Des Voeux Road Central

Hong Kong

As to Cayman Islands laws:

Conyers Dill & Pearman

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

DIRECTORS AND PARTIES INVOLVED IN THE SHARE OFFER

As to PRC laws:

Shu Jin Law Firm

12/F, Taiping Finance Tower
Yitian Road 6001
Futian District
Shenzhen
PRC

As to Macau laws:

Rato, Ling, Lei & Cortés – Advogados

Avenida da Amizade 555
Macau Landmark
Office Tower 23rd Floor
Macau SAR

**Legal advisers to the Sponsor, the
Sole Global Coordinator, Joint
Bookrunners, Co-lead Managers
and the Underwriters**

As to Hong Kong laws:

Howse Williams Bowers

27th Floor, Alexandra House
18 Chater Road
Central
Hong Kong

Auditor and Reporting accountants

Wellink CPA Limited

Certified Public Accountants
Rooms 803–4
Kin Wing Commercial Building
24–30 Kin Wing Street
Tuen Mun
Hong Kong

Internal Control Adviser

Wellink Corporate Advisory Limited

Room 905B
Harbour Crystal Centre
100 Granville Road
Tsim Sha Tsui East
Hong Kong

Tax Adviser

The Concord Consulting Service Limited

Unit A1, 16/F
OfficePlus@Mong Kok
No. 998 Canton Road
Mongkok, Kowloon
Hong Kong

DIRECTORS AND PARTIES INVOLVED IN THE SHARE OFFER

Receiving Bank

**Industrial and Commercial Bank of China
(Asia) Limited**
33/F, ICBC Tower
3 Garden Road
Central
Hong Kong

Compliance adviser

Ample Capital Limited
*A licensed corporation engaging in type 4
(advising on securities), type 6 (advising on
corporate finance) and type 9 (asset management)
regulated activities under the SFO*
14A Two Chinachem Plaza
135 Des Voeux Road Central
Central
Hong Kong

Industry consultant

Ipsos Limited
22nd Floor, Leighton Centre
77 Leighton Road
Causeway Bay
Hong Kong

CORPORATE INFORMATION

Registered office	Cricket Square Hutchins Drive, P.O. Box 2681 Grand Cayman KY1-1111 Cayman Islands
Head office and principal place of business in Hong Kong	Floor 9 9 Wing Hong Street Cheung Sha Wan Kowloon, Hong Kong
Company's website	<u>www.wcce.hk</u> <i>(Note: contents in this website do not form part of this prospectus)</i>
Company secretary	Mr. CHAN Kwok Wai <i>(Certified Public Accountant)</i> Flat 2703, 27/F Un Chi House Un Chau Estate Cheung Sha Wan Hong Kong
Authorised representatives	Dr. CHAN Yin Nin Flat 15B, Serene Court 8 Kotewall Road Hong Kong Mr. CHAN Kwok Wai Flat 2703, 27/F Un Chi House Un Chau Estate Cheung Sha Wan Hong Kong
Compliance officer	Dr. CHAN Yin Nin
Audit Committee	Ms. CHU Moune Tsi, Stella <i>(Chairlady)</i> Mr. CHOY Wai Shek, Raymond, <i>MH, JP</i> Mr. SZE, Kyran, <i>MH</i>

CORPORATE INFORMATION

Remuneration Committee

Mr. SZE, Kyran, *MH (Chairman)*
Ms. CHU Moune Tsi, Stella
Mr. CHOY Wai Shek, Raymond, *MH, JP*
Dr. CHAN Yin Nin
Mr. KWONG Po Lam

Nomination Committee

Mr. CHOY Wai Shek, Raymond, *MH, JP*
(Chairman)
Ms. CHU Moune Tsi, Stella
Mr. SZE, Kyran, *MH*
Dr. CHAN Yin Nin
Mr. KWONG Po Lam

**Cayman Islands principal share
registrars and transfer office**

Conyers Trust Company (Cayman) Limited
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman
KY1-1111
Cayman Islands

**Hong Kong Branch Share Registrar
and transfer office**

Tricor Investor Services Limited
Level 22
Hopewell Centre
183 Queen's Road East
Hong Kong

Principal bankers

Wing Lung Bank Limited
Mongkok Branch
LG/F, Wing Lung Centre
636 Nathan Road
Mongkok, Kowloon
Hong Kong

Bank of China (Hong Kong) Limited
KLN South Commercial Centre
Commercial Banking Department
Unit 701-706
The Gateway Tower 3 (Prudential Tower)
21 Canton Road
Tsim Sha Tsui, Kowloon
Hong Kong

INDUSTRY OVERVIEW

We have extracted and derived the information and statistics in the section below, unless otherwise specified, from the Ipsos Report. We believe that the sources of the information and statistics in this section are appropriate sources for such information and statistics and have taken reasonable care in the extraction and reproduction of such information and statistics. We have no reason to believe that such information and statistics is false or misleading or that any fact has been omitted that would render such information and statistics false or misleading. The information in this section has not been independently verified by us, the Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Co-lead Managers, the Underwriters, any of our or their respective affiliates, directors or advisers or any other persons or parties involved in the Share Offer other than Ipsos with respect to the information contained in the Ipsos Report, and no representation is given as to its completeness, accuracy or fairness. Accordingly, you should not place undue reliance on the information in this section.

SOURCE AND RELIABILITY OF INFORMATION

Background of Ipsos

We commissioned Ipsos Limited to conduct an analysis of, and to report on the construction engineering consultancy industry in Hong Kong at a fee of HK\$459,000 and our Directors consider that such fee reflects market rates. Ipsos is an independent market research company wholly-owned by Ipsos Group S.A. Founded in Paris, France, in 1975 and publicly-listed on the NYSE Euronext Paris in 1999, Ipsos Group S.A. acquired Synovate Limited in October 2011 and employs approximately 16,600 personnel worldwide across 88 countries. Ipsos Group S.A. conducts research on market profiles, market size, share and segmentation analyses, distribution and value analyses, competitor tracking and corporate intelligence.

Research methodology

The information in the Ipsos report are derived by data and intelligence obtained by: (i) primary research via telephone conversations and face to face interviews with key knowledge leaders; (ii) secondary desk research by gathering background information and to support facts and identify trends on the industry; and (iii) performing client consultation to facilitate the research including in-house background information of the client (such as the business of our Group). This is the basis upon which we consider the data and statistics to be reliable. The information and statistics as set forth in this section have been extracted from the Ipsos Report.

Assumptions and parameters used in the Ipsos Report

The following bases and assumptions are used in the market sizing and forecasting model in the Ipsos Report:

- It is assumed that the global economy remains in steady growth over the forecast period.
- The external environment is assumed to have no shocks, such as financial crises or natural disasters, that will influence the demand and supply of the construction engineering consultancy services in Hong Kong from 2018 to 2022.

The following parameters are used in the market sizing and forecasting model in the Ipsos Report:

- GDP and GDP growth rate in Hong Kong from 2012 to 2017 and forecast from 2018 to 2022
- Gross output value of overall construction works performed at constructions sites in Hong Kong from 2012 to 2017 and forecast from 2018 to 2022
- Nominal salary indices of structural engineer in Hong Kong from 2012 to 2017

INDUSTRY OVERVIEW

- Nominal salary indices of engineering and other technical support personnel from 2012 to 2017
- Historical private office rental indices for the construction engineering consultancy industry in Hong Kong from 2012 to 2017

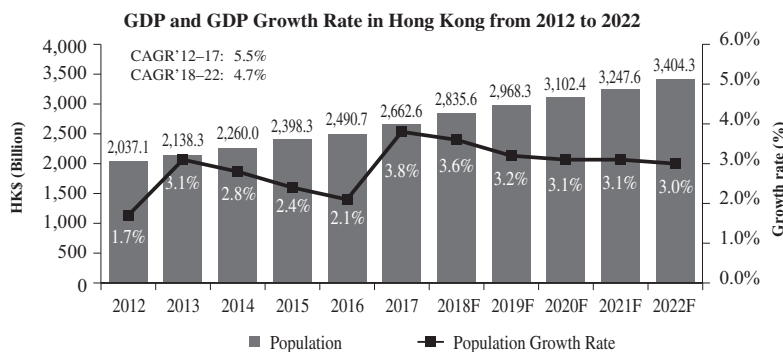
Our Directors and Ipsos confirm that, as at the Latest Practicable Date, after taking reasonable care, there is no adverse change in the market information since the date of the Ipsos Report which may qualify, contradict or have an impact on the information in this section.

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

MACRO-ECONOMIC ENVIRONMENT IN HONG KONG

The GDP value of Hong Kong increased from approximately HK\$2,037.1 billion in 2012 to approximately HK\$2,662.6 billion in 2017 at a CAGR of approximately 5.5%. The increase was mainly due to the continuous strengthening of economic and financial bonding with the PRC and Hong Kong government's intensive infrastructure investments, as well as the prudent development of finance, tourism and real estate sectors. From 2018 to 2022, it is projected that the GDP in Hong Kong will grow from approximately HK\$2,835.6 billion in 2018 to approximately HK\$3,404.3 billion in 2022, at a CAGR of approximately 4.7%.

Hong Kong's economy is largely affected by the global and the PRC economy. Hong Kong will benefit from the openness of its banking system which attracts investors, both foreign and Chinese companies, to invest in the property market. The GDP growth is also supported by infrastructure development, such as construction of the Guangzhou-Shenzhen-Hong Kong Express Rail Link, connecting Hong Kong to its adjacent areas. The graph below sets forth the GDP value and GDP growth rate in Hong Kong from 2012 to 2022:



Notes:

1. The GDP value is measured at current market prices, being the monetary value of all the finished goods and services produced within a country's borders in a specific time period.
2. GDP growth rate is presented as real GDP growth rate which is adjusted for inflation at constant price (base year = 2014).

Sources: Census and Statistics Department, Hong Kong; International Monetary Fund (IMF), United States; Ipsos research and analysis

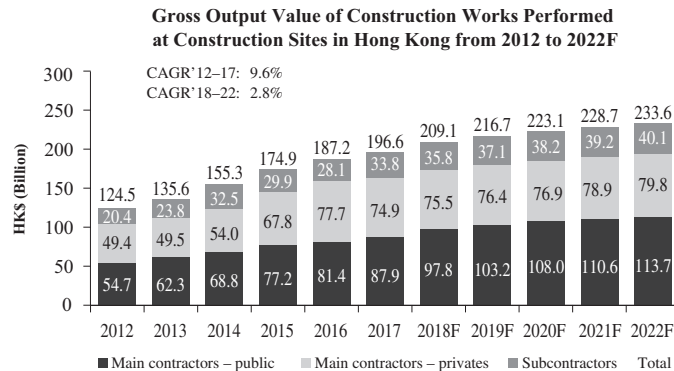
MARKET OVERVIEW OF THE CONSTRUCTION INDUSTRY IN HONG KONG

The total gross output value of overall construction works performed at construction sites in Hong Kong increased from approximately HK\$124.5 billion in 2012 to approximately HK\$196.6 billion in 2017, at a CAGR of approximately 9.6%. The significant growth was due to the rising demand of commercial and residential buildings, renovation and revitalization of industrial buildings, as well as large-scale public infrastructure projects such as the Ten Major Infrastructure Projects announced by the Government in 2007.

INDUSTRY OVERVIEW

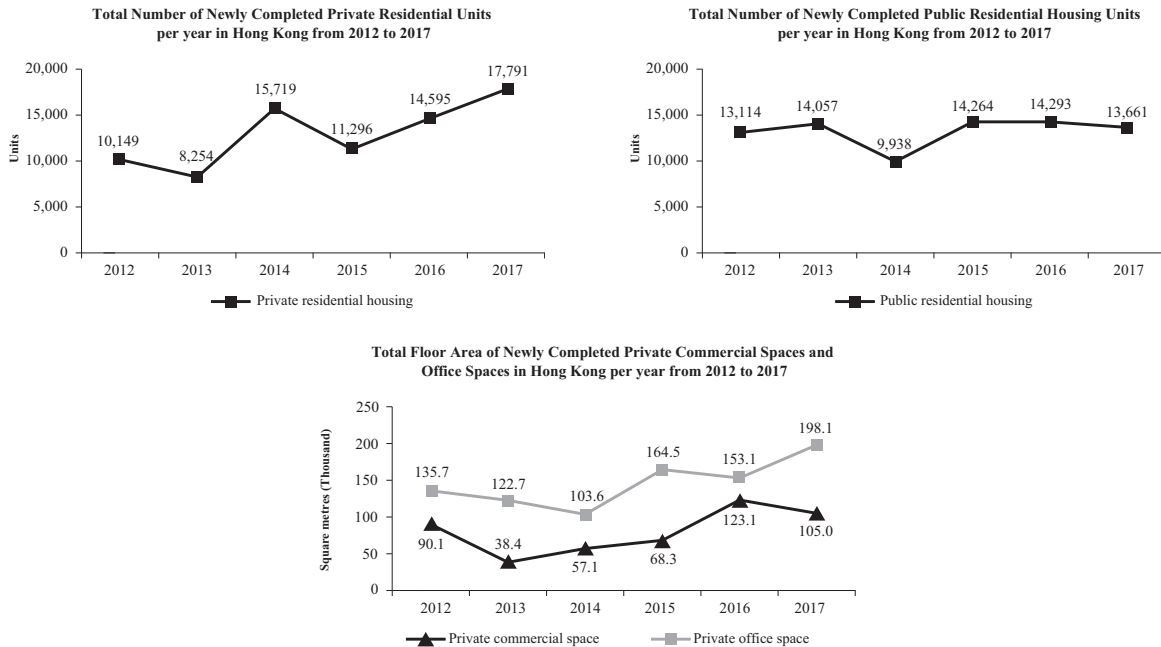
It is expected that the gross output value of work performed by main contractors and subcontractors at construction sites in Hong Kong will rise from approximately HK\$209.1 billion in 2018 to approximately HK\$233.6 billion in 2022 at a CAGR of approximately 2.8%. The growth is expected to be continuously driven by the Government's initiatives to increase the public housing supply, land supply for private housing and commercial buildings as well as the commencing and upcoming infrastructure projects. According to The 2017 Policy Address of the Government, the projection of public housing production is estimated to be 94,500 units between year 2016/17 and 2020/21. The latest projection is higher than that of the previous five-year period projections. Moreover, according to the 2017–18 Land Sale Programme announced by the Government, a total of 32 sites (28 for residential, three for commercial/business and one for hotel) will be supplied to the market to support the increase in gross output value.

The exhibit below sets forth the gross output value of overall construction works performed at construction sites in Hong Kong from 2012 to 2022:



Sources: Census and Statistics Department, Hong Kong; Construction Industry Council, Hong Kong; Ipsos research and analysis

The graphs below set forth the number of newly completed residential units and total floor area of newly completed commercial and office spaces from 2012 to 2017:



Note: Total number of public housing units refers to the sum of public housing units completed and subsidised sales flats by Housing Authority of the Government.

Sources: Rating and Valuation Department, HKSAR; Housing Authority, HKSAR; Ipsos research and analysis

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THE CONSTRUCTION ENGINEERING CONSULTANCY INDUSTRY IN HONG KONG

Construction engineering is a professional engineering discipline that deals with the planning, structural design, calculation, and construction of building structure and infrastructure, such as roads, bridges, harbours, dams, power plants and buildings. Specifically, construction engineering consultancy in Hong Kong primarily covers structural engineering service, geotechnical engineering service, building services engineering, and façade engineering. In a typical building work, structural engineering and building services engineering are required while geotechnical engineering might be needed if the building structure is adjacent to slopes/retaining walls or the earth condition within the ground is complex. Construction engineering consultants are often appointed in the design phase of a construction project as one of the working parties in the group of consultants.

Major types of engineering services

There are various areas of expertise in the construction engineering consultancy industry, for example, structural engineering, geotechnical engineering, civil engineering, material engineering and building service engineering. Engineer specialised in different areas often collaborate on a project. However, there is no standard categorizations or segmentations in the industry. Construction engineering consulting firm often employed engineering consultants from different areas of expertise to provide a comprehensive solution to clients collectively.

Structural engineering and Geotechnical engineering

Structural engineering is a sub-division of construction engineering which studies, calculates and understands the structural elements of the building structure and nonbuilding structure including their stability, strength and rigidity. In general, all new buildings work required structural engineer to conduct relevant design and supervising construction works.

Geotechnical engineering is a sub-division of construction engineering which concerns with the engineering behavior of earth materials. It uses principles of soil mechanics and rock mechanics to investigate subsurface conditions and materials, evaluate stability of natural slopes and man-made slope, and design earthworks and structure foundation. In Hong Kong, when the construction project involves slope/natural terrain or piling works deep diving into subsurface, geotechnical engineer is often required to conduct the relevant design and monitor the earthworks and foundation construction.

The demand for such consultancy services is positively correlated to the number of construction projects in Hong Kong.

Civil engineering

Civil engineer specialises in works of civil engineering projects and chiefly works on infrastructure elements such as tunnelling, bridges and roads. The demand for civil engineering consultancy services is positively correlated to the number of civil work projects. The gross output value of civil works in Hong Kong increased from approximately HK\$49,445.4 million in 2012 to approximately HK\$69,100.5 million in 2017 at a CAGR of approximately 6.9%. The gross output value is expected to grow from approximately HK\$73,132.5 million to approximately HK\$82,520.1 million between 2018 and 2022 at a CAGR of approximately 3.1%.

Material Engineering and Building repair area of services

Material engineer chiefly focuses on the innovation and application of materials used in construction work and can be involved in all types of construction projects, ranging from building a skyscraper to repairing an old factory building. In Hong Kong, a material engineer is often engaged in the investigation of building and infrastructure defects. The demand for material engineer should, therefore, be driven by the number of old buildings as well as the overall construction industry in Hong Kong. As a result, material engineer may often work with building repair area of service team in an engineering consultancy firm, which generally refers to a team of experienced engineers that specialised in the field of building repair and maintenance consulting work. The Building Department implemented the Mandatory Building Inspection Scheme to tackle the problem of building neglect in Hong Kong, in which, buildings

INDUSTRY OVERVIEW

aged 30 years or above are required to undertake inspection. Repair, maintenance, alteration and addition (RMAA) work is carried out after the inspection of any unqualified items, while an engineering consultant is required, in accordance with the law, in supervising the RMAA work and facilitating any changes in plan.

The gross output value of the RMAA works experienced a growth from approximately HK\$41.4 billion in 2012 to approximately HK\$62.2 billion in 2017 at a CAGR of approximately 8.5%. Over the forecast period, the gross output value is expected to increase from approximately HK\$68.2 billion in 2018 to approximately HK\$69.7 billion in 2022, at a CAGR of approximately 0.5%.

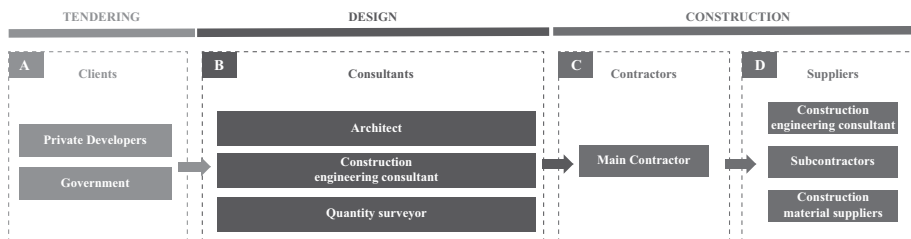
Building service engineering or E&M engineering

Building service engineering or E&M engineering is a sub-division of construction engineering concerning the design, installation, operation, and monitoring of various systems in the building required for the safe, comfortable and environmentally friendly operation of modern buildings. Building service engineering comprises of many different types of engineering including communication lines or IT networks, utility supply, escalator and lifts, fire detection and protection, lightning protection, ventilation and air conditioning, water and drainage, as well as low voltage system.

Building service engineering is highly driven by the building service works, which can be applied to newly constructed buildings and old buildings. For newly constructed buildings, building service works are performed after superstructure works, while for old buildings, repair and maintenance works on building systems are generally being carried out. The gross output value of building service works (or E&M works) industry in Hong Kong increased from HK\$24.6 billion in 2012 to HK\$38.1 billion in 2017, at a CAGR of approximately 9.2%. Over the forecast period, the building service engineering works industry in Hong Kong is forecasted to increase from HK\$40.9 billion in 2018 to HK\$48.7 billion in 2022, at a CAGR of approximately 4.5%.

Value chain analysis

The diagram below sets forth the value chain of the construction engineering consultancy industry in Hong Kong:



Source: Ipsos research and analysis

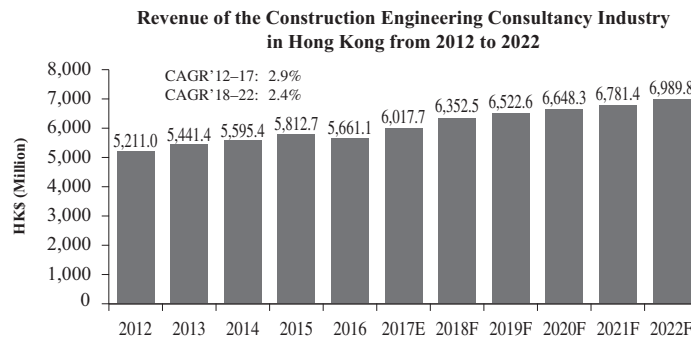
Before the commencement of a construction project, the Government or private developers may employ a construction engineering consultant for feasibility studies. At the design phase of a typical construction project, the client will hire a group of consultants which generally includes the major parties such as architects, construction engineering consultants, and quantity surveyors. Given the different expertise and technical know-how, each party is responsible for different aspects of building design. For example, the architect primarily involves aesthetic design of the building while the construction engineering consultant focuses on drawings and calculations that ensure the building is structurally safe. For quantity surveyors, they will be responsible for the calculation of material usage. However, some construction projects such as alterations and additions works of general buildings, may only require a construction engineering consultant throughout the project.

INDUSTRY OVERVIEW

Based on the building design determined by the client and the architect, construction engineering consultants such as the structural engineering consultant and geotechnical engineering consultant will carry out various stages of design, focusing on calculation of stability, strength and rigidity of built structures for buildings and non-building structures as well as studying the behavior of earth materials and investigating subsurface conditions. After the completion of the design and calculation, based on project nature the corresponding construction engineering consultant such as the structural engineering consultant will produce drawings and plans for statutory submission. In a typical civil engineering project, construction engineering consultant may act as a lead consultant who co-ordinates with other consultants engaged by the client to facilitate the design and construction. Depending on the project complexity as well as the capacity of the consultant, the construction engineering consultant may also consider employing other subconsultants to conduct specialised design works for them.

In the construction phase, after the building plans are approved by the government departments, the construction engineering consultant will also assist in preparing tender documents based on approved building plans, so that the client can select qualified main contractors according to the tender documents and the technical requirements.

The graph below sets forth the revenue of the construction engineering consultancy industry in Hong Kong during the period from 2012 to 2022:



Source: Ipsos research and analysis

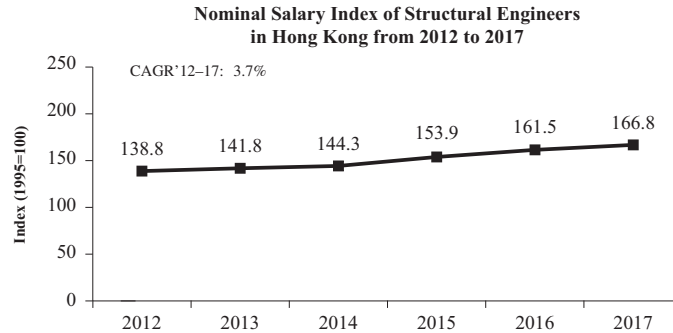
The revenue of the construction engineering consultancy industry increased from approximately HK\$5,211.0 million in 2012 to approximately HK\$6,017.7 million in 2017, at a CAGR of approximately 2.9%. The growth is mainly due to the increasing number of construction projects in both the public and private sectors from 2012 to 2017. In the public sector, the Government has introduced a considerable number of infrastructure projects, for example the Ten Major Infrastructure Projects, the third runway at the Hong Kong International Airport and the Island Eastern Corridor Link. Meanwhile, the private sector is supported by the Land Sale Programme implemented by the Government so as to ease the problem of insufficient housing supply. The number of private residential units increased from approximately 10,149 in 2012 to approximately 17,791 in 2017 at a CAGR of approximately 11.9%.

The revenue of the industry is expected to continue with the upward trend from approximately HK\$6,352.5 million in 2018 to approximately HK\$6,989.8 million in 2022, at a CAGR of approximately 2.4%. This growth is supported by the Government's initiatives. In The 2016 Policy Address of the Government, it announced the ten-year hospital plan of HK\$200 billion to enhance the healthcare facilities in Hong Kong. In The 2017 Policy Address, the Government announced medium to long term development programmes, New Development Areas and new town extensions. Such programmes will develop areas including Kwu Tung North, Fanling North, Tung Chung, Hung Shui Kiu and Yuen Long South, and are expected to create approximately 200,000 housing units and over 8.6 million square meters of industrial and commercial floor area.

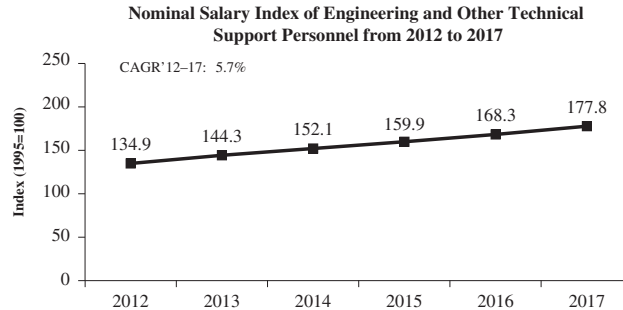
INDUSTRY OVERVIEW

Price trend of the major costs

The major costs of the construction engineering consultancy industry in Hong Kong are labour wages as well as private office rental expenses. The diagrams below set forth the nominal salary indices of structural engineers and engineering and other technical support personnel in Hong Kong from 2012 to 2017:



Sources: Census and Statistic Department, Hong Kong; Ipsos research and analysis

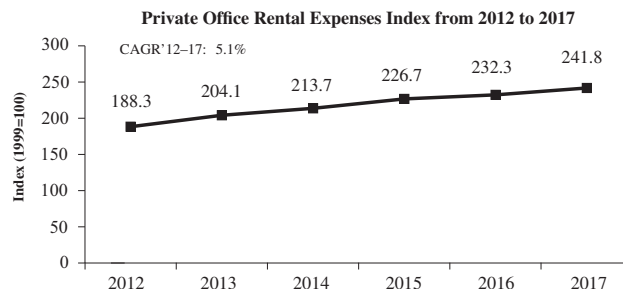


Sources: Census and Statistic Department, Hong Kong; Ipsos research and analysis

The nominal salary index of structural engineers in Hong Kong increased from approximately 138.8 to approximately 166.8 at a CAGR of approximately 3.7% from 2012 to 2017. During the same period, the nominal salary index of engineering and other technical support personnel increased from approximately 134.9 to approximately 177.8 at a CAGR of approximately 5.7%.

The continuous growth of salary in the construction engineering consultancy industry is aligned with the inflation and economic growth of Hong Kong, of which the GDP increased at a CAGR of approximately 5.5% from 2012 to 2017. In addition, the growing demand for engineering professionals in the market has driven the salary raise in the industry. The public and private sectors were actively promoting the construction industry from 2012 to 2017, with a large number of infrastructure and private residential projects having taken place which further strengthened demand for construction engineering consultancy services.

The diagram below sets forth the private office rental expenses index in Hong Kong from 2012 to 2017:



INDUSTRY OVERVIEW

Sources: Census and Statistics Department, HKSAR; Company Registry, HKSAR; Rating and Valuation Department, HKSAR; Ipsos research and analysis

The private office rental index increased from 188.3 to 241.8 from 2012 to 2017 at a CAGR of 5.1%. The private office rental expenses in Hong Kong increased owing to the consistent demand for office space from newly established companies. The total number of registered local companies has increased from approximately 1,045,000 in 2012 to approximately 1,383,000 in 2017 at a CAGR of approximately 5.8%, of which 160,229 were newly incorporated companies in 2017.

COMPETITIVE LANDSCAPE OF THE CONSTRUCTION ENGINEERING CONSULTANCY INDUSTRY IN HONG KONG

Industry structure

The construction engineering consultancy industry is relatively mature as the gross output value increased from approximately HK\$5,211.0 million in 2012 to approximately HK\$6,017.7 million in 2017 at a CAGR of approximately 2.9%. The industry is fragmented with many players. According to the Census and Statistics Department of the Government, there were 1,997 establishments of architectural, surveying and engineering services in 2016. In addition, as of May 2018, there were 138 Authorized Persons (Engineer), 442 Registered Structural Engineers and 98 Registered Geotechnical Engineers registered under the Buildings Ordinance.

Among the construction engineering consultancy firms in Hong Kong, they can be segmented into international firms and local firms with different business focuses. International firms primarily target the large scale infrastructure projects while the local firms mainly strive for building works including residential, commercial, public facilities and office buildings. In 2017, the top five players in the construction engineering consultancy industry were major international construction engineering consultancy companies, which in aggregate accounted for approximately 27.4% of the total market share. Our Group recorded a revenue of approximately HK\$69.1 million for the year ended 31 March 2018, which represented a market share of approximately 1.1% if it were put for market comparison for the year ended 31 December 2017.

The approximate revenue and market share of our Group and the top five construction engineering consultancy firms in Hong Kong in 2017 are as follows ^(Note 1):

Rank	Company	Headquarter Location	Estimated Revenue in 2017 (HK\$ Million)	Share of Total Industry Revenue (%)
1	Company A	United States	551.7	9.2 %
2	Company B	United Kingdom	535.7	8.9 %
3	Company C	Canada	259.9	4.3 %
4	Company D	Netherlands	177.1	2.9 %
5	Company E	United Kingdom	126.7	2.1 %
N/A	The Group	Hong Kong	69.1 ^(Note 2)	1.1% ^(Note 2)
	Others		4,297.5	71.4 %
	Total		6,017.7	100.0%

Notes:

- The above table only includes companies that provide construction engineering consultancy services in Hong Kong, while revenue figures refer to the revenue generated by the construction engineering consultancy business in Hong Kong from the respective companies. Therefore, the revenue generated through the construction engineering consultancy business may be different from the total revenue disclosed in the respective companies' annual reports.
- The figure represents our Group's revenue for the year ended 31 March 2018. The market share was represented as if our Group's 31 March 2018 figures were put on for market comparison for the year ended 31 December 2017.

Source: Ipsos research and analysis

INDUSTRY OVERVIEW

Factors of competition

Competitive price

Small scale projects are generally awarded by tendering or private quotation in the construction engineering consultancy industry. One of the key factors in competing in the tendering process is price. During the tendering process, a construction engineering consultancy firm will submit a fee proposal that states the intended tender price and scope of work to the client. The company that is capable of conducting effective cost control and offer the most competitive price has competitive advantage over the other tenderers.

Proven track record

Good reputation and a proven track record are key competitive factors in the industry. Proven track record of a construction engineering consultancy firm is gradually developed through past projects, in terms of technical know-how, quality of the service, cost-effectiveness of the construction design and timeliness of delivery. Also, past projects such as design of an iconic building may even bring reputation to the firm. In the private sector, clients tend to invite construction engineering consultancy firms which have a proven track record and good reputation to participate in the tendering process so as to ensure the quality of the design. As a result, a proven track record and good reputation enable the client to have greater confidence in such consultancy firms, which enhance the likelihood of obtaining a contract.

Technical knowledge

During the tendering process, the construction engineering consultancy firms are required to submit a technical proposal which indicates the design method, relevant experiences, personnel involvement, schedules and design drawings. Companies with experienced professionals and solid experiences which are able to propose efficient, environmentally friendly and cost saving designs have a higher likelihood of obtaining a contract.

Scale of operations

A firm's scale of operations is another factor in competing with other industry players. In general, a client is more confident in engaging a construction engineering consultancy firm with a considerable size in terms of its resources and project portfolio as sizeable firms tend to provide greater support in carrying out complex projects and offer comprehensive services. Meanwhile, sizeable firms have advantages in recruiting experienced engineering professionals, given that well established firms allow better career development and opportunities in working on complex projects. Given the edge of well-established firms in approaching clients and recruiting professionals, the scale of operations of a construction engineering consultancy firm is a key factor in competing in the industry.

MARKET DRIVERS AND OPPORTUNITIES

Government's initiative to increase land supply for residential and commercial use

Expediting and increasing supply of land for residential developments is one of the key industrial drivers of the construction engineering consultancy industry in Hong Kong. According to the Rating and Valuation Department of the Government, the number of newly completed private residential housing units increased from 10,149 in 2012 to 17,791 in 2017. Additionally, the newly completed public housing per year constructed by the Housing Authority of the Government increased from 13,114 in 2012 to 13,661 in 2017. During 2012 to 2017, private office spaces and private commercial spaces grew stably at a CAGR of approximately 7.9% and 3.1%, respectively. The Government will continue to increase supply of commercial and office space through various means such as a provision of 555,000 square metres of floor area put on sale through the 2017–18 Land Sale Programme. Moreover, according to the 2017–18 Budget of the Government, approximately 560,000 square metres of floor area are to be released through the relocation of two existing government facilities in Kwun Tong and Kowloon Bay. The Government's initiatives have driven the construction industry forward by producing more building properties, which underpinned the growth of the construction engineering consultancy industry.

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Medium to long term programmes on new town planning and development

According to The 2017 Policy Address, numerous large-scale projects involving New Developments Areas and new town extensions will be launched to provide additional residential housing, public spaces for community activities and land for commercial and economic uses. The large-scale new town development project, Kwu Tung North/Fanling North New Development Area, is undergoing the process for approval of funding from the Legislative Council of Hong Kong, with an estimated 60,000 flats along with 840,000 square metres of floor area for industrial and commercial use to soon be formulated and developed. The Tung Chung New Town Extension is another focus in long term urban development. With its statutory plans having been approved by the Town Planning Board of the Government, an estimated 49,400 flats and 877,000 square metres of floor area for commercial use will be produced upon the completion of reclamation to be commenced in the year 2018. The construction industry together with the construction engineering consultancy industry may continue to expand by seizing the opportunities in taking active parts in these programmes.

Urban renewal and redevelopment projects of old districts

The private sector has been actively promoting urban redevelopment in Hong Kong. As of December 2017, there were 7,156 private buildings aged over 50 years in Hong Kong. The Urban Renewal Authority (the “URA”) was set up in 2001 under the Urban Renewal Authority Ordinance (Chapter 563 of the Laws of Hong Kong), with the aim to encourage the rehabilitation of dilapidated buildings to prevent urban decay. Since then, the URA has implemented 59 redevelopment projects, created 18,000 new flats and approximately 400,000 square metres gross floor area for new commercial use. Meanwhile, owing to the limited land available in the market, property developers such as Swire Properties, Sun Hung Kai Properties and New World Development have also been keen in acquiring old buildings for redevelopment. The URA and property developers would appoint construction engineering consultants in the early stage of redevelopment planning to design and supervise the construction works. The increasing number of redevelopment projects have created a large demand for construction engineering consultants and bolstered the growth of the construction engineering consultancy industry in Hong Kong.

ENTRY BARRIERS

Relationship with developers

In the construction engineering consultancy industry, construction engineering consultants who have established a relationship with major developers may have a higher chance of winning contracts. Private developers generally have their own list of construction engineering consultants to choose from for tender invitation. Therefore, building good and sustainable relationships with developers is crucial for construction engineering consultants. Such solid relationship could become an entry barrier for new entrants entering the construction engineering consultancy industry.

Reputation and proven track record

The reputation of construction engineering consultants is based on their track record of previous projects, in terms of timeliness of delivery, quality of work, compliance with safety and environment requirements. Construction engineering consultants with a good reputation and credibility can more easily gain trust from clients, thus more likely to be awarded projects. Particularly in the private sector, clients tend to invite construction engineering consultants who have a proven track record to participate in the tendering process to ensure that projects are executed in accordance with their quality standard without project delay. Both reputation and solid industry experience require time to accumulate, thus it is not easy for new entrants to acquire such reputation and track record to compare with existing market players in the construction engineering consultancy industry in Hong Kong.

INDUSTRY OVERVIEW

Licences

Existing construction engineering consultancy firms with professionals such as Authorized Persons, Registered Structural Engineers and Registered Geotechnical Engineers often have more advantages in competing with other industry players. These qualifications enable licence holders to authorise engineering plans for statutory submission and create greater confidence for clients, which may allow more business opportunities. New entrants which generally do not have any licence holder can only either provide supporting and subcontracting services to large scale construction engineering consultancy firms, or engage in projects that do not require any authorisations plans, hence limiting the project variety and lessen business opportunities for new entrants.

THREATS

Impacts of filibustering

Filibusters have been staged during the Legislative Council's scrutiny of the Appropriation Bills as well as other bills and public funds, such as the annual expenditure on public and private works, hindering the development of the construction engineering consultancy industry in Hong Kong in recent years. Numerous infrastructure projects were suspended due to the pending approval of funding resulting from filibusters from 2012 to 2016. The suspension of government funding reduced a considerable number of construction projects and led to fewer business opportunities in the industry, which deterred fresh graduates from entering the market and hindering the future development of the construction industry. The implications of filibustering may adversely affect the construction engineering consultancy industry in the next two years, given fewer construction projects being available in the market.

Increasing costs of operation

The major costs of the construction engineering consultancy industry are labour wages and private office rental expenses. From 2012 to 2017, the average monthly wage of structural engineers increased from approximately HK\$37,300 to approximately HK\$51,600 at a CAGR of approximately 6.7%. In addition, the private office rental expenses index increased from approximately 188.3 to approximately 241.8 from 2012 to 2017 at a CAGR of approximately 5.1%. The increasing costs in both labour wages and private office rental expenses may cause a greater financial burden to construction engineering consultancy firms.

REGULATORY OVERVIEW

We are a construction engineering consultant focusing on the area of comprehensive structural and geotechnical engineering in Hong Kong. Our service mainly covers: (i) structural engineering; (ii) geotechnical engineering; (iii) certain civil engineering practice areas; and (iv) material engineering.

Below sets out the summaries of certain aspects of major laws and regulations which are relevant to our Group's operation and business. They can generally be categorised as Hong Kong laws and regulations, the PRC laws and regulations and Macau laws and regulations.

A. HONG KONG LAWS AND REGULATIONS

(1) Legislation and rules governing the professionals hired by our Group

Our comprehensive structural and geotechnical engineering consultancy service as mentioned above mainly requires the professional service of Registered Structural Engineer(s), Registered Geotechnical Engineer(s), Authorized Person(s), Registered Inspector(s), or Registered Professional Engineer(s).

Registered Structural Engineer

Pursuant to sections 2 and 3(3) of the BO, a Registered Structural Engineer is a person who is qualified to perform the duties and functions of structural engineers (relating to more advanced structural designs of building works or street works) and whose name is for the time being on the structural engineers' register kept by the Building Authority.

Statutory Duties

Every person for whom building works (save as (i) Minor Works commenced under the simplified requirements, (ii) certain building works in New Territories (as defined under the BO(ANT)O) for which certificates of exemption are issued by the Director of Lands under the BO(ANT)O and (iii) works exempted under section 41 of BO) or street works are to be carried out shall appoint a Registered Structural Engineer for the structural elements of such building works or street works if so required under BO.

A Registered Structural Engineer has the statutory duty under section 4(3) of BO to (i) supervise the carrying out of the building works or street works; (ii) notify the Building Authority if any work shown in any plan approved by the Building Authority regarding the building works or street works is carried out in contravention of the regulations; and (iii) comply with the BO generally.

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Qualifications

A person must not be included in the structural engineers' register unless he/she has obtained the qualifications prescribed under regulation 3 of the Building (Administration) Regulations and is recommended by the Structural Engineers Registration Committee for inclusion.

Pursuant to regulation 3 of the Building (Administration) Regulations, an applicant shall not be included in the structural engineers' register unless he/she:

- (a) is a Registered Professional Engineer in the structural or the civil engineering discipline, and in the latter case unless he/she has such practical experience in structural engineering as may be approved by the Structural Engineers Registration Committee; and
- (b) has had, for a continuous period of 1 year within the 3 years preceding the date of his/her application, such practical experience gained in Hong Kong as the Structural Engineers Registration Committee considers appropriate.

The applicant must produce, to the Structural Engineers Registration Committee, documentary evidence to prove compliance with the requirements of regulation 3 of the Building (Administration) Regulations and satisfy the committee of his/her suitability for inclusion in the structural engineers' register and, if required by the committee, attend a professional interview before the committee.

Disciplinary Proceedings

A Registered Structural Engineer is subject to the same disciplinary regime under section 7 of the BO as the one applicable to an Authorized Person.

Registered Geotechnical Engineer

Pursuant to sections 2 and 3(3A) of the BO, a Registered Geotechnical Engineer is a person who is qualified to perform the duties and functions of geotechnical engineers in accordance with the BO and whose name is for the time being on the geotechnical engineers' register kept by the Building Authority.

Statutory Duties

Every person for whom building works (save as (i) Minor Works commenced under the simplified requirements, (ii) certain building works in New Territories (as defined in the BO(ANT)O) for which certificates of exemption are issued by the Director of Lands under the BO(ANT)O and (iii) works exempted under section 41 of

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BO) or street works are to be carried out shall appoint a Registered Geotechnical Engineer for the geotechnical elements of such building works or street works if so required under BO.

A Registered Geotechnical Engineer has the statutory duty under section 4(3) of BO to (i) supervise the carrying out of the building works or street works; (ii) notify the Building Authority if any work shown in any plan approved by the Building Authority regarding the building works or street works is carried out in contravention of the regulations; and (iii) comply with the BO generally.

Qualifications

A person must not be included in the geotechnical engineers' register unless he/she has obtained the qualifications prescribed under regulation 3 of the Building (Administration) Regulations and is recommended by the Geotechnical Engineers Registration Committee for inclusion.

Pursuant to regulation 3 of the Building (Administration) Regulations, an applicant must not be included in the geotechnical engineers' register unless he/she:

- (a) is a Registered Professional Engineer in the geotechnical engineering discipline; and
- (b) has had, for a continuous period of 1 year within the 3 years preceding the date of his/her application, such practical experience gained in Hong Kong as the Geotechnical Engineers Registration Committee considers appropriate.

The applicant must produce, to the Geotechnical Engineers Registration Committee, documentary evidence to prove compliance with the requirements of regulation 3 of the Building (Administration) Regulations and satisfy the committee of his/her suitability for inclusion in the geotechnical engineers' register and, if required by the committee, attend a professional interview before the committee.

Disciplinary Proceedings

A Registered Geotechnical Engineer is subject to the same disciplinary regime under section 7 of the BO as the one applicable to an Authorized Person or a Registered Structural Engineer.

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Authorized Person

Pursuant to sections 2 and 3(1) of the Buildings Ordinance (Chapter 123 of the Laws of Hong Kong) (the “BO”), an Authorized Person is a person whose name is entered into the list of architects, the list of engineers or the list of surveyors in the authorized persons’ register kept by the Building Authority.

Statutory Duties

Every person for whom building works (save as (i) works exempted under section 41 of BO and (ii) Minor Works commenced under the simplified requirements and (iii) certain building works in New Territories (as defined under the Buildings Ordinance (Application to the New Territories) Ordinance (“BO(ANT)O”) (Chapter 121 of the Laws of Hong Kong)) for which certificates of exemption are issued by the Director of Lands under the BO(ANT)O or street works are to be carried out shall appoint an Authorized Person as the co-ordinator.

An Authorized Person has the various duties and obligations under the BO and the related regulations. In summary, pursuant to section 4(3) of BO, an Authorized Person is required to (i) supervise the carrying out of the building works or street works; (ii) notify the Building Authority if any work shown in any plan approved by the Building Authority regarding the building works or street works is carried out in contravention of the regulations and (iii) comply with the BO generally.

Qualification for registration

A person shall not be included in the authorized persons’ register unless he/she has obtained the qualifications prescribed under the Building (Administration) Regulations (Chapter 123A of the Laws of Hong Kong) and is recommended by the Authorized Persons Registration Committee for inclusion.

Pursuant to regulation 3 of the Building (Administration) Regulations, an applicant shall not be included in the list of engineers in the authorized persons’ register unless he/she:

- (a) is a registered professional engineer in the civil or structural engineering discipline; and
- (b) has had, for a continuous period of 1 year within the 3 years preceding the date of his/her application, such practical experience gained in Hong Kong as the Authorized Persons Registration Committee considers appropriate.

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The applicant must produce, to the Authorized Persons Registration Committee, documentary evidence to prove compliance with the requirements of regulation 3 and satisfy the committee of his/her suitability for inclusion in the authorized persons' register and, if required by the committee, attend a professional interview before the committee.

After considering the application, the Authorized Persons Registration Committee will advise the Building Authority to accept, defer or reject the application. Once the application is accepted, the name of the applicant will be entered into the authorized persons' register for a period of 5 years. The persons in the register may apply for retention of his/her name in the register for further periods of 5 years shortly before expiry of the current period.

Disciplinary Proceedings

An Authorized Person is subject to the disciplinary regime under section 7 of the BO as summarized below if any of the events specified in (a) takes place and that event may trigger the consequence in (b).

- (a) He/she:
 - (i) has been convicted by any court of an offence related to carrying out his/her professional duties;
 - (ii) has been negligent or has misconducted himself/herself in a professional way;
 - (iii) has permitted a material deviation from a supervision plan for which he/she is responsible without reasonable cause;
 - (iv) has drawn up a supervision plan that does not comply with the material requirements of BO;
 - (v) has repeatedly drawn up supervision plans that do not comply with the requirements of BO;
 - (vi) has certified Minor Works commenced under the simplified requirements that have been carried out in contravention of BO;
 - (vii) has supervised Minor Works commenced under the simplified requirements that have been carried out in such a manner that they have caused injury to a person (whether or not while under such supervision);

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- (viii) has certified building works (other than Minor Works) as if it were Minor Works commenced under the simplified requirements;
 - (ix) has supervised building works (other than Minor Works) as if it were Minor Works commenced under the simplified requirements;
 - (x) has not carried out his/her duties under section 4B(2)(d), (e) or (f) of BO in respect of Minor Works commenced under the simplified requirements;
 - (xi) has failed to discharge the duties, or abide by the requirements, imposed on a Registered Inspector under BO; or
 - (xii) has failed to discharge the duties, or abide by the requirements, imposed on a qualified person under BO; and
- (b) the conduct referred to in (a) may:
- (i) render the person unfit to remain on the relevant register;
 - (ii) make further inclusion of the person on the relevant register prejudicial to the due administration of BO;
 - (iii) render the person unfit for certifying any Minor Works commenced or to be commenced under the simplified requirements;
 - (iv) make further certification of Minor Works commenced or to be commenced under the simplified requirements by him/her prejudicial to the due administration of BO;
 - (v) render the person unfit for certifying any prescribed inspection, or certifying or supervising any prescribed repair;
 - (vi) make further certification of any prescribed inspection, or certification or supervision of any prescribed repair, by that person prejudicial to the due administration of BO;
 - (vii) render the person deserving of suspension from certifying any prescribed inspection, or certifying or supervising any prescribed repair; or
 - (viii) render the person deserving of suspension from the relevant register, a fine or a reprimand.

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The disciplinary board has the power, after due inquiry, to make the following sanctions against the Authorized Person, such as:

- (a) order that the name of such person be removed from the authorized persons' register, or if his/her name appears in more than one register, from those registers, either permanently or for such period as the board thinks fit;
- (b) order that such person be reprimanded;
- (c) order that the person be fined up to a prescribed maximum sum;
- (d) order that the person be prohibited from certifying any Minor Works commenced or to be commenced under the simplified requirements, either permanently or for such period as the disciplinary board thinks fit; or
- (e) order that the person be prohibited from certifying any prescribed inspection, or certifying or supervising any prescribed repair, in respect of a window in a building, either permanently or for any period that the disciplinary board thinks fit.

Registered Inspector

Pursuant to sections 2 and 3(3B) of the BO, a Registered Inspector is a person who is qualified to perform the duties and functions of inspectors in accordance with the BO and whose name is for the time being on the list of architects, the list of engineers or the list of surveyors in the inspectors' register kept by the Building Authority.

Statutory Duties

Any person for whom a prescribed inspection or prescribed repair in respect of a building is to be carried out must appoint a Registered Inspector to (i) carry out the examination or assessment of a building as prescribed in the rules and regulations made under BO (the "**prescribed inspection**"); and (ii) supervise the repair or testing of a building as prescribed in the rules and regulations made under BO (the "**prescribed repair**").

In respect of the prescribed inspection (other than inspection of windows in the building), section 30D(3) of the BO requires the Registered Inspector to carry out the prescribed inspection personally unless otherwise exempted by the rules and regulations made under BO and comply generally with the BO.

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In respect of the prescribed repair (other than repair of windows in the building), section 30D(4) of the BO requires the Registered Inspector to:

- (a) provide proper supervision of the carrying out of the prescribed repair;
- (b) ensure the repair materials to be used (i) are not defective and comply with BO; and (ii) have been mixed, prepared, applied, used, erected, constructed, placed or fixed in the manner required for such materials under BO;
- (c) ensure the building, for which the Registered Inspector is appointed to supervise the prescribed repair, is safe or has been rendered safe; and
- (d) comply generally with BO.

Qualification for registration

A person must not be included in the list of engineers in the inspectors' register unless he/she has obtained the qualifications prescribed under regulation 3 of the Building (Administration) Regulations and:

- (a) is recommended by the Inspectors Registration Committee for inclusion; or
- (b) is an Authorized Person in the list of engineers or a Registered Structural Engineer with relevant experience as prescribed in the Building (Administration) Regulations.

Pursuant to regulation 3 of the Building (Administration) Regulations, an applicant must not be included in:

- (a) the list of engineers in the Registered Inspectors' register unless he/she:
 - (i) is an Authorized Person in the list of engineers in the authorized persons' register, or a Registered Structural Engineer, and satisfies the Building Authority that, within the 7 years preceding the date of application, he/she has had appropriate practical experience gained in Hong Kong in any building repair and maintenance project as an Authorized Person, Registered Structural Engineer, Registered Architect, Registered Professional Engineer or registered professional surveyor; or

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- (ii) is a Registered Professional Engineer in the building or structural engineering discipline and has had the practical experience for a period or periods in aggregate of 1 to 3 years preceding the date of application in building construction, repair and maintenance gained in Hong Kong that the Inspectors Registration Committee considers appropriate; or

- (iii) is a Registered Professional Engineer in the building services (building), civil or materials (building) engineering discipline and has had, for a period or periods in aggregate of not less than 3 years and of which at least 1 year falls within the 3 years preceding the date of application, the practical experience in building construction, repair and maintenance gained in Hong Kong that the Inspectors Registration Committee considers appropriate.

In general, the applicant must produce, to the Inspectors Registration Committee, documentary evidence to prove compliance with the requirements of regulation 3 of the Building (Administration) Regulations and satisfy the committee of his/her suitability for inclusion in the inspectors' register and, if required by the committee, attend a professional interview before the committee.

After considering the application, the Inspectors Registration Committee will advise the Building Authority to accept, defer or reject the application. Once the application is accepted, the name of the applicant will be entered into the Registered Inspectors' register for a period of 5 years. The persons in the register may apply for retention of his/her name in the register for further periods of 5 years shortly before expiry of the current period.

Disciplinary Proceedings

A Registered Inspector is subject to the same disciplinary regime under section 7 of the BO as the one applicable to an Authorized Person.

Engineer

Engineers Registration Ordinance

The Engineers Registration Ordinance (Chapter 409 of the Laws of Hong Kong) (“**ERO**”) governs the registration of professional engineers, the recognition of disciplines within the profession and disciplinary control of the professional activities of Registered Professional Engineers.

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Qualification for registration

The register of Registered Professional Engineers is maintained by the Engineers Registration Board (“**ERB**”). ERB shall not register a person as a Registered Professional Engineer unless:

- (a) he/she is a member of the Hong Kong Institution of Engineers (“**HKIE**”) within a discipline or a member of an engineering body the membership of which is accepted by ERB, or has passed such examinations and received such training experience as ERB may accept; and
- (b) he/she satisfies ERB that he/she has had 1 year’s relevant professional experience in Hong Kong before the date of his/her application for registration; and
- (c) he/she is ordinarily resident in Hong Kong; and
- (d) he/she is not the subject of an inquiry committee or a disciplinary order under Part IV of ERO which precludes him/her from being registered under ERO; and
- (e) he/she satisfies ERB by declaration in writing that he/she is competent to practise in the relevant discipline; and
- (f) he/she is a fit and proper person to be registered.

The entry in the register of a person as a Registered Professional Engineer under ERO:

- (a) shall remain in force for 12 months from the date when he/she was registered; and
- (b) may be renewed annually by application of the person so registered.

Use of Title

Section 29(1) of the ERO prohibits a person from describing himself/herself as a “registered professional engineer” with or without a qualifying discipline or to use the initials “R.P.E.” with or without a qualifying discipline if his/her name is not registered in the register of engineers under the ERO.

Section 29(2) of the ERO further prohibits a person from using the description of “registered professional engineer” or the initials “R.P.E.” unless the person includes in the description the qualifying discipline either in full or by an abbreviation approved by the Board.

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Section 29(4) of the ERO also specifies that a person, including a firm or company shall not use the description of “registered professional engineers” or the initials “R.P.E.” unless:

- (a) at each place where the person carries on the business of engineering, that business is conducted under the supervision of a Registered Professional Engineer of the appropriate discipline who does not act at the same time for any other person other than for a firm or company that has substantially the same beneficial ownership and management as the person (where the person is a firm or company);
- (b) where the person carries on a multi-disciplinary practice, that business, so far as it relates to engineering, is under the full time control and management of a Registered Professional Engineer of the appropriate discipline who does not act at the same time in a similar capacity for any other person other than for a firm or company that has substantially the same beneficial ownership and management as the person (where the person is a firm or company).

Disciplinary Offences

Pursuant to section 20 of the ERO, a Registered Professional Engineer commits a disciplinary offence if he/she:

- (a) commits misconduct or neglect in any professional respect;
- (b) has been convicted of an offence under ERO;
- (c) has obtained registration under ERO by fraud or misrepresentation;
- (d) was not at the time of his/her registration under ERO entitled to be registered;
- (e) has held himself/herself out to be a Registered Professional Engineer in a specific discipline when he was not so registered;
- (f) without reasonable excuse, fails to attend before an inquiry committee when summoned either as a witness or as a person in respect of whom the inquiry committee is meeting; or
- (g) has been convicted in Hong Kong or elsewhere of any offence which may bring the profession into disrepute and sentenced to imprisonment, whether the sentence is suspended or not.

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In deciding whether a person has committed a disciplinary offence, an inquiry committee established by the ERB may have regard to any code of professional conduct or practice promulgated by ERB or currently in use by the HKIE (referred to as the “**HKIE Rules**” below).

The HKIE Rules

The HKIE Rules sets out the rules of conduct which a member of the HKIE (“**HKIE Member**”) must comply with. The HKIE Rules outlines generally the responsibility owed by an HKIE Member to his/her profession, colleagues, employers or clients and the public:

- (a) An HKIE Member shall order his/her conduct so as to uphold the dignity, standing and reputation of the profession. (Rule 1 of the HKIE Rules)
- (b) An HKIE Member shall not maliciously or recklessly injure nor attempt to injure whether directly or indirectly the professional reputation of another engineer, and shall foster the mutual advancement of the profession. (Rule 2 of the HKIE Rules)
- (c) An HKIE Member shall discharge his/her duties to his/her employer or client with integrity and in accordance with the highest standards of business ethics. (Rule 3 of the HKIE Rules)
- (d) An HKIE Member in discharging his/her responsibilities to his/her employer and the profession shall at all times be governed by the overriding interest of the general public, in particular their environment, welfare, health and safety. (Rule 4 of the HKIE Rules)

If a Registered Professional Engineer is found to have committed a disciplinary offence, the inquiry committee may make any one or more of the following orders:

- (a) order the Registrar of ERB (the “**ERB Registrar**”) to remove the name of the Registered Professional Engineer from the register permanently or for such period as the inquiry committee may think fit;
- (b) reprimand the Registered Professional Engineer in writing and order the ERB Registrar to record the reprimand on the register;
- (c) order that an order made under section 23 of ERO be suspended, subject to such conditions as the inquiry committee may think fit, for a period not exceeding 2 years;

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- (d) order that ERB shall not accept an application from the Registered Professional Engineer for registration as a Registered Professional Engineer either for a fixed period or until the Registered Professional Engineer satisfies ERB that he/she should be registered;
- (e) order that the chairman of ERB admonish the Registered Professional Engineer orally;
- (f) order the Registered Professional Engineer to pay all or part of the costs of any of the ERB Registrar, ERB or the inquiry committee arising from the case.

The HKIE Constitution

Registered Professional Engineers in Hong Kong are also bound by the constitution of the HKIE (the “**HKIE Constitution**”) if they are HKIE Members.

Professional Conduct

The HKIE Constitutions is the constitution adopted by the council of the HKIE (the “**HKIE Council**”) to ensure the fulfilment of the key principles below which a HKIE Member must follow:

- (a) every HKIE Member shall at all times so order his/her conduct as to uphold the dignity and reputation of the Institution, and act with fairness and integrity towards all persons with whom his/her work is connected and towards other members;
- (b) every HKIE Member shall at all times so order his/her conduct as to uphold the dignity and reputation of his/her profession and to safeguard the public interest in matters of safety and health and otherwise. He/she shall exercise his/her professional skill and judgement to the best of his/her ability and discharge his/her professional responsibilities with integrity.

Disciplinary Actions

If a HKIE Member of any class shall be found by the board of inquiry to have been guilty of any of the following improper conduct, the HKIE Council may order him/her to be expelled from the HKIE, or that his/her membership be suspended for any period, or that he/she be reprimanded or admonished and/or that he/she be removed from the register maintained by ERB and the list of HKIE Members:

- (a) the making of any false representation or untrue or misleading statement in applying for election or transfer to any class of membership of the HKIE or inclusion on the register maintained by the ERB;

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- (b) any breach of the HKIE Constitution or of any regulation, rule or direction made or given thereunder;
- (c) conviction by a competent tribunal of a criminal offence which in the opinion of the HKIE Council renders a member unfit to be a HKIE Member;
- (d) any conduct injurious to the HKIE.

(2) Key legislation relevant to the business of our Group

The major legislations which we deal with in the course of providing our comprehensive structural and geotechnical engineering consultancy service are: (i) the Buildings Ordinance; (ii) the Buildings Ordinance (Application to the New Territories) Ordinance; and (iii) the Fire Services Ordinance (Chapter 95 of the Laws of Hong Kong).

Buildings Ordinance

Apart from governing the registration, appointment and duties of various professional parties involved in building works or street works (including Authorized Persons, Registered Structural Engineers, Registered Geotechnical Engineers and Registered Inspectors as mentioned in this section), the BO gives wide ranging powers to the Building Authority from control of building and building works to order for inspection or repair of buildings and windows.

Section 14 of BO provides that no person shall commence or carry out any building works or street works (other than Minor Works with simplified requirements) without obtaining (i) the prior written approval of the Building Authority of documents submitted to him in accordance with the rules and regulations made under the BO and (ii) the prior written consent of the Building Authority for the commencement of building works or street works shown in the approved plan. Section 24 gives the power to the Building Authority to make an order to require the demolition or alteration of the building or building works if the building or the building works has/have been or are being carried out in contravention of any provision of BO. Section 24C empowers the Building Authority to issue written notice requiring the demolition or alteration of unauthorised building or building works and to cause the notice to be registered with the Land Registry against the land or premises to which the notice relates if the work is not demolished or altered by a specified date.

The powers of the Building Authority under sections 24 and 24C of BO are however restricted by section 39C of BO, which provides that the Building Authority must not serve an order or a notice under section 24 or section 24C in respect of a prescribed building or building works on the ground that the building or building works have been completed or carried out in contravention of section 14(1) or not in compliance with the simplified requirements (defined under regulation 4 of the

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Building (Minor Works) Regulation (Chapter 123N of the Laws of Hong Kong) (“**B(MW)R**”)) (the “**Simplified Requirements**”) if certain conditions are met. Such conditions include but is not limited to:

- (a) an Authorized Person, a Registered Structural Engineer, a Registered Inspector, a registered general building contractor, a registered specialist contractor or a registered Minor Works contractor as required by the B(MW)R is to be appointed to inspect the prescribed building or building works;
- (b) the persons referred to in (a) is to submit or deliver to the Building Authority or other persons prescribed plans, certificates, notices and other documents as required by the B(MW)R; and
- (c) where the persons referred to in (a) considers that for the safety of the prescribed building or building works, it is necessary to carry out Minor Works to alter, rectify or reinforce the prescribed building or building works, such works are to be carried out by a prescribed registered contractor under the Simplified Requirements.

Sections 30B and 30C of the BO also give power to Building Authority to serve a written notice on any owners of buildings which (i) are aged 30 years or above to carry out a prescribed inspection and/or prescribed repairs in respect of buildings and (ii) are aged 10 years or above to carry out prescribed inspection and/or prescribed repair in respect of windows.

The service rendered by our Group involves the liaison with the Buildings Department. Our Group prepares and reviews documents for the submission to the Building Authority prior to commencement of building works. The Authorized Persons, Registered Structural Engineers and Registered Geotechnical Engineers prepare for submission of the prescribed plans, certificates, notices and other documents as required by B(MW)R and determines whether it is necessary to carry out Minor Works to alter, rectify or reinforce the prescribed building or building works.

The Register Inspectors of our Group appointed by the owners who receive notices under sections 30B and 30C will carry out the prescribed inspection and supervise the prescribed repair pursuant to the Building (Inspection and Repair) Regulation (Chapter 123P of the Laws of Hong Kong) and perform other duties required under section 30D of the BO.

Buildings Ordinance (Application to the New Territories) Ordinance

Under sections 4 and 5 of BO(ANT)O, the Director of Lands may issue a certificate of exemption in respect of building works in the New Territories (as

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defined in the BO(ANT)O) and shall issue a certificate of exemption in respect of building works in the New Territories for (i) a building to be built by any person and to be used for non-industrial purposes; (ii) a building to be built by a community organisation for the use of the community; (iii) a building to be built on agricultural land and to be used solely for agricultural purposes; and (iv) for the replacement of a temporary structure in the New Territories. The Director of Lands may also issue certificates of exemption in respect of site formation works and drainage works.

A certificate of exemption has the effect, subject to section 7(2) of BO(ANT)O and to the compliance with any conditions imposed by the Director of Lands, of a waiver of compliance with various sections of the BO specified in section 7(1) of BO(ANT)O in respect of buildings works, site formation works or drainage works for any building specified in the certificate carried out by or on behalf of the person named in that certificate. Section 7(2) of BO(ANT)O has the effect of limiting the physical dimensions of a building in respect of which a certificate of exemption is granted. The waived provisions of the BO under certificates of exemption may include, among others, those requiring the appointment of a Authorized Person, Registered Structural Engineer, Registered Geotechnical Engineer or Registered Inspector. As explained in the information pamphlet titled “Building New Territories Exempted Houses” issued by the Lands Department in December 2014, applicants applying for certificates of exemption in respect of a New Territories exempted house shall, among others, appoint a RSE/RPE to monitor the construction of the critical structural elements if the subject building contains certain critical structural elements. Upon completion of building works, the RSE/RPE appointed shall submit to the District Lands Officer a construction completion report certifying that, among others, the as-constructed critical structural elements are structurally safe.

Fire Services Ordinance

Section 16(1)(b) of BO provides that one of the grounds for the Building Authority to refuse to give approval to any plans of building works where the plans are not endorsed with or accompanied by a certificate from the Director of Fire Services certifying either:

- (a) that, having regard to the purpose to which the building is intended to be put (which purpose shall be stated in the certificate), no fire service installation or equipment is necessary in connection with the building that will result from the carrying out of the building works shown on the plans; or
- (b) that the plans have been examined and are approved by him as showing all such fire service installations and equipment as in his opinion, having regard to the purpose to which the building is intended to be put (which purpose shall be stated in the certificate), comprise the minimum fire service installations and equipment necessary for such building in

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accordance with the Code of Practice for Minimum Fire Service Installations and Equipment and published from time to time by the Director of Fire Services.

Further, the Building Authority may refuse to issue a temporary occupation permit or an occupation permit under section 21 of BO where in the case of a building the plans whereof were certified by the Director of Fire Services in the terms indicated in section 16(1)(b)(ii) of BO, the applicant for the permit fails to produce to the Building Authority a certificate from the Director of Fire Services in such form as may be prescribed certifying that he is satisfied that the fire service installations and equipment shown on the plans aforesaid have been provided and are in efficient working order and satisfactory condition.

The Code of Practice for Inspection, Testing and Maintenance of Installations and Equipment is published in accordance with regulation 10 of the Fire Service (Installations and Equipment) Regulations (Chapter 95B of the Laws of Hong Kong) to indicate the type and nature of inspections and tests which installations and equipment must normally pass in order to satisfy the Director of Fire Services and to give guidance as to the conduct of inspections and tests. It does not lay down any hard and fast rules. Special factors and circumstances may require variations in respect of any particular building, and in particular case the Director of Fire Services may require additional inspections or tests before he is so satisfied.

Our Group prepares building designs for its clients and specify what sort of installations and equipment are necessary for the relevant premises under the aforesaid codes of practice. Following the submission of the building designs, the clients will hire registered contractors registered under the Fire Service (Installation Contractors) Regulations (Chapter 95A of the Laws of Hong Kong) to install, maintain, repair or inspect any fire service installation or equipment in any premises.

Security of Payment Legislation for the Construction Industry (“SOPL”)

The Government finished public consultation exercise on the proposed legislation for the construction industry in August 2015 to address unfair payment terms, payment delays and disputes. The SOPL is intended to encourage fair payment, rapid dispute resolution and increase cash flow in the contractual chain.

When it comes into force, all public sector construction contracts and consultancy appointments will be caught by the legislation, whereas in the private sector, only contracts and consultancy appointments relating to a “new building” (as defined by the Buildings Ordinance) which has a value in excess of HK\$5 million for construction contracts and HK\$500,000 for professional services and supply only contracts will be caught by the legislation. Where the SOPL applies to main contract, it also automatically applies to all subcontracts in the contractual chain.

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The new legislation will, among others:

- prohibit “pay when paid” and similar clauses in contracts. Payers will not be able to rely on such clauses in court, arbitration or adjudication;
- prohibit payment periods of more than 60 calendar days for interim payments or 120 calendar days for final payments;
- enable parties who are entitled to progress payments under the terms of a contract covered by the SOPL to claim such payments as statutory payment claims, upon receipt of which the payer has 30 calendar days to serve a payment response, and parties who are entitled to payments under statutory payment claims will be entitled to pursue adjudication if the statutory payment claims are disputed or ignored; and
- give parties the right to suspend or reduce the rate of progress of works after either non-payment of an adjudicator’s decision or non-payment of amounts admitted as due.

It is possible that some of our contracts will be caught by the proposed SOPL. Please also refer to the section headed “Risk Factors – Risks relating to the business operations of our Group and the industry in which we operate – If the SOPL for the construction industry comes into force, our Group will become less flexible in our liquidity management” in this prospectus for further information on how the SOPL may affect our operation.

As at the Latest Practicable Date, the date of implementation of SOPL has not been announced.

B. PRC LAWS AND REGULATIONS

Provisions on foreign investment

The establishment, operation and management of wholly-foreign-owned enterprise (“WFOE”) in the PRC are governed by (i) Guidance Catalogue of Industries for Foreign Investment (《外商投資產業指導目錄 (2017年修訂)》) (the “**Catalogue**”), which was amended and promulgated by the Ministry of Commerce (國家商務部) (the “**MOC**”) and the National Development and Reform Commission (中華人民共和國國家發展和改革委員會) (the “**NDRC**”) on 28 June 2017 and was effective on 28 July 2017 to regulate the investment in the PRC conducted by foreign investors and foreign-owned enterprises; (ii) the Special Administrative Measures for Access of Foreign Investment (Negative List) (2018 Edition) (《外商投資准入特別管理措施 (負面清單) (2018年版)》) promulgated by the NDRC and the MOC on 28 June 2018 and implemented on 28 July 2018; (iii) the Company Law of the PRC (《中華人民共和國公司法》), which was adopted by the Standing Committee of the National People’s Congress (全國人民代表大會常務委員會) (the

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“NPCSC”) on 29 December 1993 and was last amended on 28 December 2013; (iv) the Law of the PRC on Wholly Foreign-Owned Enterprises (《中華人民共和國外資企業法》), which was promulgated by the National People’s Congress (全國人民代表大會) (the “NPC”) on 12 April 1986 and amended by the NPCSC on 3 September 2016; (v) the Detailed Rules for Wholly Foreign-Owned Enterprise (《中華人民共和國外資企業法實施細則》), which was last amended on 19 February 2014; and (vi) the Provisional Measures on Administration of Filing for Establishment and Change of Foreign Investment Enterprises (《外商投資企業設立及變更備案管理暫行辦法》), which was promulgated by the MOC on 8 October 2016 and was amended on 30 July 2017 and 30 June 2018 and applied to the establishment and change of foreign investment enterprises which are not subject to special administrative measures stipulated by the PRC since 8 October 2016.

According to those laws and regulations aforesaid, if establishing a WFOE which is an industry permitted to foreign investment according to the Catalogue before 8 October 2016, the investor shall make an application to the department in charge of foreign investment under the State Council or the organs authorised by the State Council. If establishing the aforesaid WFOE after 8 October 2016, the investor shall conduct the procedures of registration via the integrated administration information system of the department in charge of foreign investment under the State Council and the foreign investor may remit abroad profits lawfully earned from the enterprise and other income and funds lawfully obtained following the liquidation of the enterprise.

Provision on taxation

Enterprise income tax

The Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》) promulgated by the NPC on 16 March 2007, effective on 1 January 2008 and amended on 24 February 2017, as well as Regulation on the Implementation of the PRC Enterprise Income Tax Law (《中華人民共和國企業所得稅法實施條例》), which was promulgated on 6 December 2007 and became effective on 1 January 2008, impose a uniform enterprises income tax rate of 25% on both domestic and foreign-invested enterprise, unless they qualify for certain exceptions, and terminates most of the tax exemptions, reductions and preferential treatments available under previous tax laws and regulations.

Value-added tax

The Provisional Regulations on Value-added Tax of the PRC (《中華人民共和國增值稅暫行條例》) (the “**VAT Provisional Regulations**”) was promulgated by the State Council of the PRC on 13 December 1993 and last amended on 19 November 2017 and its implementing rules (《中華人民共和國增值稅暫行條例實施細則》) was promulgated by Ministry of Finance (財政部) (the “**MOF**”) on 25 December 1993 and amended by the MFO and the State Administrative of Taxation (國家稅務總局) (the “**SAT**”) on 15 December 2008 and 28 October 2011 respectively. The VAT Provisional Regulations and its implementing rules stipulate that value-added tax is payable on the sale or import of goods,

REGULATORY OVERVIEW

the sale of marketing service, intangible assets and real estate and the provision of processing, repair and labour replacement services in the PRC. For general VAT tax payers (the “**General VAT Payers**”) the value-added tax rate is generally levied at 17%. Exports are exempted from value-added tax.

According to the Notice of the MOF and the SAT on Adjusting the Value-added Tax Rate (《財政部、稅務總局關於調整增值稅稅率的通知》), effected on 1 May 2018, for the General VAT Payers the VAT tax rates on sales or imported goods are adjusted from 17% and 11% to 16% and 10% respectively.

For small-scale VAT taxpayers (the “**Small-scale VAT Payers**”), the value-added tax rate is 3%, except as otherwise stipulated by the State Council. According to the VAT Provisional Regulations implementing rules, the Small-scale VAT Payers are referred to (1) taxpayers engaging in manufacturing of goods or provision of taxable labour services and taxpayers primarily engaging in manufacturing of goods or provision of taxable labour services and concurrently engaging in wholesale or retail of goods whose sales amount subject to value-added tax in the year (“**taxable sales amount**”) is below RMB500,000 (including RMB500,000); and (2) taxpayers other than those stipulated in item (1) whose annual taxable sales amount is below RMB800,000. Primarily engaging in manufacturing of goods or provision of taxable labour services as referred to shall mean that the sales amount of the taxpayer’s annual manufacturing of goods or provision of taxable labour services constitute more than 50% of its annual taxable sales amount.

According to the Notice of MOF and the SAT on Unifying the Criteria for Small-scale VAT Payers (《關於統一增值稅小規模納稅人標準的通知》), promulgated on 4 April 2018 and effected on 1 May 2018, the criteria for Small-scale VAT Payers is the taxable sales amount of RMB5 million or below. During the Track Record Period, W&C Shenzhen has filed its value-added tax to the relevant tax authorities as a Small-scale VAT Payer and W&C Shenzhen has obtained written confirmation from the relevant tax authority that W&C Shenzhen has no material omission in relation to tax. Our Directors confirmed that at the Latest Practicable Date, W&C Shenzhen has been and is expected to continue to be a Small-scale VAT Payer and the value-added tax rate of 3% will continue to apply. Therefore, based on the above and as advised by the PRC Legal Advisers, the May 2018 adjustment in general value-added tax rates for the General VAT Payers has no material impact on our Group as it is not applicable to Small-scale VAT Payers such as our Group.

Since 1 January 1994, business tax and value-added tax are implemented together upon different sorts of business incomes. From 1 January 2012, the MOF and the SAT had promulgated several notices on including more industries on switching from business tax to value-added tax.

On 23 March 2016, the MOF and the SAT promulgated Notice of the Ministry of Finance and the State Administration of Taxation on Overall Implementation of the Pilot Program of Replacing Business Tax with Value-added Tax (《財政部、國家稅務總局關於全面推開營業稅改徵增值稅試點的通知》(財稅[2016]36號)), according to which, the pilot

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program of replacing business tax with value-added tax shall be implemented nationwide effective from 1 May 2016 and all business tax payers in construction industry, real estate industry, finance industry, consumer service industry, etc. shall be included in the scope of the pilot program and pay value-added tax instead of business tax. The tax rate of general tax activities (excluding the provision of services in transportation, postal services, basic telecommunications, construction or real property lease, the sale of real property or the transfer of land use right, the provision of tangible personal property lease services, the cross-border taxable activities, etc.) applied to general tax payers will be 6%. On 19 November 2017, the State Council promulgated the Decision on Abolition of the Provisional Regulations on Business Tax of the PRC and Revision of the VAT Provisional Regulations (《國務院關於廢止〈中華人民共和國營業稅暫行條例〉和修改〈中華人民共和國增值稅暫行條例〉的決定》), the Provisional Regulations on Business Tax of the PRC have been abolished since 19 November 2017.

Provisions relating to foreign exchange

Pursuant to the Foreign Exchange Administrative Regulations of the PRC (《中華人民共和國外匯管理條例》), which was promulgated on 29 January 1996 and became effective on 1 April 1996, and amended on 14 January 1997 and 5 August 2008, respectively, conversion of RMB and remittance of the foreign currency outside the PRC for capital account items, such as direct equity investment, loans and repatriation of investment, are subject to the obtaining of prior approval from the State Administration of Foreign Exchange (國家外匯管理局) and/or one of its branches.

Provisions on labour relationship

The Labour Law of the PRC (《中華人民共和國勞動法》) (the “**Labour Law**”) was promulgated by the NPCSC, implemented on 1 January 1995 and amended on 27 August 2009. The Labour Law stipulates that workers are entitled to have equal opportunities in employment, selection of occupations, receiving wages and remuneration, rest days and holidays, protection of occupational safety and health, the rights to social insurance and welfare, etc.

The Labour Contract Law of the PRC (《勞動合同法》) which was implemented on 1 January 2008 and amended on 28 December 2012 stipulates that written labour contracts must be executed in order to establish a labour relationship between the employer unit and the labourer. When an employer unit is recruiting labourers, it should inform the labourers truthfully the content of work, working conditions, place of work, occupational hazards, safe production conditions, labour remuneration and other circumstances requested to be known by the labourers.

Provisions on social insurances and housing provident funds

The Social Insurance Law of the PRC (《中華人民共和國社會保險法》) implemented on 1 July 2011 stipulates that employer units must purchase social insurance for labourers.

REGULATORY OVERVIEW

Such insurance includes pension insurance, unemployment insurance, childbirth insurance, work injury insurance and medical insurance. When an employer unit fails to complete social insurance registration or does not pay the full amount of social insurance fees on time, it may be subject to administrative penalties such as order of correction within a specific timeframe, order of payment within a specific timeframe, or top-up, increase of penalty fees and fines by the social insurance administrative authorities.

The Administrative Provisions for Housing Provident Funds (《住房公積金管理條例》) promulgated on 3 April 1999, which became effective on 3 April 1999 and was amended on 24 March 2002, stipulate that employer units must register housing provident fund deposits with the housing provident fund management centre and set up housing provident fund accounts for its employees. Failure to do so may result in penalties such as order to register within a specific timeframe or fines by the housing provident fund management centre. If an employer unit fails to make deposits after the due date, the housing provident fund management centre may apply for enforcement with the People's Court.

C. MACAU LAWS AND REGULATIONS

The Macau Labour Relations Law of 2008 establishes the general regime of labour relations, containing various rules concerning employment contracts that range from, but are not limited to, general principles applicable to employment relationships, duties and obligations of the employer and the employee, probation period, employment contract requirements, employment contract for a fixed period, working hours, overtime, weekly time-off, annual leave, and compensation in case of contract termination without justifiable cause. The regulatory authority in charge of monitoring compliance with the labour, safety and insurance regime is the Labour Department, in general.

Regarding the employment of foreign labour, it is important to note that non-residents of Macau are generally not permitted to work unless a proper work permit has been obtained. The employment of such workers is subject to strict regulations included in Law no. 21/2009, which sets forth the terms for granting and renewing work permits for non-resident workers, determines measures to ensure the equal treatment of Macau resident and non-resident workers and establishes minimum contract terms and limits on the duration of employment contracts with non-resident employees.

Non-compliance with the rules included in Law no. 21/2009 may constitute administrative offenses, sanctioned with fines and accessory sanctions of revocation of all or part of the authorizations to employ non-resident workers along with the prohibition to request new authorizations for a period of six months to two years, and/or criminal offenses related to illegal employment, sanctioned with effective incarceration periods, fines and/or accessory sanctions of (i) revocation of all or part of the authorizations to employ non-resident workers and the prohibition for a period of six months to two years to request new authorizations; (ii) prohibition, for a period of six months to two years, to participate in public tenders related to public works or public concessions; and (iii) prohibition, for the period of six months to two years, to receive any subsidies or benefits conferred by Macau public entities.

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Regarding the working environment, an employer must comply with the rules provided under the General Regulation of Work Safety and Hygiene of Offices, Services and Commercial Establishments, in order to provide a safe and clean working environment for its employees. Failure to comply with those rules may result in the application of fines to the employer, according to the provisions set out by Decree Law no. 13/91/M (sanctions for the non-compliance with the General Regulation of working safety and hygiene of office, service and commercial establishments).

Moreover, our Company must comply with the rules provided under Decree Law no. 44/91/M (General Regulation of Working Safety and Hygiene in the Construction Industry) and Decree Law no. 34/93/M (Legal Regime of Noise at Work), in order to provide a safe, clean and environmentally friendly working conditions for the employees. Failure to comply with those rules may result in the application of fines, according to the provisions set out by Decree Law no. 67/92/M and Decree Law no. 48/94/M.

Pursuant to Decree Law no. 40/95/M (Legal Regime of Compensation of Damages Caused by Industrial Accidents and Occupational Diseases), our Group must provide industrial accident insurance for its employees. In case the employer fails to provide such insurance, fines may be charged as legal sanction.

HISTORY, REORGANISATION AND GROUP STRUCTURE

BUSINESS MILESTONES

The key milestones in the development of our Group are as follows:

Year	Milestone
1987	Our principal operating subsidiary, W&C Hong Kong was established
1996	We were accredited with ISO 9001:2015 in respect of our quality management system
2001	Our second operating subsidiary, W&C Shenzhen was established
2002	Our third operating subsidiary, W&C Macau was established

HISTORY AND CORPORATE DEVELOPMENT

The history of our Group traces back to 1987 when Mr. KWAN Wing Hong, Dominic (關永康), Mr. NG Heung Hung (吳享洪) and Mr. WONG Kwok Ching (黃國楨) (the “**Founders**”) established W&C Hong Kong, our principal operating subsidiary, in Hong Kong as a limited liability company. Each of Mr. Ng and Mr. Kwan was an architect and Mr. Wong was an engineer. Each of the Founders is an Independent Third Party. To the best of our Directors’ knowledge, information and belief, on the date when the Founders established W&C Hong Kong, W&C Hong Kong was owned as to 99.99% and 0.01% by KNW Properties (Hong Kong) Limited (which was then ultimately owned by the Founders) and a company service provider, respectively.

Mr. Kwong and Dr. Chan joined W&C Hong Kong as managing director and director in January 1994 and April 1999, respectively. Due to Mr. Kwong’s and Dr. Chan’s interest to invest in W&C Hong Kong, each of Mr. Kwong and Dr. Chan first became shareholders of W&C Hong Kong on 15 October 1996 and 7 May 1999, respectively. Mr. Kwong and Dr. Chan, as the Concerted Group, together increased their investment in W&C Hong Kong on 21 December 2009 and have controlled more than 50% voting rights in aggregate in W&C Hong Kong since then.

After a series of share allotments and share transfers, further details of which are set out in this section below, since 7 January 2013 and immediately prior to the Reorganisation, W&C Hong Kong was wholly-owned by the Concerted Group, as to approximately 31.8% and approximately 68.2% by Mr. Kwong and Dr. Chan, respectively.

The following describes the corporate history of our Company and its subsidiaries.

Our Company

Our Company was incorporated in the Cayman Islands as an exempted company with limited liability on 25 August 2017 with an authorised share capital of HK\$380,000 divided into 38,000,000 Shares with a par value of HK\$0.01 each. As at the Latest Practicable Date, our

HISTORY, REORGANISATION AND GROUP STRUCTURE

ordinary Shares were owned as to 70.1% and 29.9% by Manning Properties (701,000 Shares) and Galaxy (299,000 Shares), respectively. Manning Properties was ultimately owned as to approximately 68.2% by Dr. Chan and approximately 31.8% by Mr. Kwong, respectively, whilst Galaxy was ultimately owned as to 100% by Dr. Yuen.

As a result of the Reorganisation, our Company is the holding company of our subsidiaries. For further details, please refer to the paragraph headed “Reorganisation” in this section.

Our subsidiaries

During the Track Record Period, we had conducted our business through our three operating subsidiaries incorporated in Hong Kong, the PRC and Macau, namely, W&C Hong Kong, W&C Shenzhen and W&C Macau, respectively. We also established two intermediate holding companies in the BVI for holding interests in our operating subsidiaries. As at the Latest Practicable Date, we had five subsidiaries, including two intermediate holding companies incorporated in the BVI and three operating subsidiaries incorporated in Hong Kong, the PRC and Macau, as further described below.

The intermediate holding companies in the BVI

WAC (HK)

WAC (HK) was incorporated in the BVI on 29 August 2017 as a limited liability company authorised to issue a maximum of 50,000 shares without par value. On the date of incorporation, one share of WAC (HK) was allotted and issued to our Company at a subscription price of US\$1. Since then and as at the Latest Practicable Date, WAC (HK) is a direct wholly-owned subsidiary of our Company.

WAC (HK) serves as an intermediate holding company.

WAC (Macau)

WAC (Macau) was incorporated in the BVI on 29 August 2017 as a limited liability company authorised to issue a maximum of 50,000 shares without par value. On the date of incorporation, one share of WAC (Macau) was allotted and issued to our Company at a subscription price of US\$1. Since then and as at the Latest Practicable Date, WAC (Macau) is a direct wholly-owned subsidiary of our Company.

WAC (Macau) serves as an intermediate holding company.

The operating subsidiaries

W&C Hong Kong

On 19 June 1987, W&C Hong Kong was incorporated in Hong Kong as a limited liability company. W&C Hong Kong is one of our operating subsidiaries, which is principally engaged in the business of comprehensive structural and geotechnical engineering consultancy service in Hong Kong and has commenced its business since 1987.

HISTORY, REORGANISATION AND GROUP STRUCTURE

On the date of incorporation, two shares of W&C Hong Kong were allotted and issued to two initial subscribers, who are company service providers. Subsequently, 9,998 shares of W&C Hong Kong were allotted and issued to KNW Properties (Hong Kong) Limited at a consideration of HK\$1.00 per share on 15 October 1987. On 16 October 1987, each of the shares held by these two initial subscribers were transferred to another company service provider and KNW Properties (Hong Kong) Limited, respectively. To the best of our Directors' knowledge, information and belief, KNW Properties (Hong Kong) Limited was then ultimately owned by the Founders and the Founders financed the contribution to W&C Hong Kong with their own financial resources. Since then, W&C Hong Kong was owned by KNW Properties (Hong Kong) Limited and a company service provider as to 99.99% (9,999 shares) and 0.01% (one share), respectively.

From 1987 to 2009, there were a series of share allotments and share transfers among the then shareholders from time to time.

On 21 December 2009, Mr. Kwong and Dr. Chan, as the Concerted Group, increased their investment in W&C Hong Kong and each acquired 100,000 shares of W&C Hong Kong from the then two shareholders. Since then, W&C Hong Kong was owned by Mr. Kwong, Dr. Chan and Mr. WONG Kwok Ching as to 35% (175,000 shares), 35% (175,000 shares) and 30% (150,000 shares), respectively.

On 2 March 2011, 50,000 shares of W&C Hong Kong were allotted and issued to Dr. Chan at a consideration of HK\$1.00 per share. Since then, W&C Hong Kong was owned by Mr. Kwong, Dr. Chan and Mr. WONG Kwok Ching as to approximately 31.8% (175,000 shares), approximately 40.9% (225,000 shares) and approximately 27.3% (150,000 shares), respectively.

Subsequently, through a series of share transfers Mr. Wong Kwok Ching disinvested in W&C Hong Kong and since 7 January 2013, he ceased to be a shareholder of W&C Hong Kong.

Since then and immediately prior to the Reorganisation, W&C Hong Kong was wholly-owned by the Concerted Group, comprising Mr. Kwong and Dr. Chan who held approximately 31.8% and 68.2% interest in W&C Hong Kong respectively.

W&C Shenzhen

W&C Shenzhen is a limited liability company established in the PRC on 2 November 2001 and has a registered capital of HK\$1,000,000. W&C Shenzhen has been owned as to 100% by W&C Hong Kong since its establishment. W&C Shenzhen commenced its business since its incorporation and is principally engaged in the business of provision of computer-aided drawings and designs for construction and back office support for W&C Hong Kong in the PRC.

W&C Macau

W&C Macau was incorporated in Macau on 14 June 2002 as a limited liability company with an issued share capital of MOP100,000. As at the date of its establishment, W&C Macau was owned as to 55% by Mr. WONG Kwok Ching, 15% by Mr. SUNG Kee Cheong, 15% by Mr.

HISTORY, REORGANISATION AND GROUP STRUCTURE

Kwong and 15% by Dr. Chan. W&C Macau commenced business since its incorporation and is principally engaged in the business of providing and assisting in specialty consultancy services by performing administrative work to facilitate project deployment and administration in Macau.

On 19 November 2013, as a result of disinvestment, Mr. WONG Kwok Ching and Mr. SUNG Kee Cheong transferred their share interest to Dr. Chan and/or Mr. Kwong.

Since then and immediately prior to the Reorganisation, W&C Macau was wholly-owned by the Concerted Group, comprising Mr. Kwong and Dr. Chan who held approximately 32% and 68% interest in W&C Macau respectively.

ACTING-IN-CONCERT CONFIRMATION

On 21 December 2009, the Concerted Group entered into the Acting-in-concert Agreement, pursuant to which the Concerted Group would act in concert and make unanimous decisions in all aspects including but not limited to financial and operational matters of our Group. On 15 November 2017, in preparation for the Listing, the Concerted Group executed the Acting-in-concert Confirmation, whereby they confirmed their acting in concert arrangement in the past, as well as their intention to continue with such arrangement to consolidate their control of our Group until the Acting-in-concert Agreement is terminated otherwise.

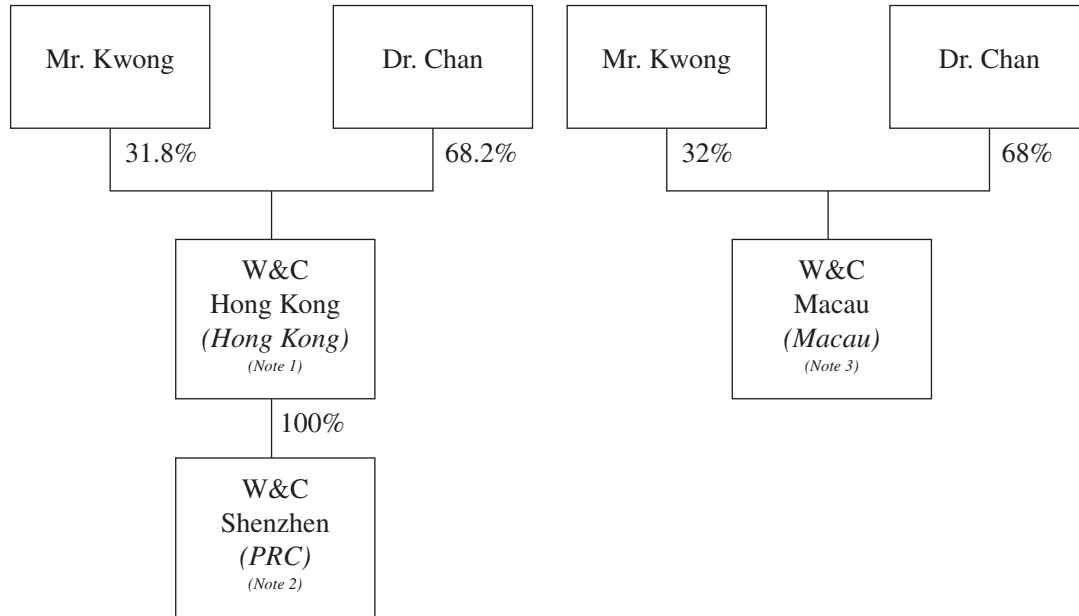
Pursuant to the Acting-in-concert Agreement and the Acting-in-concert Confirmation, the Concerted Group is considered as acting as a group of Controlling Shareholders because: (i) they had acted and shall continue to act in concert and collectively for all material management affairs and the arrival and/or execution of all commercial decisions, including but not limited to financial and operational matters, of our Group; (ii) they had given and shall continue to give unanimous consent, approval or rejection on any other material issues and decisions in relation to the business of our Group; (iii) they had casted and shall continue to cast vote collectively for or against all resolutions in all board and shareholders' meetings and discussions of our Group; and (iv) they had cooperated and shall continue to cooperate with each another to obtain, maintain and consolidate control and management of our Group.

Accordingly, Dr. Chan and Mr. Kwong, as the Concerted Group, have controlled W&C Hong Kong since December 2009 and wholly-owned it from January 2013 to the date of the Pre-IPO Investment. They will together be entitled to exercise and control approximately 49.1% of the total number of Shares in issue immediately upon completion of the Share Offer (without taking into account any Shares which may be allotted and issued pursuant to the Offer Size Adjustment Option and the exercise of the options that may be granted under the Share Option Scheme).

HISTORY, REORGANISATION AND GROUP STRUCTURE

REORGANISATION

Set out below is the shareholding and corporate structure of our Group immediately prior to the implementation of our Reorganisation:



Notes:

1. W&C Hong Kong was owned as to approximately 31.8% (175,000 shares) by Mr. Kwong and approximately 68.2% (375,000 shares) by Dr. Chan immediately before the Reorganisation.
2. W&C Shenzhen was owned as to 100% by W&C Hong Kong immediately before the Reorganisation.
3. W&C Macau was owned as to 32% by Mr. Kwong and 68% by Dr. Chan immediately before the Reorganisation.

In preparation for the Share Offer, we carried out a series of restructuring steps for the purpose of preparing our corporate structure for the Listing. The principal steps involved in the Reorganisation are summarised as below:

1. Allotment of shares by Manning Properties to Dr. Chan and Mr. Kwong

Manning Properties was incorporated in the BVI on 9 February 2015. Since its incorporation and immediately prior to the allotment of shares under this step of the Reorganisation, Manning Properties was owned as to 100% by Dr. Chan (one share).

On 22 August 2017, 6,817 shares and 3,182 shares were further allotted and issued at par, credited as fully paid, to Dr. Chan and Mr. Kwong, respectively. On 30 August 2017, 682 shares and 318 shares were further allotted and issued at par, credited as fully paid, to Dr. Chan and Mr. Kwong, respectively. Accordingly, Manning Properties is owned as to approximately 68.2% by Dr. Chan and approximately 31.8% by Mr. Kwong.

HISTORY, REORGANISATION AND GROUP STRUCTURE

2. Incorporation of our Company

On 25 August 2017, our Company was incorporated in the Cayman Islands with an authorised share capital of HK\$380,000 divided into 38,000,000 Shares with a par value of HK\$0.01 each. On the date of incorporation, our Company issued and allotted one nil paid Share to a company service provider, which was transferred to Manning Properties. On the same day, 700,999 Shares were further allotted and issued at par, credited as fully paid, to Manning Properties. Accordingly, our Company was owned as to 100% by Manning Properties on the date of its incorporation.

3. Incorporation of WAC (HK) and WAC (Macau) and the transfer of W&C Hong Kong and W&C Macau

WAC (HK) was incorporated in the BVI on 29 August 2017 as a limited liability company authorised to issue a maximum of 50,000 shares without par value. On the date of incorporation, one share of WAC (HK) was allotted and issued to our Company at a subscription price of US\$1. Since then and as at the Latest Practicable Date, WAC (HK) is a direct wholly-owned subsidiary of our Company.

WAC (Macau) was incorporated in the BVI on 29 August 2017 as a limited liability company authorised to issue a maximum of 50,000 shares without par value. On the date of incorporation, one share of WAC (Macau) was allotted and issued to our Company at a subscription price of US\$1. Since then and as at the Latest Practicable Date, WAC (Macau) is a direct wholly-owned subsidiary of our Company.

On 29 August 2017, Mr. Kwong and Dr. Chan respectively transferred 175,000 shares and 375,000 shares in W&C Hong Kong (representing approximately 31.8% and approximately 68.2% of the equity interest in W&C Hong Kong respectively) to WAC (HK) at a consideration of HK\$175,000 and HK\$375,000, respectively, which were determined with reference to the nominal value of the shares and settled on 20 October 2017. Accordingly, Mr. Kwong and Dr. Chan ceased to have any direct interest in W&C Hong Kong and W&C Hong Kong became an indirect wholly-owned subsidiary of our Company.

As advised by the PRC Legal Advisers, no registration or approval is required in the PRC in respect of the indirect transfer of W&C Shenzhen.

On 20 November 2017, Mr. Kwong and Dr. Chan respectively transferred 32% and 68% interests in W&C Macau to WAC (Macau) at a consideration of MOP32,000 and MOP68,000, respectively which were determined with reference to the corresponding interests in the issued share capital of W&C Macau and settled on 20 November 2017. Accordingly, Mr. Kwong and Dr. Chan ceased to have any direct interest in W&C Macau and W&C Macau became an indirect wholly-owned subsidiary of our Company.

THE PRE-IPO INVESTMENT

The Pre-IPO Subscription Agreements

On 9 May 2017, W&C Hong Kong, Dr. Chan, Mr. Kwong and Galaxy entered into the Share Subscription Agreement pursuant to which W&C Hong Kong has agreed to allot and issue shares representing 29.9% of its enlarged issued share capital to Galaxy at a consideration of HK\$15,000,000. On 29 August 2017, our Company, W&C Hong Kong, Dr. Chan, Mr. Kwong and Galaxy entered into the Novation Deed, pursuant to which, amongst others, the liabilities and obligations of W&C Hong Kong under the Share Subscription Agreement were novated to our Company. Accordingly, our Company allotted and issued 299,000 Shares to Galaxy on the same day and was owned as to 70.1% by Manning Properties and 29.9% by Galaxy.

Pursuant to the Pre-IPO Subscription Agreements, Galaxy shall subscribe for, and our Company shall allot and issue to Galaxy, 299,000 new Shares (the “**Subscription Shares**”) at a total consideration of HK\$15,000,000 which was negotiated on an arm’s length basis between the parties with reference to, amongst others, the financial performance of W&C Hong Kong for the year ended 31 March 2016 and was fully and unconditionally settled in cash (which was funded by Dr. Yuen’s own family savings that were primarily accumulated from various income, such as property investments, investment in licensed estate agency and profit from the administrative, marketing and promotion services company (which Dr. Yuen is the sole shareholder and director)) on 29 August 2017.

HISTORY, REORGANISATION AND GROUP STRUCTURE

Details of the Pre-IPO Investment

The following table summarises the details of the Pre-IPO Investment:

Investor's background : Galaxy is an investment holding company. It is incorporated in the BVI and is directly wholly-owned by Dr. Yuen

Dr. Yuen is a private passive investor and an Independent Third Party. She was introduced to our Group through a principal of the Sponsor, a common acquaintance with Dr. Chan at a social gathering event in February 2017. This was the first time when Dr. Yuen and Dr. Chan discussed about Dr. Chan's business and preliminary plan for listing of such business. Dr. Yuen expressed interests in further discussing on potential investment opportunities. Dr. Yuen obtained her doctorate degree of philosophy in engineering from the University of Warwick of the United Kingdom in 2014. She is currently a director of a wine sales and marketing company and the sole shareholder and the director of a company which mainly provides administrative, marketing and promotion services. Her other investments also include property investments and licensed estate agency. Through her experience in property investments, she became aware of the structural engineering consultancy industry and the role played by structural engineers in various property projects. Between late February and late March 2017, numerous rounds of discussions between Dr. Chan and Dr. Yuen were conducted. Through the aforementioned discussions, Dr. Yuen was further informed about the business and outlook of our Group. She decided to invest in our Group as she saw opportunities in the construction engineering consultancy industry, and saw our Group's business as sustainable with growth potential and believed that the opportunity to purchase the Shares at a discount would present her with a better return to her investment. Between late March and up to the signing of the Share Subscription Agreement in May 2017, numerous rounds of further discussions of the terms of the Pre-IPO Investment were conducted.

Date of the Share Subscription Agreement : 9 May 2017

HISTORY, REORGANISATION AND GROUP STRUCTURE

Date of unconditional settlement of consideration of the Pre-IPO Investment	:	29 August 2017
Amount of consideration paid	:	HK\$15,000,000
Equity interests in our Company subscribed	:	299,000 Shares, representing 29.9% of the issued share capital of our Company immediately after and as enlarged by the subscription, prior to the completion of the Capitalisation Issue and Share Offer
Basis of determination of consideration	:	The consideration of HK\$15 million was determined by reference to the price-to-earnings ratio of W&C Hong Kong, the major operating subsidiary of our Group, of approximately 3.5 times for the year ended 31 March 2016, calculated based on the net profit attributable to the shareholders of the same period in the statutory audited report, after arm's length negotiation between the relevant parties. As confirmed by Dr. Chan and Dr. Yuen, during the course of their negotiations and discussions, they have considered various factors, including but not limited to, (i) an average price-to-earnings ratio of approximately 2.4 times of the pre-IPO investment valuations against the latest full year net profits available in the respective prospectuses of successful GEM listings that were suitable for reference during the period from December 2016 to March 2017, namely KNK Holdings Limited (stock code: 8039), OOH Holdings Limited (stock code: 8091) and Aeso Holdings Limited (stock code: 8341) (the " Comparables "), which were the then recent GEM listings with non-family arrangement pre-IPO investments during the discussions between Dr. Chan and Dr. Yuen for the Pre-IPO Investment; and (ii) Dr. Yuen's intention of being a passive investor with no involvement in the management and daily operation of our Group. In view of Dr. Yuen's role as a passive investor with no intention to join the daily management of our Group, the Pre-IPO Investment was determined at a price-to-earnings ratio of approximately 3.5 times which was higher than the average price-to-earnings ratio of approximately 2.4 times of the Comparables of which the relevant pre-IPO investors would participate in the management and daily operations of the respective companies they invested in, according to their respective prospectuses.

HISTORY, REORGANISATION AND GROUP STRUCTURE

Investment cost per Share paid by Galaxy upon Listing (assuming that the Capitalisation Issue has taken place) <i>(Note 1)</i>	:	Approximately HK\$0.075
Discount over the mid-point of the indicative Offer Price range	:	Approximately 68.75%
Use of proceeds	:	Our Company received HK\$15 million from the Pre-IPO Investment. The proceeds shall be used for settlement of expenses incurred for the purpose of the Listing. As at the Latest Practicable Date, the proceeds had not been fully utilised
Strategic benefits that Galaxy would bring to our Group	:	Our Directors are of the view that our Company can benefit from Galaxy's commitment to our Company and its investments demonstrate its confidence in our operations and serve as an endorsement of our performance strength and prospects
Shareholding in our Company immediately following completion of the Capitalisation Issue and the Share Offer	:	Approximately 20.9% (assuming that the Offer Size Adjustment Option and the options which may be granted under the Share Option Scheme are not exercised)
Special rights that will survive after Listing	:	None
Relationship with us (other than being a Shareholder and other than its investment in our Company)	:	None. As a passive investor of our Group, save for the shareholding interests in our Group, each of Galaxy and Dr. Yuen is not involved in the management and daily operation of our Group. As confirmed by Dr. Yuen, she has no intention to be a director of the Company and any of its subsidiaries. Other than the Pre-IPO Investment, there is no other agreement or arrangement, either oral or written, between Dr. Yuen and the Company, its holding company, subsidiaries, shareholders, directors, senior management or any of their respective associates in respect of Dr. Yuen's investment in the Company

HISTORY, REORGANISATION AND GROUP STRUCTURE

- Lock-up : As Galaxy owns 29.9% of the issued share capital of our Company immediately after and as enlarged by the Pre-IPO Investment, prior to the completion of the Capitalisation Issue and Share Offer, Galaxy is not a Controlling Shareholder and therefore is not subject to mandatory lock-up of shares under Rule 13.16A of the GEM Listing Rules and it was the parties' commercial decision, after arm's length negotiation, not to have any lock-up of shares after the Listing
- Public float : The Shares held by Galaxy are not considered as part of the public float for the purposes of Rule 11.23(9) of the GEM Listing Rules as Galaxy will be a substantial shareholder of our Company upon Listing

Note:

1. Calculation is based on a total of 960,000,000 Shares, being the number of Shares in issue immediately upon completion of the Capitalisation Issue and the Share Offer (assuming that the Offer Size Adjustment Option and the options which may be granted under the Share Option Scheme are not exercised).

Sponsor's confirmation

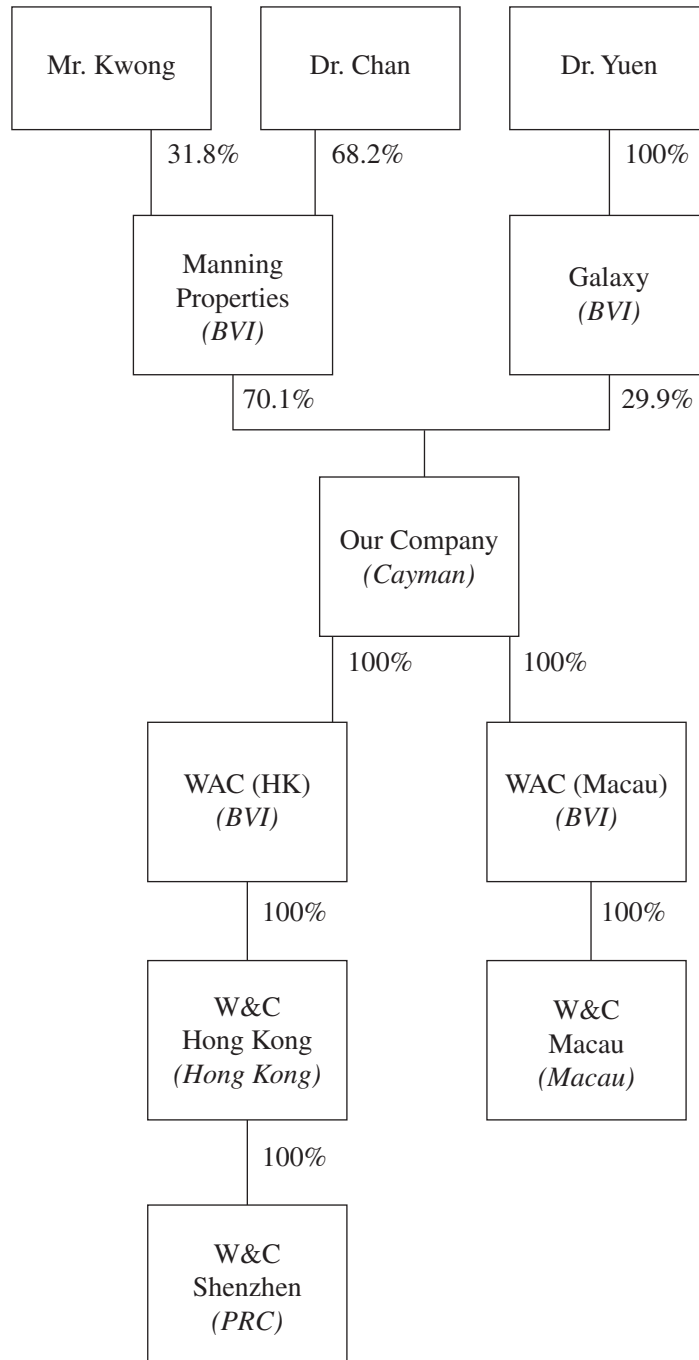
The Sponsor has confirmed that the Pre-IPO Investment is in compliance with the "Interim Guidance on pre-IPO Investments" issued by the Stock Exchange on 13 October 2010 (as amended) since the unconditional settlement of the consideration under the Pre-IPO Subscription Agreements took place on 29 August 2017 which was more than 28 clear days before the date of the first submission of the listing application to the Stock Exchange in relation to the Listing. The Sponsor has also confirmed that the terms of the Pre-IPO Investment are in compliance with Guidance Letters HKEx-GL29-12 and HKEx-GL43-12 whereas the Guidance Letter HKEx-GL44-12 is not applicable to the Pre-IPO Investment.

CORPORATE AND SHAREHOLDING STRUCTURE

Upon completion of the Reorganisation and the Pre-IPO Subscription Agreements but before the Capitalisation Issue and the Share Offer, Manning Properties and Galaxy shall hold the issued Shares as to 70.1% and 29.9% respectively.

HISTORY, REORGANISATION AND GROUP STRUCTURE

The following chart sets forth our Group's corporate structure and shareholding structure immediately after the Reorganisation, but immediately prior to the Capitalisation Issue and the Share Offer:



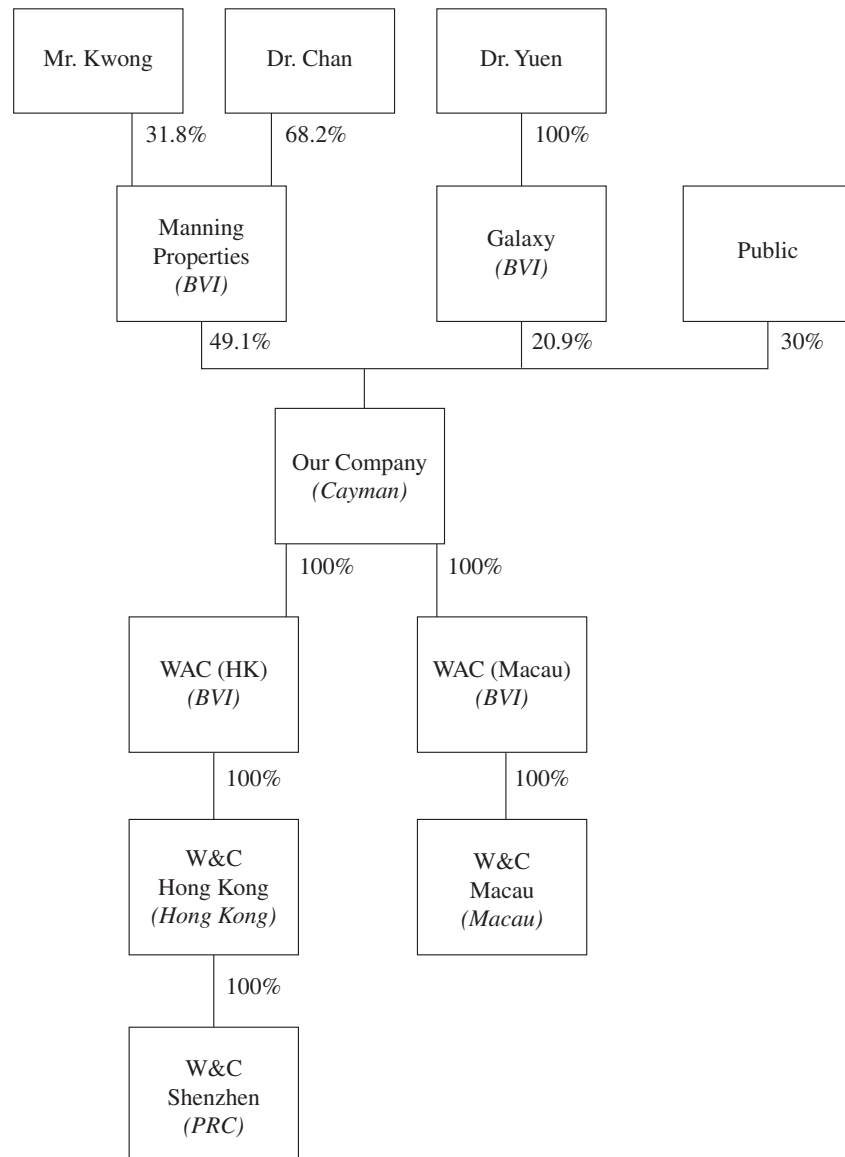
CAPITALISATION ISSUE AND SHARE OFFER

On 27 August 2018, the authorised share capital of our Company was increased from HK\$380,000 divided into 38,000,000 Shares to HK\$15,000,000 divided into 1,500,000,000 Shares with par value of HK\$0.01 each.

HISTORY, REORGANISATION AND GROUP STRUCTURE

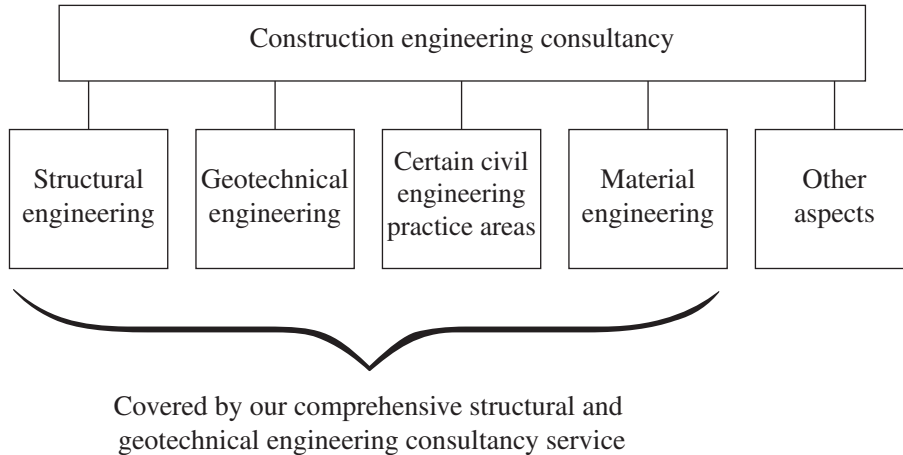
Conditional upon the share premium account of our Company being credited as a result of the Share Offer, a sum of HK\$6,710,000 standing to the credit of the share premium account of our Company will be capitalised by way of applying such sum in paying up in full 470,371,000 and 200,629,000 Shares in our Company for the Capitalisation Issue to Manning Properties and Galaxy, respectively, immediately before the Share Offer.

The following chart sets forth the corporate structure and shareholding structure of our Group upon completion of the Capitalisation Issue and the Share Offer (taking no account of any Shares issued pursuant to the exercise of the Offer Size Adjustment Option or any options that may be granted under the Share Option Scheme):



BUSINESS OVERVIEW

We are a construction engineering consultant focusing on the area of comprehensive structural and geotechnical engineering which was mainly provided in Hong Kong. Our comprehensive structural and geotechnical engineering consultancy service contributed all of our revenue for the three years ended 31 March 2018. Our service mainly covers: (i) structural engineering; (ii) geotechnical engineering; (iii) certain civil engineering practice areas; and (iv) material engineering, which was mainly provided in Hong Kong during the Track Record Period.



Our consultancy service includes (i) structural engineering, which involves loading calculation and stress designs; (ii) geotechnical engineering, which involves calculation of earth surface conditions and assessment of risks posed by site conditions; (iii) certain civil engineering practice areas, which involves infrastructure works (such as drainage); and (iv) material engineering, which involves analysing the use of and selecting building materials in a construction project. We also provide some other related services such as Registered Structural Engineers and Authorized Persons work in relation to alterations and additions works and expert services from time to time as requested by our clients.

Our Group has a team of professionals including Registered Structural Engineers, Registered Geotechnical Engineers, Authorized Persons, Registered Inspectors, Registered Professional Engineers and other engineering staff. Our projects covered residential, office, hotel, commercial, institutional, educational and industrial developments. In respect of our structural and/or geotechnical engineering works, we have accomplished and completed a wide range of slope investigation and improvement projects, site formation as well as excavation and lateral support works. In respect of our civil engineering practice areas, we have also been the consultants for a variety of engineering works such as drainage and sewerage, traffic projects, bridges and roads projects.

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During our history, we have carried out many landmark projects in Hong Kong, please refer to the table below for a selection of such landmark projects:

Project address/location	Date of commencement	Status as at Latest Practicable Date
The Education University of Hong Kong Jockey Club Primary School, Tai Po	June 2000	Completed
The Palazzo, Fo Tan	August 2003	Completed
Prosperity Tower, Central	July 2008	Completed
Le Petit Rosedale Hotel, Causeway Bay	August 2011	Completed
Heritage conservation and hotel development at 179 Prince Edward Road West, Prince Edward	November 2014	Ongoing
Chinese University of Hong Kong Medical Centre, Sha Tin	March 2016	Ongoing

The number of projects with revenue contribution and our revenue generated during the Track Record Period by project site's geographical location are set forth below:

	Year ended 31 March								
	2016			2017			2018		
	<i>Number of projects</i>	<i>HK\$'000</i>	<i>%</i>	<i>Number of projects</i>	<i>HK\$'000</i>	<i>%</i>	<i>Number of projects</i>	<i>HK\$'000</i>	<i>%</i>
Hong Kong	245	60,633	89.2	305	66,955	94.9	283	64,443	93.3
PRC, Macau and Saipan	18	7,376	10.8	15	3,614	5.1	15	4,646	6.7
Total	<u>263</u>	<u>68,009</u>	<u>100.0</u>	<u>320</u>	<u>70,569</u>	<u>100.0</u>	<u>298</u>	<u>69,089</u>	<u>100.0</u>

Building works are regulated in Hong Kong which results in the on-going demand of AP, RSE, RGE services by premises owners, developers, contractors etc. Please refer to the section headed "Regulatory overview" in this prospectus for further information on the regulatory requirements of building works in Hong Kong.

According to the Ipsos Report, the construction engineering consultancy industry is considered to be relatively mature with the gross output value increased from HK\$5.2 billion in 2012 to approximately HK\$6.0 billion in 2017 at a CAGR of around 2.9%. In terms of competition, the industry is relatively fragmented with many players specialising in specific categories such as structural engineering, geotechnical engineering, façade engineering and electrical and mechanical engineering. In Hong Kong, the construction engineering firms are often distinguished between international firms and local firms. Whereas international firms mainly focus on large scale infrastructure projects in Hong Kong such as the Central Wan-chai

BUSINESS

Bypass, local firms mainly focus on building works in the private sector, including private residential, commercial, public facilities and office buildings. According to the Ipsos Report, our Group is a recognisable local firm in the market and is registered under the approved list of consultants in various government organizations, including the Hospital Authority, the Architectural Services Department and the Civil Engineering and Development Department as well as private organizations such as the Urban Renewal Authority. Clients may appoint consultants based on the project nature and needs. For details of the market in which our Group operates, please refer to the section headed “Industry overview” in this prospectus.

Our Group has three offices, located in Hong Kong, Shenzhen and Macau. We take on projects mainly through W&C Hong Kong, our operating subsidiary in Hong Kong. W&C Shenzhen mainly serves as our Hong Kong office’s supportive back office and in the area of computer-aided drawings and PRC site visits. W&C Macau is an operating subsidiary that acts as a representative office to facilitate some clients for Macau project engagement. Our Macau projects are generally handled by our Hong Kong office and supported by our PRC office.

We have an established presence in Hong Kong with a strong clientele base. The following table sets forth the breakdown of our Group’s revenue by types of clients during the Track Record Period:

	Year ended 31 March					
	2016		2017		2018	
	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%
1. Premises owners and developers	33,738	49.6	37,281	52.8	33,586	48.6
2. Architectural firms	15,843	23.3	15,805	22.4	16,508	23.9
3. General contractors and subcontractors	12,436	18.3	10,572	15.0	16,030	23.2
– main contractor	10,219	15.0	8,007	11.4	13,601	19.7
– subcontractor	2,217	3.3	2,565	3.6	2,429	3.5
4. Government departments, hospitals and public institutions	876	1.3	1,976	2.8	680	1.0
5. Parties requesting expert services and others	5,116	7.5	4,935	7.0	2,285	3.3
Total	<u>68,009</u>	<u>100.0</u>	<u>70,569</u>	<u>100.0</u>	<u>69,089</u>	<u>100.0</u>

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

	Year ended 31 March					
	2016		2017		2018	
	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%
1. Private residential units	22,738	33.4	21,840	30.9	22,012	31.9
2. Private commercial and office spaces	20,906	30.7	18,826	26.7	22,631	32.8
3. Government, quasi-government, institution or community related	16,305	24.0	22,411	31.8	20,032	29.0
4. Public residential units	739	1.1	1,545	2.2	1,688	2.4
5. Others ^(Note 1)	2,205	3.3	1,012	1.4	441	0.6
Sub-total	62,893	92.5	65,634	93.0	66,804	96.7
Expert services and others ^(Note 2)	5,116	7.5	4,935	7.0	2,285	3.3
Total	<u>68,009</u>	<u>100.0</u>	<u>70,569</u>	<u>100.0</u>	<u>69,089</u>	<u>100.0</u>

Notes:

- (1) Others include projects related to infrastructure such as slopes, tunnels and pedestrian walkway.
- (2) Some projects, for example our expert services, are excluded from this breakdown due to the nature of the services provided is unrelated to building types.

For the breakdown of our Group's revenue during the Track Record Period by contract sums of our projects, please refer to the tables set forth under the paragraph headed "Our projects" in this section.

We aim to further enhance our operation by expanding our business through (i) hiring more professionals and support staff; and (ii) enhancing our office infrastructure by acquiring and/or upgrading BIM. For further details of our business strategies and future plans, please refer to the section headed "Business objectives, future plans and use of proceeds" in this prospectus.

OUR COMPETITIVE ADVANTAGES

With experienced management and professional staff, our Directors consider that we have established a reputation in the structural and geotechnical engineering consultancy service industry in Hong Kong. Our Directors believe that our Group possesses the following competitive advantages:

We are one of the AACSB Band 1 structural engineering consultants in Hong Kong

According to the Ipsos Report, there is no specific ranking system in the structural engineering consultancy service industry. In Hong Kong, structural engineering consultants are classified into two bands by the Architectural and Associated Consultants Selection Board (“AACSB”) of the Architectural Services Department (“ASD”) in Hong Kong, where Band 1 consultants are eligible to bid for AACSB consultancies of the appropriate category with estimated project value exceeding HK\$300 million each. As such, the banding of structural engineering consultants serves as a guideline for project owners to select eligible service providers.

As at June 2018, there were only 18 and 7 engineering consultant companies duly registered in Band 1 and Band 2 of structural engineering category respectively. W&C Hong Kong was among one of the 18 which had achieved Band 1 category.

According to the Ipsos Report, our Group is a recognisable local firm in the market and as at the Latest Practicable Date, W&C Hong Kong was registered under the approved list of consultants in various government organizations, including the Hospital Authority, the Architectural Services Department and the Civil Engineering and Development Department as well as private organizations such as the Urban Renewal Authority. We consider that we are one of the leading local structural and geotechnical engineering consultancy service providers in Hong Kong.

We have an experienced management and professional team

Each of our executive Directors, Dr. Chan and Mr. Kwong, has over 30 years of experience and knowledge in the construction engineering consultancy industry in Hong Kong. Dr. Chan has numerous professional qualifications and achievements and Mr. Kwong is a RSE, RGE, Registered Inspector and an AP who possesses extensive engineering consultancy experience. Please refer to the section headed “Directors, senior management and staff” in this prospectus for their respective biographies.

Members of our senior management team, also have, on average, over 22 years of experience in the engineering industry. They hold qualifications such as Registered Structural Engineer, Registered Geotechnical Engineer, Registered Professional Engineer and engineering qualification. We believe that their professional qualifications, well-developed practical skills and experience are important attributes in handling our

BUSINESS

projects. We believe their synergy will also facilitate the efficient and timely implementation and management of our projects.

As at the Latest Practicable Date, our Group had a total of 129 employees, with a number of engineers registered under the Building Authority and/or The Hong Kong Institute of Engineers, including a total of two Authorized Persons (list of engineers), four Registered Structural Engineers, two Registered Geotechnical Engineers and 12 Registered Professional Engineers. We believe the combination of expertise contributed by each member of our experienced management and professional team has been and will continue to be our valuable asset, enabling us to take up projects of various scale and types and fulfil our client's requirements.

We provide comprehensive structural and geotechnical engineering consultancy service to our clients

Our comprehensive structural and geotechnical engineering consultancy service mainly covers: (i) structural engineering; (ii) geotechnical engineering; (iii) certain civil engineering practice areas; and (iv) material engineering, which was mainly provided in Hong Kong during the Track Record Period.

To complete a project, it is likely that it will involve separate consultants with different specialities. At each stage of a project, different consultants may be involved in different roles. With our comprehensive structural and geotechnical engineering consultancy service, our clients may consider engaging us to be their consultant at various stage(s) of a project to provide different services to them. For example, we may be engaged to provide geotechnical engineering service for the project's foundation stage, then to provide structural design and statutory submission for the superstructure. As such, our Directors believe that our comprehensive service model is able to fulfill the needs of some clients who prefer to deal with less working parties in a project.

Our Directors believe that our comprehensive structural and geotechnical engineering consultancy service model will allow us to act as a one-stop construction engineering consultant and thereby achieving better and closer communication between us and our clients.

We have a strong clientele base

We have established business relationships with some sizeable developers, contractors, public institutions and architectural firms, which to the belief of our Directors, has proven our capabilities and reputation in the industry. Further, our established clientele provides us with a stable source of revenue. For instance, Client A was our second largest client for each of the two years ended 31 March 2017. Also, Client B, one of our largest clients for each of the two years ended 31 March 2018, has maintained a relationship with us for more than 13 years.

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Our clientele includes premises owners and developers, architectural firms, general contractors and subcontractors, government departments, hospitals and public institutions and parties requesting expert services. Our clientele base is well-spread with our five largest customers during the Track Record Period accounted for only 27.3%, 25.0% and 25.1% of our revenue for the respective period. Through interactions with our strong clientele base, our Directors believe that we are able to gain knowledge of our clients' preferences and expectations, which in turn has enabled us to provide a more comprehensive and tailor-made service to them.

Our executive Directors and senior management have many years of experience in the industry. In particular Dr. Chan possesses a vast number of qualifications and achievements. We believe our presence and recognitions in the industry have given and will continue to give us an advantage in securing quality projects in Hong Kong and maintaining such long established relationships with our clients.

We have gained wide market reputation and recognition in Hong Kong

During the Track Record Period, we were involved in over 400 projects in Hong Kong, PRC, Macau and Saipan. As at 31 March 2016, 2017 and 2018, we had 223, 271 and 217 projects which cover different types of building premises, including offices, hotels and residential properties. In addition, during our history, we have been awarded with and involved in some landmark projects such as (i) Chinese University Medical Centre; (ii) the Education University of Hong Kong Jockey Club Primary School; (iii) the Palazzo; (iii) Prosperity Tower; (iv) Le Petit Rosedale Hotel; and (v) heritage conservation and hotel development at 179 Prince Edward Road West. Our Directors believe the involvement in such landmark projects has served as a recognition of our service and reputation in Hong Kong.

Our Directors believe that the number and geographical locations of our projects serve as good indicators of our wide market recognition in Hong Kong. Since our establishment in 1987, we have been engaged in a vast number of projects as construction engineering consultant and have served various clients including property developers, contractors, government authorities, etc. We have faced different kinds of structural related challenges and have gone through different stages of buildings development in Hong Kong. Our footprints of over 30 years in Hong Kong have demonstrated that we are capable and well equipped with knowledge on the structural designs and regulations of different style of local buildings built in different periods, such as tenement buildings (唐樓), western-style buildings at the time of colonial period, village houses in the New Territories, public houses development in different periods, universities and skyscrapers for business and/or residential use, etc.

BUSINESS

Since our business is profoundly technical and knowledge-based, we believe our clients will appreciate our Group having the knowledge accumulated throughout our years in Hong Kong to provide quality consultancy services at any stage of their projects in relation to any challenges they are facing. Besides, our market reputation and recognition in Hong Kong are also enshrined by the fact that from time to time some of our Directors have been chosen by our clients to be their expert witnesses.

We are capable of providing integrated and cost-effective solutions to our clients

As our Group's well-established professional team has extensive knowledge in both structural and geotechnical engineering, we are capable of providing integrated and cost-effective solutions to our clients. According to the Ipsos Report, our Group offers a wide range of services ranging from AP consultancy services, structural engineering design, geotechnical engineering design as well as certain civil engineering practice areas consultancy services as compared to other market players, resulting in the ability to oversee the engineering design of a construction project from a higher level by incorporating and balancing designs of both the structural and geotechnical elements of construction. Our Directors are of the view that such capability may allow our Group to provide an innovative and cost-efficient solution to our clients.

BUSINESS STRATEGIES AND FUTURE PLANS

We will continue to play an active role in seeking opportunities in the structural and geotechnical engineering consultancy service industry in Hong Kong in order to achieve sustainable growth in our business and create long-term shareholder's value. We will keep focusing on undertaking projects involving (i) building development or redevelopment; (ii) alterations and additions works consultancy; and (iii) other structural engineering related consultancy such as rendering expert reports and being expert witnesses in court cases.

We will continue with our service operation model and increase our productivity and profitability by adopting the following business strategies:

- Support and expand our structural and geotechnical engineering team
- Grow and develop our civil engineering team
- Expand our office infrastructure and BIM upgrade
- Support and expand our material engineering and building repairs area of service

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The following table captures and summarises our proposed expansion plan upon Listing:

Business strategies	Expansion plan	Major factors our Directors considered when formulating the business strategies and expansion plan
1 Support and expand our structural and geotechnical engineering team	<p>(a) Seek for large scale new development design contracts (both private and public) in upcoming urban development, including airport's third runway, development of North East New Territories (Kwu Tung North and Fanling North) and residential properties development on Lantau Island.</p> <p>(b) We have been engaged for a Modular Integrated Construction ("MiC") project in November 2017 as one of the pioneers to MiC. We wish to continue our effort and develop MiC projects as one of our business drivers.</p>	<p>Our Directors believe additional head-counts is required as indicated by the fact that our employees are already experiencing increasingly long working hours handling our projects on hand and that some of our senior management are tied up with operational project works instead of carrying sufficient business development activities. The general wage hours per our employee who worked overtime were approximately 10.7, 10.8, 11.1 and 11.8 hours per working day and the most severe cases were approximately 15.5, 16.3, 14.9 and 15.8 hours per working day during the Track Record Period and subsequently up to 30 June 2018, respectively. For details of the overtime situation our employees are experiencing, please refer to the paragraph headed "Employees and employees' benefit" in this section. Calculated based on the average overtime hours per working day divided by the general contracted daily working hours, we needed an additional 6.7, 7.7, 11.5 and 14.0 number of employees to overcome the additional overtime hours our employees had to put in to handle our projects on hand during the Track Record Period and subsequently up to 30 June 2018, respectively. As at the Latest Practicable Date, our Group had 215 projects on hand with total unrecognised revenue of approximately HK\$49.4 million. In addition, we have placed 255 tenders subsequent to the Track Record Period and up to the Latest Practicable Date. For further information regarding our project pipeline, please refer to the paragraph headed "Backlog" in this section.</p>

**Business
strategies**

Expansion plan

**Major factors our Directors considered
when formulating the business strategies
and expansion plan**

In addition, based on the list of future tender notices published by various government departments including the ASD and Drainage Services Department, our Directors have identified 10 large scale new development projects which require BIM expertise as pre-requisite to tender and our Group will be capable to tender when we have implemented our business strategies with the expected proceeds from Listing. Our Directors believe our well established structural and geotechnical engineering team is capable of capturing additional business opportunities arising from Government's 2017 Policy Address and Hong Kong's long term infrastructural development plan.

- (c) To recruit and train our employees in the area of MiC system to cater for opportunities arising from any upcoming MiC projects.

From the Latest Practicable Date up to the year ending 31 March 2021, we intend to hire a total of 16 employees, consisting of four draftsmen, eight graduate engineers and four engineers for supporting and expanding our structural and geotechnical engineering team.

Other than announcing the plan to develop the North East New Territories and residential properties on Lantau Island, the Government promoted and piloted the use of MiC system as an innovative construction method in public development in its 2017 Policy Address. MiC means the process where "units are factory assembled (with fitted services and finishings) and followed by on-site installation". Structural designs adopting MiC will involve additional consideration in contrary to conventional design. Our Directors believe we are the engineer responsible for the first MiC project in Hong Kong and such early involvement in MiC system can provide our Group with first-hand advantage.

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Business strategies	Expansion plan	Major factors our Directors considered when formulating the business strategies and expansion plan
2 Grow and develop our civil engineering team	<p>(a) To establish a core civil engineering team targeting to serve developers and contractors of medium to small scale.</p> <p>(b) At the same time, our executive Directors will actively seek business opportunities from developers and contractors of medium to small scale.</p> <p>(c) Our Directors will seek to tender for small and medium size civil engineering projects of the Government.</p> <p>From the Latest Practicable Date up to the year ending 31 March 2021, we intend to hire a total of 18 employees, consisting of four draftsmen trainees, two draftsmen, four graduate engineers, four engineers, two senior engineers and two technicians (one graduate engineer and one senior engineer) for growing and developing our civil engineering team.</p>	<p>During the Track Record Period, our civil engineering is limited to the practice areas related to structural engineering that involves infrastructure elements.</p> <p>Based on the list of future tender notices published by various government departments, our Directors have identified suitable medium to small civil engineering projects to tender. While there is no such information provided by the developers and contractors, based on industry experience, our Directors believe that many of our clients are also engaged in civil engineering projects and are willing to award us with medium and small scale projects if we can demonstrate our capability. Our Directors believe that there are business opportunities in civil engineering to serve developers and contractors of medium to small scale without interfering with our intended business strategies as we cannot compete for civil engineering-heavy projects owing to the fact that we currently do not have a core civil engineering team.</p> <p>Our Group is registered under the approved list of consultants in various government organizations, including the Architectural Services Department and the Civil Engineering and Development Department. By expanding our civil engineering team with more experienced and qualified recruits, we intend to start tendering for the Government's civil engineering projects.</p> <p>We believe it is a suitable time to expand our civil engineering team and develop this area of service.</p>

Business strategies	Expansion plan	Major factors our Directors considered when formulating the business strategies and expansion plan
3 Expand our office infrastructure and BIM upgrade	(a) To recruit BIM experienced engineers and management personnel and install relevant computer systems. (b) We aim to capture market opportunities and differentiate ourselves by enabling developers and contractors of medium to small size to participate in BIM through engagement of our service.	<p>BIM is the process of generating three-dimensional, digital representation of building data throughout its life cycle. BIM is an innovative technology for bridging communications between the architecture, engineering and construction industries. Also, with the data packed BIM models, various sustainability design and environmental studies could be carried out, such as lighting, ventilation, energy, carbon emission and green design, etc.</p> <p>BIM involves information technology and relevant computer software skills, which is an additional skill-set not every structural and geotechnical engineer in the labour market possesses. If our Group is successful in recruiting and retaining a team of BIM experienced engineers, we can secure a competitive advantage.</p> <p>Our Directors believe BIM will become more common and gradually become a generally accepted practice in the market. Since 2006, the Housing Authority introduced BIM in its development of public rental housing projects and more than 19 projects have already adopted BIM technology at various project stages, ranging from feasibility study to construction stage. Various publications also indicated the encouraging results seen by the Government as emanated from breakthrough in BIM applications in structural engineering field.</p>

Business strategies	Expansion plan	Major factors our Directors considered when formulating the business strategies and expansion plan
4	<p>Support and expand our material engineering and building repairs area of service</p> <p>(a) To diversify our material engineering team and more actively venture into building repairs area.</p> <p>(b) Seek for projects in the area of building repairs and building conservation.</p>	<p>On 1 January 2018, the technical circular issued by the Development Bureau regulating the adoption of BIM for capital works projects in Hong Kong has become effective. According to the technical circular, capital works projects with project costs estimating more than HK\$30 million shall use BIM technology. The policy is applicable for projects in the investigation, feasibility, planning, design or construction stages for public projects. Our Directors confirm that previously for projects require BIM, the project owners will outsource the BIM related elements to an external party whilst our Group handles non-BIM related parts.</p> <p>Our Directors are of the view that since our Group wishes to grow and develop our civil engineering team which will seek to tender for small and medium size civil engineering projects of the Government, and while most of the Government civil engineering projects are more than HK\$30 million which will require the BIM technology according to the technical circular issued on 1 January 2018, the expansion of our office infrastructure and BIM upgrade is crucial for our Group's business expansion.</p> <p>Based on Government's 2017 Policy Address, there are over 5,000 residential and composite buildings aged 50 years or above and our Directors believe the number is set to increase in the coming years owing to Hong Kong's fast urban development around 50 years ago. Our Directors are of the view that it is likely many property owners will carry out building repairs to extend a building's useful life rather than redevelopment due to cost and social factors.</p>

**Business
strategies**

Expansion plan

From the Latest Practicable Date up to the year ending 31 March 2021, we intend to hire a total of 16 employees, consisting of one draftsman trainee, one draftsman, one graduate engineer, three engineers and two senior engineers.

**Major factors our Directors considered
when formulating the business strategies
and expansion plan**

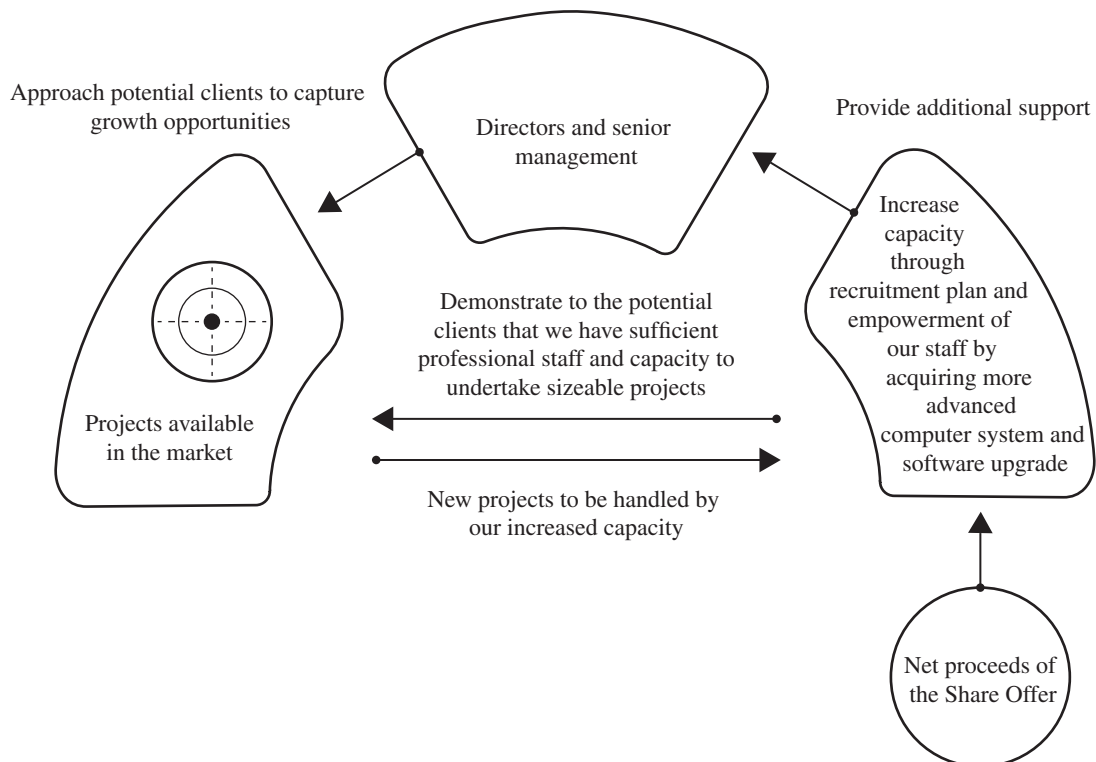
In line with what we believe, “Operation Building Bright 2.0” (“**OBB 2.0**”) was announced in the Government’s 2017 Policy Address, which the Government intends to spend approximately HK\$3 billion to protect public safety in 2,500 buildings in Hong Kong by carrying out building repairs.

For such reasons, we foresee that building repairs will become more prevalent in the market in the future.

Building repairs and conservation works usually require material engineering for diagnosing the condition of aged buildings and that for retaining the integrity of the original building. We have an advantage in building repairs as we have material engineering knowledge to synergize with our structural engineering team to provide building repairs consultancy service and to capture opportunities that may arise from aged buildings.

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Our Directors are of the view that our strategic plan of increasing capacity through our recruitment plan and upgrading of our computer system and software, will facilitate us to capture the opportunities arising from the market. During the Track Record Period, given that our expansion plan has not been implemented as at the time of tendering and our staff were overloaded with work leading to heavy over-time, our Directors confirm that from time to time we proceeded with tendering at a higher price to factor in substantial over-time payments, subconsulting and even recruitment cost. As a result, the success rate for the submitted tenders as at the Latest Practicable Date was not very high. However, our Directors are of the view that our Group is able to be awarded with more projects in the near future given that (i) we will no longer be limited by the lack of resources in seeking for more projects after we have implemented our recruitment plan; (ii) with the proceeds from Listing and our expansion plan, we will be well ahead of some of our competitors (in terms of market positioning, extra capacity and software technology) for the upcoming business opportunities; (iii) with our expansion plan of recruitment and the proceeds from Listing, we are financially capable in being more competitive in our quotation price in order to achieve a better market share and more clientele; (iv) BIM is still a relatively new practice in the industry which requires considerable capital investment to achieve and we expect that there will be more and more BIM projects in the market which only consultants with BIM capability are able to work on such projects; and (v) our Directors will keep up to date with and analyse the on-going market trend of the industry from time to time based on relevant government policy on Hong Kong's development. Our Directors believe that with the implementation of our recruitment and expansion plan, our Group will have the ability to undertake more projects, which in turn can continue to support a bigger work force. Therefore, our Directors believe that our recruitment and expansion plan is interrelated with our ability to undertake more projects. The diagram below illustrates the relationship among different parts of our plan and the potential growth opportunities:



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According to the Ipsos Report, as it is projected that the market size of the construction engineering consultancy service in Hong Kong will achieve a CAGR of around 3.8% from 2017 to 2021, our Directors believe we can capture more projects available in the market through the implementation of our strategic plan. Our Directors consider that once our capacity has been increased, (i) our executive Directors and senior management, who have been preoccupied by our projects on hand, will have spare time to capture potential clients by undertaking business development activities; (ii) the newly recruited staff can assist in handling more tenders/quotations to increase the likelihood of more projects being awarded to us; and (iii) we can have resources to take up challenging but rewarding projects.

According to the Ipsos Report, the gross output value of overall construction works performed at construction sites is expected to increase from approximately HK\$209.1 billion in 2018 to approximately HK\$233.6 billion in 2022, at a CAGR of approximately 2.8%. Such growth is expected to be continuously driven by the Government's initiatives to increase the public housing supply, land supply for private housing and commercial buildings as well as the commencement of upcoming infrastructure projects. Also, according to The 2017 Policy Address of the Government, the projection of public housing production is estimated to be 94,500 units between year 2016/17 and 2020/21. The latest projection is higher than that of the five previous years projections. Moreover, according to the 2017–18 Land Sale Programme of the Government, a total of 32 sites (28 for residential, three for commercial/business and one for hotel) will be supplied to the market, to support the increase in gross output value. Our Directors are of the view that we are able to obtain projects as a result of the aforesaid increase in public projects through the implementation of our strategic plan.

We plan to expand our scale by continuing to upgrade our computer system and design software and to hire more professional staff. We expect to hire around 48 additional staff members, including professional and supporting staff, by the year ending 31 March 2021 because our Directors believe that (i) it will be easier to control the operation efficiency since we can easily allocate our staff to projects on hand at a given time to spare capacity to take up more projects; and (ii) the idea generation ability and the synergy effect from a larger team is expected to be beneficial to our quality of work. Our Directors are of the view that recruiting new staff rather than outsourcing our work and incurring subcontracting charges is more beneficial to our Group as a whole, mainly due to (i) our Directors' belief that a long-term investment in our staff who are important assets to our Group, will result in the personal development of each employee, thereby boosting the morale of our staff in general leading to a more stable team; (ii) our ability to better manage and supervise the work produced and its quality within our Group as compared to working with subcontractors; and (iii) the avoidance of additional costs due to any potential delay or non-performance by subcontractors. Further, our Directors are of the view that recruiting new staff to alleviate the increasingly long working hours that our employees were experiencing will be more beneficial to our Group as a whole, mainly due to (i) our Directors' intention to stabilise our staff turnover rates since our Directors are of the belief that a long-term investment in our staff who are important assets to our Group, will result in the personal development of each employee, thereby boosting the morale of our staff in general leading to a more stable team; (ii) our Directors' intention to improve the situation in which our senior management were continuously tied up with operational project

BUSINESS

works instead of carrying sufficient business development activities which may hinder our Group's growth; and (iii) our Directors believe that a more work-life-balance working environment will help attract a higher-calibre work force.

Our existing computer equipment and software will be upgraded from time to time with an aim to enhancing our Group's capability. Our Directors believe that by expanding our scale of operation, we will be able to (i) take up more projects; (ii) broaden our client base; and (iii) increase our market share.

In view of the current growth prospects for the construction engineering consultancy industry, our Directors are of the view that the demand for our comprehensive structural and geotechnical engineering consultancy service in Hong Kong will continue to rise. Having considered our solid experience in the construction engineering consultancy industry, our professional team consisting of (i) Registered Structural Engineers; (ii) Registered Geotechnical Engineers; (iii) Authorized Persons; and (iv) Registered Professional Engineers, and our continuous participation in structural and geotechnical engineering consultancy service industry over the Track Record Period, our Directors are of the view that we are well positioned to capture the emerging business opportunities. Further details of the future development of the structural and geotechnical engineering consultancy service industry in Hong Kong are set out in the section headed "Industry overview – Market overview of the construction industry in Hong Kong" in this prospectus.

For details of our business strategies and future plans, please refer to the section headed "Business objectives, future plans and use of proceeds" in this prospectus.

OUR SERVICE

Being a comprehensive structural and geotechnical engineering consultant, our service mainly covers: (i) structural engineering; (ii) geotechnical engineering; (iii) certain civil engineering practice areas; and (iv) material engineering. Our service covers both constructions of new properties and refurbishment/maintenance of existing properties and others (such as expert witness). During the Track Record Period, refurbishment/maintenance of existing properties contributed to approximately half of our service in terms of number of projects, but in terms of revenue contribution, construction of new properties contributed the majority as each project usually carries a relatively large contract sum.

Our service involves several aspects of service to cope with our client's needs, including relatively simple tasks such as issuing a letter to the Buildings Department with our endorsement of an existing design document to relatively complicated tasks such as designing foundation structure for a new building or preparing the associated design calculation. The work performed by our Group in relation to our service generally involves (i) project administration; (ii) structural design and certification and regulatory submissions; and (iii) site supervision. The majority of our projects involve regulatory submissions, of which our scope and nature of work is disclosed in detail in the section headed "Business – Project implementation – Structural design and certification and regulatory submissions".

BUSINESS

For projects with large contract sum, our work generally, include preparing complicated designs and detailed calculations and simulations, handling rounds of submissions to the Buildings Department on different areas, working with various professional parties such as project owner, architects and contractors on various issues relating to the project and/or performing site supervision work. Examples of projects with revenue recognised over HK\$1 million during the Track Record Period include ground investigation, design of foundation, site formation and superstructure plans, and obtaining Buildings Department's approval. For projects with smaller contract sum, our work generally, include preparing simple design or reviewing and endorsing an existing design, simple loading calculations or undergoing only a few necessary steps in the Buildings Department submission process. Examples of projects with revenue recognised less than HK\$500,000 during the Track Record Period include (i) revenue recognition of projects of larger contract sum yet to reach major progress milestones during the Track Record Period, and (ii) completion of projects of smaller contract sum covering service areas such as (a) addition and alteration design, (b) work supervision, (c) minor structure design, (d) submission to Buildings Department for temporary work, (e) feasibility study, (f) structural and defects investigation, and (g) technical auditing as independent checking engineer. Our Directors are of the view that project scale and nature will affect, among others, the complexity of calculation and drafting, applications of professional standards, the number of submissions required and time-cost incurred, but will not significantly deviate from our core nature and scope of work, which is in essence (i) project administration; (ii) structural design and certification and regulatory submissions; and (iii) site supervision, where necessary.

The following is a brief introduction of our comprehensive structural and geotechnical engineering consultancy works:

Structural engineering

Structural engineering is an area of study to understand, predict, and calculate the stability, strength and rigidity of built structures for buildings and non-buildings, to design and to integrate designs with that of other designers, and to supervise construction of projects on-site.

Our service can cover several areas including: (i) structural design of different types of buildings and non-building structures, such as residential, commercial and mixed-use buildings and various infrastructures such as bridges; (ii) associated study, calculation and drawing services for facilitating and materializing an architect's architectural design, such as structural feasibility study, production of schematic drawings, detailed calculations and tender drawings; and (iii) associated administration services for facilitating structural engineering, such as administration of a building contract, statutory submission of structural plans and site supervision.

With our employees who possess RSE and/or AP qualification, we are eligible to be nominated as our client's nominated RSE and/or AP to submit plans and prescribed forms to the Buildings Department for construction works on our client's behalf. Other than statutory submission, we also provide our clients with the relevant technical, consultation and project management from conceptual design to building completion.

The design and calculation content and/or the relevant specialties involved in the above structural engineering consultancy service include loading calculation, stress design, site formation, infrastructure, and drainage system.

Geotechnical engineering

Geotechnical engineering concerns with the engineering behavior of earth materials and construction occurring on the surface or within the ground. Geotechnical engineering uses principles of soil mechanics and rock mechanics to investigate subsurface conditions and materials; determine the relevant physical/mechanical properties of these materials; evaluate stability of natural slopes and man-made soil deposits; assess risks posed by site conditions; design earthworks and structure foundations; and monitor site conditions, earthwork and foundation construction.

Our geotechnical engineering focuses on a wide range of slope investigation and improvement projects, site formation as well as major excavation and lateral support works.

Civil engineering

In our Group's business context, our civil engineering includes the practice areas related to our structural engineering work that involves infrastructure elements.

Our practice areas of civil engineering can cover: (i) design of roadworks; and (ii) hydraulic design regarding buildings' connection to public infrastructure system (i.e. drainage).

Material engineering

Our material engineering service is usually included in our structural engineering practice as it involves the study of building materials repair, including (i) concrete, timber, structural steelwork in different building premises, such as commercial and recreational developments; (ii) building materials' ability to withstand extreme situations, such as, fire hazards, wind etc.; and (iii) associated cost for procuring materials.

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The following are further details of our major scope of work and service rendered in our projects which contributed HK\$1 million or more of revenue in a specific year during the Track Record Period:

For the year ended 31 March 2016

	Project location	Project details	Our major scope of work and service rendered in the project
1	New Kowloon Inland Lot 6527 Kai Tak Area 1I Site 3 Kowloon, Hong Kong	Structural, civil and geotechnical engineering consultancy services for a new building	Ground investigation; design of foundation and superstructure plans and obtaining relevant approvals from Buildings Department; site supervision
2	Hotel in Saipan	Structural and geotechnical engineering consultancy services for a hotel	Design of foundation plans
3	No. 76 Robinson Road and No. 2 Breezy Path, Mid-levels, Hong Kong	Geotechnical engineering consultancy services for a school	Design of piling and site formation plans and obtaining relevant approvals from Buildings Department
4	No. 12–24 Lun Fat Street, Wanchai, Hong Kong	Structural and geotechnical engineering consultancy services for a new residential building	Ground investigation; design of site formation, foundation and superstructure plans and obtaining relevant approvals from Buildings Department
5	N/A	Law firms or clients requesting expert witness services in relation to court proceedings	Expert witness
6	No. 18 Lung Ha Wan Road, Sai Kung, Hong Kong	Structural and geotechnical engineering consultancy services for redevelopment of a monastery	Design of foundation, superstructure and demolition plans and obtaining relevant approvals from Buildings Department
7	Island Hospital, Macau	Structural engineering consultancy services for a hospital in Macau	Design of foundation, ELS and superstructure plans and obtaining relevant approvals
8	No. 179 Prince Edward Road West, Kowloon, Hong Kong	Structural and geotechnical engineering consultancy services for heritage conservation and a hotel development	Design of foundation and superstructure plans and obtaining relevant approvals from Buildings Department

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	Project location	Project details	Our major scope of work and service rendered in the project
9	Macau outer harbour reclamation (A1/M) land lot for commercial and residential development (Lot 19)	Structural engineering consultancy services regarding residential and commercial development in Macau for a reclamation land	Design of foundation and superstructure plans and obtaining relevant approvals
10	No. 48 Caine Road, Mid-levels, Hong Kong	Structural and geotechnical engineering consultancy services for a new building	Ground investigation; supervision of demolition and hoarding plan; design of foundation, site formation and superstructure plans and obtaining relevant approvals from Buildings Department
11	No. 17A and 17B Ventris Road, Happy Valley, Hong Kong	Structural and geotechnical engineering consultancy services for a composite development	Ground investigation; design of site formation, foundation, superstructure and demolition plans and obtaining relevant approvals from Buildings Department; site supervision
12	No. 361–365 Queen’s Road West, Sai Ying Pun, Hong Kong	Structural and geotechnical engineering consultancy services for a hotel	Ground investigation; design of foundation, ELS and superstructure plans and obtaining relevant approvals from Buildings Department
13	Junction of Fuk Hi Street and Fuk Shun Street, Yuen Long Industrial Estate, Hong Kong	Structural and geotechnical engineering consultancy services for a factory development	Ground investigation; design of foundation and superstructure plans and obtaining relevant approvals from Buildings Department
14	No. 555 Hennessy Road, Causeway Bay, Hong Kong and No. 12 Salisbury Road, Tsim Sha Tsui, Hong Kong	Structural engineering consultancy services for alteration and addition works of department stores	Design of alteration and addition works for submission to Buildings Department; site inspection
15	No. 16–18 Yip Shing Street, Kwai Chung, Hong Kong	Structural and geotechnical engineering consultancy services for an industrial development	Ground investigation; design of foundation, superstructure and demolition plans and obtaining relevant approvals from Buildings Department

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	Project location	Project details	Our major scope of work and service rendered in the project
16	No. 101–111 Wanchai Road, Wan Chai, Hong Kong	Structural and geotechnical engineering consultancy services for a development	Ground investigation; design of foundation, site formation, superstructure, demolition and hoarding plans and obtaining relevant approvals from Buildings Department
17	N/A	Law firms or clients requesting expert services	Expert witness; information gathering, preparing report and replying to the counsels and lawyers

For the year ended 31 March 2017

	Project location	Project details	Our major scope of work and service rendered in the project
1	The Chinese University of Hong Kong, Shatin, Hong Kong	Civil, structural and geotechnical engineering consultancy services for a medical centre	Ground investigation; design of site formation, foundation, substructure and superstructure plans and obtaining relevant approvals from Buildings Department; site supervision
2	New Kowloon Inland Lot 6527 Kai Tak Area 1I Site 3 Kowloon, Hong Kong	Structural, civil and geotechnical engineering consultancy services for a new building	Ground investigation; design of foundation and superstructure plans and obtaining relevant approvals from Buildings Department; site supervision
3	No. 3 Sassoon Road, Pok Fu Lam, Hong Kong	Structural and geotechnical engineering consultancy services for a new building	Design of demolition, site formation, foundation and other relevant plans and obtaining relevant approvals from Buildings Department; site supervision
4	N/A	Law firms or clients requesting expert services	Expert witness; information gathering, preparing report and replying to the counsels and lawyers
5	No. 45–69A Pok Fu Lam Road, Hong Kong	Structural and geotechnical engineering consultancy services for a composite development	Ground investigation; design of foundation, ELS and superstructure plans and obtaining relevant approvals from Buildings Department

BUSINESS

	Project location	Project details	Our major scope of work and service rendered in the project
6	No. 18 Lung Ha Wan Road, Sai Kung, Hong Kong	Structural and geotechnical engineering consultancy services for redevelopment of a monastery	Design of foundation, superstructure and demolition plans and obtaining relevant approvals from Buildings Department
7	Lot 1003 in Demarcation District 40, Sha Tau Kok, New Territories, Hong Kong	Structural and geotechnical engineering consultancy services for a new residential building	Ground investigation; design of foundation, ELS and superstructure plans and obtaining relevant approvals from Buildings Department
8	Flats at Block 1, Pine Court, The University of Hong Kong, Hong Kong	Consultancy services for sub-division of flats	Design and obtaining necessary approvals from Buildings Department
9	No. 137 Wong Nai Chung Gap Road, Hong Kong	Structural and geotechnical engineering consultancy service for alteration and addition works	Ground investigation; design of foundation and superstructure plans and obtaining relevant approvals from Buildings Department
10	No. 158–164 Queen’s Road Central, Hong Kong	Structural and geotechnical engineering consultancy services for redevelopment of a Grade A office/ commercial building	Ground investigation; design of demolition, foundation and superstructure plans and obtaining relevant approvals from Buildings Department; site supervision for foundation and superstructure works
11	No. 310–310C Un Chau Street, Cheung Sha Wan, Kowloon, Hong Kong	Structural and geotechnical engineering consultancy services for residential development	Design of foundation, superstructure plans and obtaining relevant approvals from Buildings Department
12	N/A	Law firms or clients requesting expert witness services	Expert witness; information gathering, preparing report and replying to the counsel and lawyers
13	No. 17A and 17B Ventris Road, Happy Valley, Hong Kong	Structural and geotechnical engineering consultancy services for a composite development	Ground investigation; design of site formation, foundation, superstructure and demolition plans and obtaining relevant approvals from Buildings Department; site supervision

BUSINESS

	Project location	Project details	Our major scope of work and service rendered in the project
14	Island Hospital, Macau	Structural engineering consultancy services for a hospital in Macau	Design of foundation, ELS and superstructure plans and obtaining relevant approvals
15	Central-Wan Chai Bypass at Wan Chai West, Hong Kong	Provision of independent checking engineer services	Independent checking engineer services for checking and certifying the design of works and the method statement of works
16	No. 179 Prince Edward Road West, Kowloon, Hong Kong	Structural and geotechnical engineering consultancy services for heritage conservation a hotel development	Design of foundation and superstructure plans and obtaining relevant approvals from Buildings Department
17	Inland Revenue Tower in Kai Tak Development Area, Hong Kong	Civil, structural and geotechnical engineering consultancy services for a government building	Design of foundation, ELS and superstructure plans and obtaining relevant approvals from Buildings Department; site supervision
18	No. 555 Hennessy Road, Causeway Bay, Hong Kong and No. 12 Salisbury Road, Tsim Sha Tsui, Hong Kong	Structural engineering consultancy services for department stores	Design of alteration and addition works for submission to Buildings Department; site inspection
19	No. 18–24 Ko Shan Road, To Kwa Wan, Hong Kong	Structural and geotechnical engineering consultancy services for a residential development	Design of foundation, ELS and superstructure plans and obtaining relevant approvals from Buildings Department; site supervision

For the year ended 31 March 2018

	Project location	Project details	Our major scope of work and service rendered in the project
1	The Chinese University of Hong Kong, Shatin, Hong Kong	Civil, structural and geotechnical engineering consultancy services for a medical centre	Ground investigation; design of site formation, foundation, substructure and superstructure plans and obtaining relevant approvals from Buildings Department; site supervision

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	Project location	Project details	Our major scope of work and service rendered in the project
2	No. 13 and 15 Sze Shan Street, Yau Tong, Kowloon, Hong Kong	Structural and geotechnical engineering consultancy services for a commercial and residential development	Design submission of foundation, ELS, site formation and superstructure works and obtaining relevant approvals from Buildings Department
3	New Kowloon Inland Lot 6527 Kai Tak Area 1I Site 3 Kowloon, Hong Kong	Structural, civil and geotechnical engineering consultancy services for a new building	Ground investigation; design of foundation and superstructure plans and obtaining relevant approvals from Buildings Department; site supervision
4	Sin Fong Garden, Macau	Law firms or clients requesting services for carrying out an investigation	Information gathering, preparing report and attending meetings
5	Shap Pat Heung Road, Yuen Long, New Territories, Hong Kong	Structural and geotechnical engineering consultancy services for a residential development	Ground investigation; design submission of foundation and superstructure works and obtaining relevant approvals from Buildings Department
6	No. 179 Prince Edward Road West, Kowloon, Hong Kong	Structural and geotechnical engineering consultancy services for heritage conservation and a hotel development	Design of foundation and superstructure plans and obtaining relevant approvals from Buildings Department
7	No. 14 Wong Chuk Hang Road, Aberdeen, Hong Kong	Structural and geotechnical engineering consultancy services for an industrial development	Design submission; obtaining relevant approvals from Buildings Department and site supervision
8	No. 158–164 Queen's Road Central, Hong Kong	Structural and geotechnical engineering consultancy services for redevelopment of a Grade A office/ commercial building	Ground investigation; design of demolition, foundation and superstructure plans and obtaining relevant approvals from Buildings Department; site supervision for foundation and superstructure works
9	No. 43 Island Road, Hong Kong	Structural and geotechnical engineering consultancy services for a residential development	Preparation and submission of geotechnical design plan and demolition plan; obtaining relevant approvals from the Buildings Department; site supervision

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	Project location	Project details	Our major scope of work and service rendered in the project
10	No. 115–125 Castle Peak Road, Kowloon, Hong Kong	Authorized Person, architectural, structural and geotechnical engineering consultancy services for a residential development	Acting as Authorized Person, preparing architectural designs, building plans and design submissions; obtaining relevant approvals from the Buildings Department; site supervision
11	No. 1 & 1A Java Road, North Point, Hong Kong	Structural and geotechnical engineering consultancy services for a development complex containing a school/institution/office	Preparing demolition plan; design submissions; obtaining relevant approvals from the Buildings department; site supervision
12	No. 17A and 17B Ventris Road, Happy Valley, Hong Kong	Structural and geotechnical engineering consultancy services for a composite development	Ground investigation; design of site formation, foundation, superstructure and demolition plans and obtaining relevant approvals from the Buildings Department; site supervision
13	Central-Wan Chai Bypass at Wan Chai West, Hong Kong	Provision of independent checking engineer services	Independent checking engineer services for checking and certifying the design of works and the method statement of works
14	No. 25–27 Morrison Hill Road, Wan Chai, Hong Kong	Structural and geotechnical engineering consultancy services for a hotel development	Design submissions; obtaining relevant approvals from the Buildings Department; site inspection
15	No. 555 Hennessy Road, Causeway Bay, Hong Kong and No. 12 Salisbury Road, Tsim Sha Tsui, Hong Kong	Structural engineering consultancy services for department stores	Design of alteration and addition works for submission to Buildings Department; site inspection
16	Fuk Chak Street/Li Tak Street, Tai Kok Tsui, Kowloon	Structural and geotechnical engineering consultancy services for a residential/commercial development	Design submissions of foundation, superstructure and ground investigation plans; obtaining relevant approvals from the Buildings Department; site supervision
17	No. 11A Shouson Hill Road West, Hong Kong	Structural and geotechnical engineering consultancy services for redevelopment	Design submissions; preparing piling plan, ELS/site formation plan; obtaining relevant approvals from the Buildings Department; site supervision

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OUR PROJECTS

During the Track Record Period, we derived revenue from 250 projects or more for each year. We completed 43, 71 and 195 projects during each of the year in the Track Record Period and we had 215 projects in progress as at the Latest Practicable Date.

The following table sets forth the breakdown of our revenue and projects by distinguishing construction of new properties and refurbishment/maintenance of existing properties during the Track Record Period:

	2016		Year ended 31 March 2017		2018	
	Number of projects with revenue contribution	Revenue HK\$'000	Number of projects with revenue contribution	Revenue HK\$'000	Number of projects with revenue contribution	Revenue HK\$'000
Construction of new properties	118	42,931	143	47,681	147	49,061
Refurbishment/maintenance of existing properties	128	19,897	163	17,953	146	16,905
Others ^(Note 1)	17	5,181	14	4,935	5	3,123
Total	263	68,009	320	70,569	298	69,089

Note:

- Others mainly include expert witness service.

The following table sets forth the summary of our projects based on their respective revenue recognised during the Track Record Period:

Number of projects by revenue contribution	Year ended 31 March		
	2016	2017	2018
HK\$1,000,000 or above ^(Note 1)	17	19	17
HK\$500,000 to below HK\$1,000,000	27	22	19
HK\$100,000 to below HK\$500,000	71	80	88
Below HK\$100,000	148	199	174
Total ^(Note 2)	263	320	298

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Notes:

1. Please refer to the section headed “Business – Our Service” for further description on our service and details of projects contributing HK\$1 million or more in a specific year during the Track Record Period.
2. As certain projects commenced in one financial year and were completed in another financial year, they contributed revenue to more than one financial year.

The following table sets forth the breakdown of our projects based on the contract sum during the Track Record Period:

Number of projects by contract sum	Year ended 31 March		
	2016	2017	2018
HK\$3,000,000 or above	24	26	27
HK\$1,000,000 to below HK\$3,000,000	52	47	45
HK\$500,000 to below HK\$1,000,000	36	41	41
HK\$100,000 to below HK\$500,000	83	105	97
Below HK\$100,000	68	101	88
Total	263	320	298

Notes:

1. As certain projects commenced in one financial year and were completed in another financial year, they contributed revenue to more than one financial year.
2. Contract sum includes variation orders (if any) as of the end of each financial year.

Major projects

During the Track Record Period, we were involved in over 400 projects in Hong Kong, PRC, Macau and Saipan. The following table sets forth the details of our 10 largest projects by revenue contribution during the Track Record Period:

Project No.	Project classification	Sector	Project details	Project location	Project period <i>(Note 1)</i>	Contract sum <i>(Note 2)</i>	Revenue contribution during Track Record Period			Estimated revenue to be recognized	
							Year ended 31 March 2016	2017	2018	Year ending 31 March 2019	2020
						<i>(HK\$'000)</i>	<i>(HK\$'000)</i>	<i>(HK\$'000)</i>	<i>(HK\$'000)</i>	<i>(HK\$'000)</i>	<i>(HK\$'000)</i>
1	New building	Public	Civil, structural and geotechnical engineering consultancy services for a medical centre	The Chinese University of Hong Kong, Shatin, Hong Kong	Since March 2016 (ongoing and is expected to be completed in or around January 2020)	13,750	253	5,868	6,428	926	275

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No.	Project classification	Sector	Project details	Project location	Project period <i>(Note 1)</i>	Contract sum <i>(Note 2)</i>	Revenue contribution during Track Record Period			Estimated revenue to be recognized	
							Year ended 31 March 2016	2017	2018	Year ending 31 March 2019	2020
						<i>(HK\$'000)</i>	<i>(HK\$'000)</i>	<i>(HK\$'000)</i>	<i>(HK\$'000)</i>	<i>(HK\$'000)</i>	<i>(HK\$'000)</i>
2	New building	Private	Structural, civil and geotechnical engineering consultancy services for a new building	New Kowloon Inland Lot 6527 Kai Tak Area II Site 3 Kowloon, Hong Kong	Since July 2014 (ongoing and is expected to be completed in or around September 2019)	10,706	4,196	3,191	2,136	481	30
3	New building	Private	Structural and geotechnical engineering consultancy services for heritage conservation and a hotel development	No. 179 Prince Edward Road West, Kowloon, Hong Kong	Since November 2014 (ongoing and is expected to be completed in or around March 2019)	5,080	1,703	1,179	1,537	476	48
4	New building	Private	Structural and geotechnical engineering consultancy services for redevelopment of a monastery	No. 18 Lung Ha Wan Road, Sai Kung, Hong Kong	Since September 2014 (ongoing and is expected to be completed in or around April 2019)	5,309	1,855	1,562	972	165	-
5	New building	Private	Structural and geotechnical engineering consultancy services for the development of a hostel, a residential care home and a church	No. 17A and 17B Ventris Road, Happy Valley, Hong Kong	Since August 2014 (ongoing and is expected to be completed in or around May 2021)	5,106	1,295	1,197	1,254	808	257
6	New building	Private	Structural and geotechnical engineering consultancy services in relation to the redevelopment of a Grade A office/commercial building	No. 158-164 Queen's Road Central, Hong Kong	Since September 2013 (ongoing and is expected to be completed in or around March 2019)	4,003	825	1,219	1,438	60	-
7	Refurbishment	Private	Structural engineering consultancy services for alteration and addition works of department stores	No. 555 Hennessy Road, Causeway Bay, Hong Kong and No. 12 Salisbury Road, Tsim Sha Tsui, Hong Kong	Since September 2010 (ongoing and is expected to be completed in or around August 2018)	4,352	1,100	1,028	1,153	54	-

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No.	Project classification	Sector	Project details	Project location	Project period <i>(Note 1)</i>	Contract sum <i>(Note 2)</i>	Revenue contribution during Track Record Period			Estimated revenue to be recognized		
							Year ended 31 March 2016	2017	2018	Year ending 31 March 2019	2020	
						<i>(HK\$'000)</i>	<i>(HK\$'000)</i>	<i>(HK\$'000)</i>	<i>(HK\$'000)</i>	<i>(HK\$'000)</i>	<i>(HK\$'000)</i>	
8	New building	Public	Structural engineering consultancy services for a hospital in Macau	Island Hospital, Macau	Since April 2014 (ongoing and is expected to be completed in or around March 2020)	4,726	1,837	1,182	68	49	20	
9	New building	Private	Structural and geotechnical engineering consultancy services for a composite development	No. 45-69A, Pok Fu Lam Road, Hong Kong	Since January 2014 (ongoing and is expected to be completed in or around June 2020)	4,131	776	1,468	890	530	282	
10	Others	Public	Provision of independent checking engineer services	Central-Wan Chai Bypass at Wan Chai West, Hong Kong	Since May 2013 (ongoing and is expected to be completed in or around December 2018)	4,864	702	1,179	1,250	17	-	
						14,542	19,073	17,126	3,566	912		

Notes:

- Project period generally refers to the period from the month of the first contract to the estimated completion date which refers to the date we discharge our duty as per the project contract, with reference to the latest available master programme or other relevant documents of the project, and such may be revised with respect to factors such as the actual progress of the project and variation work orders from time to time. Our Group will use its best endeavour to estimate the completion date based on our staff's experience and ongoing discussions with clients in case the completion date cannot be estimated reliably. Our invoice billing depends on the payment terms of each individual project and may differ from the revenue recognition of the project which is generally based on the percentage of project completion.
- The contract sum refers to the original contract sum stated in the letter of acceptance, original tender documents or contract, and adjustments due to variation work orders as recognised by our Group as at the end of the Track Record Period.
- As the estimated completion date refers to the date we discharge our duty as per the project contract, the project is also subject to other factors including optional works such as site supervision as set out in the original contract, which are not included in the estimated revenue for the sake of prudence.

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Backlog

As at the Latest Practicable Date, the outstanding contract sum amounted to approximately HK\$63.7 million in terms of cashflow and approximately HK\$49.4 million in terms of revenue expected to be recognised, which we expect to recognise approximately HK\$23.7 million, HK\$18.1 million and HK\$7.6 million for the three years ending 31 March 2021 respectively. From 1 April 2018 to the Latest Practicable Date, we have recognised revenue of approximately HK\$24.8 million.

The following table sets forth the generalised information about our projects' pipeline for each period specified below:

	For the year ended 31 March			For the period from 1 April 2018 to the Latest Practicable Date
	2016	2017	2018	Date
Opening number of projects ^(Note 1)	160	223	271	217
Number of new projects ^(Note 2)	106	119	141	26
Number of completed projects ^(Note 3)	(43)	(71)	(195)	(28)
Ending number of projects ^(Note 4)	223	271	217	215

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.
3. Number of completed projects means the number of projects which are practically considered completed based on: (i) whether the entire contract sum was received; (ii) whether our scope of work was fully performed; and (iii) management judgment and assessment on a case by case basis.
4. Ending number of projects is equal to the opening number of projects plus number of new projects minus number of completed projects during the relevant year or period indicated.

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The following table shows the movement of backlog during the Track Record Period and up to the Latest Practicable Date:

	For the year ended			For the
	31 March			period from
	2016	2017	2018	1 April 2018
	HK\$'000	HK\$'000	HK\$'000	to the Latest Practicable Date
	HK\$'000			
Opening value of backlog	72,444	75,419	53,598	54,948
Awarded contract sum of new projects ^(Note 1)	70,984	48,748	70,439	19,202
Revenue recognised ^(Note 2)	(68,009)	(70,569)	(69,089)	(24,775)
Ending value of backlog ^(Note 3)	75,419	53,598	54,948	49,375

Notes:

1. The awarded contract sum is based on the initial agreement between our customer and us and may include additions, modifications due to subsequent variation orders.
2. The revenue recognised for each year of the Track Record Period represents the audited revenue recognised for each of the three years ended 31 March 2018, and the revenue recognised for period from 1 April 2018 to the Latest Practicable Date represents the unaudited revenue recognised for the same period, in each case taking account of any additions and modifications due to variation orders (if any).
3. Ending value of backlog refers to the portion of the total estimated revenue that has not been recognised with respect to our projects which had not been fully completed or subject to agreement on final account with our customers as at the end of the relevant year or period indicated.

During the Track Record Period, our success rates of invited tenders, broken down by client types, are set out in the tables below:

Year ended 31 March 2016

	Tender placed	Successful tender	Success rate
Premises owners and developers	165	29	17.6%
Architectural firms	197	13	6.6%
General contractors and subcontractors	111	26	23.4%
Government developments and hospitals	18	3	16.7%
Parties requesting expert services and others	12	3	25.0%

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Year ended 31 March 2017

	Tender placed	Successful tender	Success rate
Premises owners and developers	189	29	15.3%
Architectural firms	162	14	8.6%
General contractors and subcontractors	177	32	18.1%
Government developments and hospitals	34	3	8.8%
Parties requesting expert services and others	6	0	0.0%

Year ended 31 March 2018

	Tender placed	Successful tender	Success rate
Premises owners and developers	180	31	17.2%
Architectural firms	181	11	6.1%
General contractors and subcontractors	165	30	18.2%
Government developments and hospitals	20	1	5.0%
Parties requesting expert services and others	3	1	33.3%

Our tendering strategy is in line with our pricing policy, which we determine the price on a project-by-project basis. We generally submit the tender of a project based on various factors, including the scope, complexity and specifications of project, the fee level in the market and competitive conditions, the availability of our manpower and expertise, the quotations from subconsultants, salary trend, and our previous tender records.

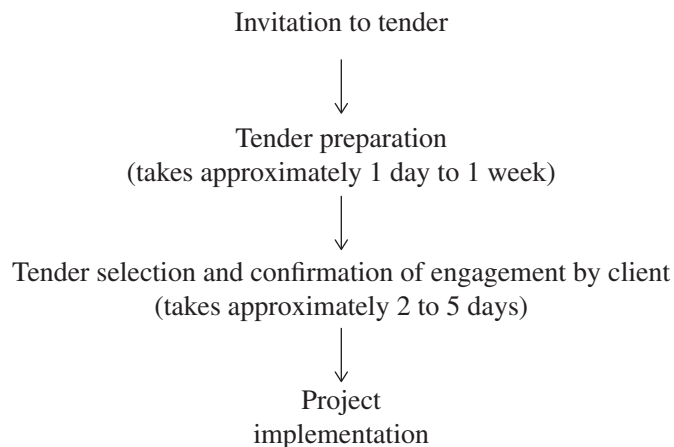
Regarding our historical success rates as shown above, our Directors are of the view that our historical success rates may not be reflective of our future success. Our Group has experienced limitation in tendering during the Track Record Period due to insufficient staffing. Our Directors noted that in some cases even when we have insufficient staffing, rather than refrained from tendering, our Directors will proceed with tendering at a higher price to maintain our market presence, having the need to factor in substantial over-time payments, subconsulting and even recruitment cost.

For projects requiring our expert services, our clients or their legal advisers sometimes have us in mind as their preferred expert and our Directors believe that the number of this kind of projects is relatively low each financial year, thus making the success rates fluctuate. Save for the above, our Directors are not aware of any factors that may have materially affected the tender success rates during the Track Record Period.

OPERATING PROCEDURES

Our Group mainly obtains projects by invited tendering and quotation. Our Directors confirm that we secure all our contracts competitively except for some contracts involving parties requesting expert services and others. As advised by our Directors, in such cases, our clients or their legal advisers sometimes have us in mind as their preferred expert and our quotation would be negotiated rather than tendered. However, during the Track Record Period, we were unable to secure some of these contracts. As advised by our Directors, the reasons may have been because such expert services are normally provided in the context of legal proceedings and therefore the success of such contracts depends on whether the parties to the legal proceedings jointly agree to engage us or the legal proceedings proceed to the stage when expert evidence is required.

In addition, as advised by our Directors, for clients whom we have worked with and have been impressed with our service, our tenders may have a higher chance to be selected by such recurring clients. The following diagram illustrates the general invited tendering and quotation process for projects undertaken by us:



Invitation to tender and quotation

We, from time to time, receive invitation to tender or quotation from our clients or potential clients for our service. The invitation to tender or quotation usually contains a tender document package which may include project description, a bill of quantities, and tender drawings.

All of the invitations to tender or quotation received by us will first be reviewed by our management. They will consider various factors, among others, project nature, project size, reputation of the clients, previous business experience (if any), any particular specialty required and the risks involved. If our management decides to accept the invitation, we will proceed to prepare the tender or quotation proposal.

Tendering

We have a systematic review procedure to allow us to make a competitive submission. After our management decides to submit a tender or quotation, an associate director in charge of the proposal/project will be assigned to prepare the tender or quotation which will be approved by our executive Director.

In general, the tender proposal involves two parts: (i) a fee proposal; and (ii) a technical proposal (if necessary).

Preparation of fee proposal

Our finance department is responsible for making a fee proposal, which will be approved by our executive Directors. We calculate the tender price with reference to the following factors: (i) project type; (ii) project location; (iii) stages involved; (iv) gross total area of the site; (v) design requirements; (vi) expected completion time; (vii) complexity; (viii) the costs of engaging subconsultants (if necessary); (ix) expected time cost required; and (x) clients' feedback on our preliminary fee proposal (if applicable). We will also make reference to the previous projects/proposals completed or submitted in preparing the fee proposal.

Further, our finance department will also include our proposed terms to the draft service contract. If our client does not provide their draft service contract, we will include our draft service contract in the tender proposal.

Preparation of technical proposal

The technical proposal (if necessary) is prepared by our project team, formed by the associate director, comprising colleagues with appropriate technical knowledge. We will consider the following factors in forming the project team: (i) project location; (ii) project nature; (iii) architects' conceptual design plan; (iv) building material expectation as specified in the tender; and (v) expertise of our colleagues and their workload.

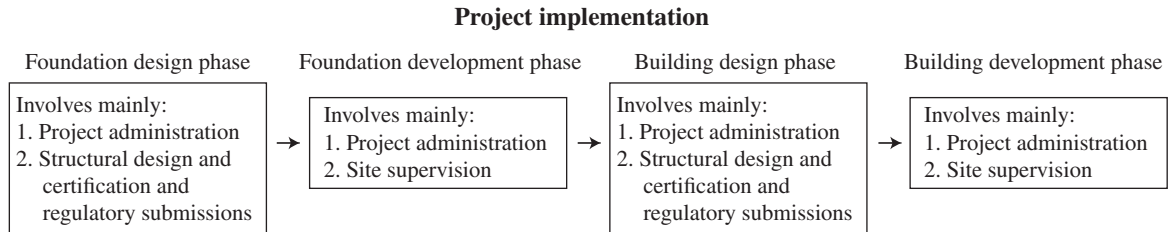
The content of a technical proposal depends on the tender requirements. In general, the technical proposal usually includes written statements on design approaches, project program, our relevant project experience or track record, our project team personnel, including team structure, key personnel, degree of involvement of each member and subconsultants (if necessary). If our scope of work in the project involves design, the technical proposal may also include design drawings, schedules, diagrams and models to demonstrate our proposed design approach.

Tender submission

Our executive Directors will review the tender proposal and confirm submission. After the tender submission, we may have to attend a meeting to present the tender proposal and reply to tender queries. If the project is awarded to us, we will finalise the service contract with our client. If the project is not awarded to us, the tender proposal will be closed.

Project implementation

A general illustration of our project implementation model can be separated into three parts, namely (i) project administration; (ii) structural design and certification and regulatory submissions; and (iii) site supervision. The diagram below sets forth different phases of a project we may be involved in:



Project administration

When a project is awarded to us, we will proceed to execute the project pursuant to its terms. The actual work to be carried out by us much depends on our role in the project, the stage of the development we are involved in and the scope of service under the service contract. In general, the associate director will review and reconfirm the resources to be placed in the project, including the fixing and composition of the members of the project team and the subconsultants (if any). The associate director will monitor a budget cost plan and the finance department will monitor the invoicing schedule of the project.

According to the project requirement, our management will assign and form project teams comprising staff with different expertise and professional qualifications. Together with our training and development program to our staff, we believe our project teams have a diversified knowledge base to produce quality designs.

In order to maintain the efficiency and quality of our plans and designs, we have a systematic work allocation mechanism and quality control measures. We have obtained the certificate of ISO 9001:2015 in respect of our quality management system.

Structural design and certification and regulatory submissions

In a typical property development in Hong Kong, statutory submissions of plans and/or designs and prescribed forms by RSE or RGE or AP to the Buildings Department are required at different stages. In order to produce the plans and designs and prepare the prescribed forms for statutory submissions, for example, the general building plans and preliminary designs, collective inputs from other external consultants, such as architects, quantity surveyors and/or building service engineers, are necessary. We will closely coordinate with the external parties, in particular, the architect, and provide our advice and calculation on the structural feasibility and structural cost regarding the architect's design.

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Generally, we will handle or endorse on the plans and designs for statutory submissions regarding structural engineering and at the same time assist on the preparation for other statutory submissions when required. Sometimes we will also coordinate with the contractors, during the construction works stage, to ensure the construction works conform with our plans and designs which were approved by the relevant authorities.

The following is a brief introduction of the major regulatory submissions of work and our services for Hong Kong projects to be provided to our clients in stages:

(1) Appointment of AP, RSE and/or RGE

At the commencement of a property development, our clients will appoint us as AP, RSE and/or RGE according to their project needs. A Notice of Appointment of Authorized Person and/or Registered Structural Engineer and/or Registered Geotechnical Engineer (“**BA4 Form**”) will need to be submitted to the Buildings Department to notify such appointment.

We, if being the AP, are responsible for site monitoring and coordination of the building works, as well as submission of certain plans and forms to the Buildings Department. We, if being the RSE and/or RGE, are responsible for the respective structural and/or geotechnical aspect of the building works. For example, RSE will calculate the loads and stresses the building can safely withstand, while RGE will determine the ground’s stress bearing capability and stability in order for the buildings works to be carried out safely.

Under the Buildings Ordinance and the Buildings (Administration) Regulations (Chapter 123A of the Laws of Hong Kong), AP, RSE and RGE appointed have the statutory duty to give periodical supervision and make inspections as may be necessary to ensure that the buildings works are being carried out in general accordance with laws and regulations, the plans approved by the Buildings Department and the supervision plan.

(2) Approval of plans

When our client or their architects engage us, they usually have in mind the general building type of the development, such as hotel, residential or commercial with an intended design. Nevertheless, the major structural parameters of the development, such as loading, statics, stress and strain, displacement and forces have not yet been determined. They will seek our advice as to how to implement their intended design structurally and cost efficiently. After the structural plan is completed, we, as the RSE, RGE and/or the AP will submit the structural plan with an application for approval of plans of building works and/or street works and certificate of preparation of plans (“**Form BA5**”) to the Buildings Department. Examples of structural plans that we prepare in property development include: excavation and lateral support plan, superstructure plan, curtain wall plan and canopy plan. It usually takes two months to obtain approval of the plans from the Buildings Department.

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For alterations and additions development, a test report of the stability of the structure of the existing building, accompanied by a stability certificate of Authorized Person and/or Registered Structural Engineer (“**Form BA6**”) can also be submitted when the structural plan and Form BA5 are submitted to the Buildings Department, so as to prove to the Buildings Department that the structure of the existing building can bear the proposed alterations and additions development and to ensure the safety of the existing building structure before building works commence.

(3) Commencement of building works

After approval of plans is obtained from the Buildings Department, we, as the RSE, RGE and/or AP, will also need to seek consent from the Buildings Department in order for the project’s contractors to commence the building works. There are different requirements for such consent application, depending on the types of property development. Such consent applications include Application for Consent to the Commencement and Carrying out of Building Works or Street Works (“**Form BA8**”) or Application for Concurrent Consent to the Commencement of Building Works (“**Form BA8A**”) to the Buildings Department to seek consent for carrying out the building works.

(4) Appointment of Registered Contractor and works commencement

For each project which need construction work, registered general building contractor(s) for the building works will also be appointed to take part in the building work. We, as the RSE, RGE and/or AP, will work closely with the contractors to make sure that the structure of the building is safe and suitable for the intended purpose of the building.

After we have obtained the consent to commence the buildings work from the Buildings Department, we, if being the AP, will file Notice of Appointment of Registered Contractor, Notice of Commencement of Building Works or Street Works and Undertaking by Registered Contractor (“**Form BA10**”) to notify the Buildings Department of the registered contractor who is appointed for carrying out the building works, as well as the exact date of commencement of such building works.

The main contractor will then start the building works on the date as reported to the Buildings Department on Form BA10. We, as the RSE, RGE and/or AP will visit and monitor the site regularly to ensure that the building works are carried out in general accordance with laws and regulations, the plans submitted to the Buildings Department and the supervision plan.

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(5) Application for occupation permit

After the building works are completed, an occupation permit needs to be obtained from the Buildings Department before any persons can use and/or occupy the building. We will assist our client to obtain the occupation permits, and if necessary, to coordinate with different parties in a property development if any rectification work is required.

There are different requirements for the application of occupation permits, depending on the nature of the structure. For temporary structures, we, if being the AP, will submit a Certificate on Completion of Building Works Resulting in a New Temporary Building, a New Building or Part of a New Building and Application for Temporary Occupation Permit in respect of Such Building or Part ("**Form BA12**") to the Buildings Department to apply for a temporary occupation permit.

For permanent structures which are newly built, we, if being the AP, will submit a Certificate on Completion of Building Works Resulting in a New Building and Application for Permit to Occupy Such Building ("**Form BA13**") to apply for an occupation permit for all the permanent structures when the building works are completed. Afterwards, the property owners can then occupy and use the building.

(6) Completion of building works (only for alterations and additions works)

We, as the AP, RSE and/or RGE will keep track of the progress of the building works. When the building works have all been completed in accordance with the plans submitted to the Buildings Department, we, as RSE and/or AP will submit a Certificate on Completion of Building Works Not Resulting in a New Building or of Street Works ("**Form BA14**") to Buildings Department to certify that the building works have been completed. Form BA14 submission is only required for alterations and additions works of an existing building.

Site supervision

Generally speaking, we, as RSE, RGE and/or AP are required by the Buildings Ordinance and the Building (Administration) Regulations:

- (i) to supervise building works to ensure that the works are carried out generally in accordance with the provisions of the Buildings Ordinance, its regulations, the approved building plans, the supervision plan, the technical memorandum and any order or condition imposed by the Building Authority ("**BA**") (whereas the RSE's obligations are limited to the structural elements of the works);

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- (ii) to notify BA of any contravention of the approved building plans;
- (iii) to certify that the building plans comply with the Ordinance and its regulations; and
- (iv) in respect of any repairs, alterations and additions, to certify that they have inspected the building and that the building is capable of bearing the loads and stresses as a result of repairs, alterations and additions.

In order to discharge our obligation as the nominated RSE, RGE and/or AP of our clients, during the construction works stage, we will deploy our in-house engineers (usually with T3 or T5 qualification) or if necessary external engineers to carry out site supervision to ensure the quality and safety of the construction works. After the building phase is completed, we will carry out inspection to ensure the subject building or infrastructure is structurally safe or able to pass the inspection by the relevant authorities. We will also coordinate with different parties if any rectification work is required.

OUR PRICING POLICY

The price or contract sum of our comprehensive structural and geotechnical engineering consultancy service is determined on a project-by-project basis. Our associate directors generally estimate the gross profit margin of a project based on various factors, including the scope, complexity and specifications of project, the fee level in the market and competitive conditions, the availability of our manpower and expertise, the quotations from subconsultants, salary trend, and our previous tender records.

The associate directors work with senior engineers and accounting team, for preparing the tender quotation, analysing project requirements including amounts of engineers' hours and site supervision required and obtaining the quotations from subconsultants. The associate directors generally set out the quotation for each task of comprehensive structural and geotechnical engineering consultancy services projects. Our executive Directors will approve the tender submission.

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ROLES AND FUNCTIONS BY OUR SUBSIDIARIES

The following table sets forth a summary of the roles and services performed by our subsidiaries and the regulatory requirements applicable to the business operations of each of them:

Name of subsidiary	Principal role and service	Regulatory requirement applicable to the business operations
W&C Hong Kong	Principal role: Head office	As advised by our Hong Kong Legal Counsel, we are fully qualified to provide our service in Hong Kong. For details of the regulatory requirement, please refer to the section headed “Regulatory overview – A. Hong Kong laws and regulations” in this prospectus. Our Directors confirm there is no particular licensing requirement relating to the business operations because (i) we were not required to handle regulatory submissions and (ii) our client will seek a PRC or Saipan local structural engineering consultant with relevant statutory qualifications to handle the regulatory submission. W&C Macau has two employees who are licensed civil engineers with the Macau Architectural, Engineering and Urban Planning Council.
	Service:	
	<p>1. Projects located in Hong Kong</p> <p>Provision of comprehensive structural and geotechnical engineering consultancy service</p>	
	<p>2. Projects located in the PRC and Saipan</p> <p>Provision of comprehensive structural and geotechnical engineering consultancy service, except for the part of regulatory submission</p>	
	<p>3. Projects located in Macau</p> <p>Provision of comprehensive structural and geotechnical engineering consultancy service</p>	
W&C Shenzhen	Back office support for W&C Hong Kong	According to our PRC Legal Advisers, there is no particular licensing requirement relating to back office support and provision of computer-aided drawings and designs of construction drawings.
	Service:	
	<p>1. Administrative work to facilitate project administration</p> <p>2. Provide W&C Hong Kong with various support including computer-aided drawings and designs</p>	

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Name of subsidiary	Principal role and service	Regulatory requirement applicable to the business operations
W&C Macau	Operating subsidiary in Macau Service: 1. Administrative work to facilitate project engagement and administration	As advised by the Macau Legal Advisers, (a) since W&C Macau provides and assists in specialty consultancy services, not construction services, and such activity is not regulated by the construction and works regulations, no licence is required for providing such services; (b) it is noted that W&C Macau has two employees who are licensed civil engineers with the Macau Architectural, Engineering and Urban Planning Council; and (c) based on the information provided by our Group, W&C Macau has obtained all licences/permits required to conduct its business and all commercial licences required to carry out its activities related and incidental to its scope of business.

PRC and Saipan projects were not our Group’s main business focus and accounted for, in aggregate, approximately 4.1%, 1.3% and 1.1% of our total revenue during the Track Record Period respectively. We do not handle statutory submission of design and documentation in the PRC and Saipan as we do not possess the relevant qualifications in those jurisdictions for statutory submission. Our Directors confirm that for such projects if statutory submission is indeed required, our client would engage an authorised design enterprise with the relevant design qualification in those jurisdiction to arrange for such statutory submission by themselves.

Please also refer to the paragraph headed “Operating procedures – Project implementation” in this section and the section headed “Regulatory overview – PRC laws and regulations” in this prospectus.

MAJOR CONTRACT TERMS

The following describes the major terms and conditions of the service contracts entered into by us with our clients:

Scope of work

The service contract specifies our role and the works we are required to complete in the project.

As to our role in the project, we may be engaged to provide the service related to structural engineering, geotechnical engineering, civil engineering and/or material engineering. Since we are a comprehensive structural and geotechnical engineering consultancy service provider, we are usually engaged by our client to perform more than one of the aforementioned roles in the development of properties, i.e. being our client's consultant of structural engineering and geotechnical engineering at certain stage(s) of the development of properties carried out by our client.

As to our work and responsibilities in the properties development, we may be engaged to (i) produce designs, which involves the production of design drawings, schedules, diagrams, models; and/or (ii) to conduct project administration, which is about the overall planning, coordination and supervision of the project.

Terms of payment

In general, our service fee is paid on (i) a lump sum divided into various portions by milestones; and (ii) if supervision is needed, monthly fees of supervision during the construction period of the project. Regarding the lump sum portion, our service fee is paid in separate stages according to the progress of the project. In general, additional service fee will be awarded in the following three situations:

1. changes to the scope of work;
2. major design changes by our client; and
3. rescheduling the timetable of the development as decided by our client.

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In the above situations, we will enter into a supplemental agreement with our client.

Based on the understanding and industry knowledge of our executive Directors and our experience in operating our business, supplemental service contracts are not uncommon in the construction engineering consultancy services industry. The major contract terms of the supplemental service contract are usually (i) the scope of the additional work; (ii) the additional service fee; and/or (iii) the reason(s) of entering into the supplemental service contract or charging the additional service fee. Our additional service fee under the supplemental service contract is generally calculated with reference to the following factors: (i) the nature of the additional work; (ii) the amount of the additional work; (iii) the risk of the additional work; and (iv) the service fee of the original service contract.

During the Track Record Period and up to the Latest Practicable Date, our Directors confirm that we had no projects which failed due to fault on our part.

Duration of service contract and payment cycle

The duration of the service contract and payment cycle vary with a number of factors, including, project type, project scale, complexity, role and scope of service under the service contract. Based on the understanding and industry knowledge of our executive Directors and our experience in operating our business, typical duration of service contract of our projects under each of our major projects, are set forth below:

Project types	Typical duration of our projects <i>(Note 1)</i>
New development	Three to five years
Minor projects	One month to one year
Expert witness	Two to five years

Note:

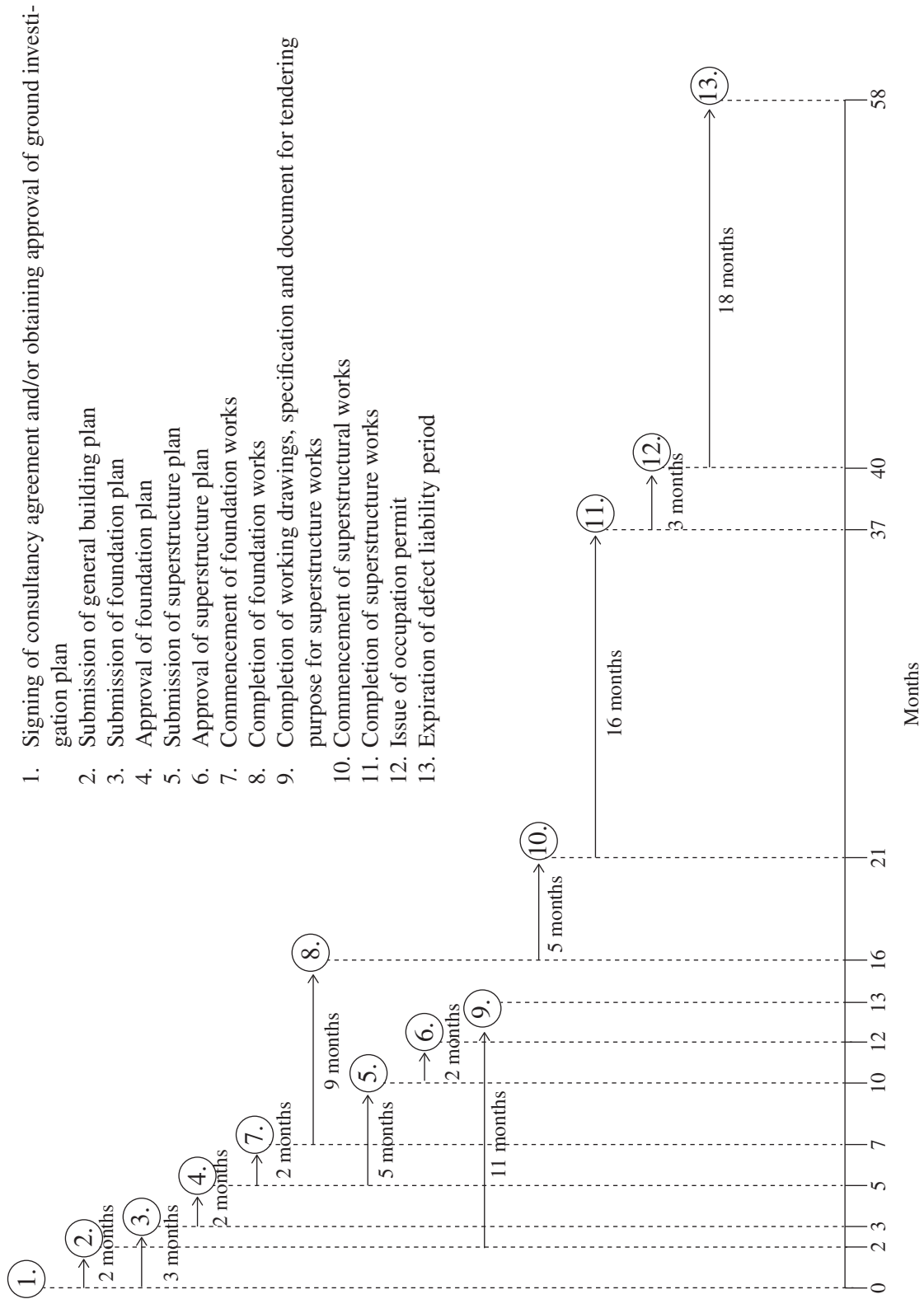
1. In practice, the duration of service contract may vary to a large extent. Information set out is for general information purpose only. The information is based on our executive Directors' estimation based on their experience made in good faith.

BUSINESS

Our service fee is usually paid in separate stages according to the achievement of a specific milestone as set out in the service contract. The following table sets forth some of the major milestones usually involved and general time required in a typical new development and design and build project in Hong Kong:

Work stage	Payment milestone event	Approximate maximum time required to complete the work stage (approximate months)	Approximate maximum time required to receive payment since the first day of cost incurrence (approximate months) <i>(Note 2)</i>
1.	Upon signing of the consultancy agreement and/or upon approval of ground investigation plan	–	4
2.	Upon submission of general building plan	2	6
3.	Upon submission of foundation plan	3	7
4.	Upon approval of foundation plan	2	6
5.	Upon submission of superstructure plan	5	9
6.	Upon approval of superstructure plan	2	6
7.	Upon commencement of foundation works	2	6
8.	Upon completion of foundation works	9	13
9.	Upon completion of working drawings, specification and document for tendering purpose for superstructure works	11	15
10.	Upon commencement of superstructure works	5	9
11.	Upon completion of 100% superstructure structural works	16	20
12.	Upon issue of occupation permit	3	7
13.	Upon expiration of defect liability period or settlement of final account for main contract – whichever is the later	18	22

The following table sets forth the timeline for the approximate maximum time required to complete the work stage:



BUSINESS

Notes:

1. Based on the understanding and industry knowledge of our Directors and our experience in operating our business, the table above represents the work stages of a typical construction project in Hong Kong which we are engaged by our client to provide service from structural design of building to building completion. The actual work stage, completion time and billing process may vary from case-to-case.
2. The approximate maximum time required to receive payment since cost incurrence equals to the approximate maximum time required to complete the work stage plus the average trade receivable turnover days.
3. Our Group bills the client upon completion of the payment milestone event.

Termination

Normally, the agreement specifies that we or our client can terminate the service contract by serving a prior written notice to the other party. The notice period is usually one month and depending on the terms of the service contract. Upon such termination, our client is required to settle our outstanding service fee under the service contract. Our outstanding service fee will usually be calculated up to the stage of work and the extent of work in any incomplete stage up to the date of termination. Upon termination and settlement of our outstanding service fee, we are required to return all documents, plans or drawings in our possession in relation to the project to our client.

Insurance clause

The developers and contractors in Hong Kong usually require us to maintain a professional indemnity insurance under the service contract or as a pre-requisite to being their consultant. The limit of indemnity required under the service contract generally depends on the project sum or the preference of certain developers and contractors. For more information about our insurance, please refer to the paragraph headed “Insurance” in this section.

Quality issue

To the best knowledge of our Directors, in the construction engineering consultancy industry, there is no warranty period for service provided.

In general, our quality of service is controlled by:

- (i) the terms of the service contract;
- (ii) the statutory duties prescribed under the relevant regulations; and
- (iii) the applicable codes of professional conduct.

BUSINESS

We have taken out professional indemnity insurance to cover our potential liability arising from the claims against us under the service contracts. Our Directors confirm that they were not aware of any major quality issues or material potential loss incurred due to any quality issues during the Track Record Period. For more information about our insurance, please refer to the paragraph headed “Insurance” in this section.

OUR CLIENTS

Our clients are mainly (i) premises owners and developers in need for comprehensive structural and geotechnical engineering consultancy service; (ii) architectural firms which need structural and geotechnical engineering consultancy service and require an external Registered Structural Engineers and/or Registered Geotechnical Engineers; (iii) general contractors and subcontractors in need for structural and geotechnical engineering consultancy service in providing layout plans or certifying their works; (iv) government departments, hospitals and public institution; and (v) parties requesting expert services regarding structural engineering aspects.

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

	Year ended 31 March					
	2016		2017		2018	
	HK\$'000	%	HK\$'000	%	HK\$'000	%
1. Premises owners and developers	33,738	49.6	37,281	52.8	33,586	48.6
2. Architectural firms	15,843	23.3	15,805	22.4	16,508	23.9
3. General contractors and subcontractors	12,436	18.3	10,572	15.0	16,030	23.2
– main contractor	10,219	15.0	8,007	11.4	13,601	19.7
– subcontractor	2,217	3.3	2,565	3.6	2,429	3.5
4. Government departments, hospitals and public institutions	876	1.3	1,976	2.8	680	1.0
5. Parties requesting expert services and others	5,116	7.5	4,935	7.0	2,285	3.3
Total	<u>68,009</u>	<u>100.0</u>	<u>70,569</u>	<u>100.0</u>	<u>69,089</u>	<u>100.0</u>

The amount of our service fee and payment schedule are set out in the service contract signed with our client.

BUSINESS

Our project is divided into different stages and our entitlement to each portion of our service fee depends on our completion of a certain type of work up to that particular stage of the project under the service contract. We issue an invoice to our client for each portion of our service fee when our services have been completed at a particular stage. We generally do not grant credit period to our clients. Subject to our executive Director's approval, we may grant credit period to some of our clients on a case-by-case basis. In most scenarios, our clients settled our invoice by cheque or telegraphic transfer.

The following table sets forth the details of our five largest clients during the Track Record Period:

Year ended 31 March 2016

Client	Principal business of the client	Client type	Revenue contribution to our Group <i>HK\$'000</i>	Approximate % to the total revenue of our Group	Approximate years of business relationship with our Group
Win Win Way Construction Co., Ltd	General building contractor	General contractors and subcontractors	7,031	10.3	5
Client A	Property development	Premises owners and developers	4,196	6.2	3
Vanke Property (Hong Kong) Company Limited	Property development	Premises owners and developers	2,699	4.0	4
China Overseas Building Construction Limited	Property development	Premises owners and developers and parties requesting expert services and others	2,485	3.7	4
Client G	Architecture	Architectural firm	2,107	3.1	11

BUSINESS

Year ended 31 March 2017

Client	Principal business of the client	Client type	Revenue contribution to our Group <i>HK\$'000</i>	Approximate % to the total revenue of our Group	Approximate years of business relationship with our Group
Client B	Main contractor	General contractors and subcontractors	8,415	11.9	13
Client A	Property development	Premises owners and developers	3,191	4.5	3
Client C	Architecture	Architectural firm	2,334	3.3	2
China Overseas Building Construction Limited	Property development	Premises owners and developers and parties requesting expert services and others	2,042	2.9	4
The University of Hong Kong	Education	Government departments, hospitals and public institutions	1,724	2.4	14

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Year ended 31 March 2018

Client	Principal business of the client	Client type	Revenue contribution to our Group <i>HK\$'000</i>	Approximate % to the total revenue of our Group	Approximate years of business relationship with our Group
Client B	Main contractor	General contractors and subcontractors	8,035	11.6	13
Client F	Property development	Premises owners and developers	2,686	3.9	6
Client D	General building contractor	General contractors and subcontractors	2,283	3.3	8
Client H	Architectural design	Architectural firm	2,206	3.2	5
Client E	General building contractor	General contractors and subcontractors	2,163	3.1	5

Notes:

1. Client A is a large-scale state-owned enterprise under the supervision of the State Council of PRC. It is a property developer based in the PRC and is listed on the main board of the Stock Exchange.
2. Client B is a subsidiary of an enterprise listed on the Main Board, which is one of the largest engineering construction contractor in Hong Kong.
3. Client C is a local private architectural firm in Hong Kong.
4. Client D is an engineering and property services group, with business functions in management contracting, property development management and property investment in Hong Kong, Macau, the Mainland China, Singapore and Malaysia. Client D's majority shareholder is a company listed on the main board of the Stock Exchange holding approximately 52% of Client D's shareholding, who recently announced the disposal of approximately 46% of shareholdings in Client D to another company listed on the main board of the Stock Exchange and the disposal of approximately 6% to another buyer, subject to completion.
5. Client E is a contractor based in Macau, which provides construction consultancy and engineering services.
6. Client F is a property developer based in Hong Kong and is listed on the main board of the Stock Exchange.
7. Client G is an architectural firm in Macau.
8. Client H is local private architectural firm in Hong Kong.

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For each of the three years ended 31 March 2018, the aggregate revenue attributable to our five largest clients amounted to approximately HK\$18.5 million, HK\$17.7 million and HK\$17.4 million, representing approximately 27.3%, 25.0% and 25.1% of our total revenue, respectively. For each of the same periods, the revenue attributable to our largest client amounted to approximately HK\$7.0 million, HK\$8.4 million and HK\$8.0 million, representing approximately 10.3%, 11.9% and 11.6% of our total revenue, respectively.

Win Win Way Construction Co., Ltd. (“**Win Win Way**”), our largest client for the year ended 31 March 2016, is a subsidiary of Win Win Way Construction Holdings Ltd. listed on the Stock Exchange with Mr. Kwong as one of its executive directors. Our Group has entered into a brief framework agreement with Win Win Way for a term commencing from 17 July 2017 to 31 December 2019 specifying some general terms which are subject to negotiation on a project-by-project basis. During the Track Record Period, we have provided consultancy service in relation to submission of works such as piling foundation, excavation and lateral support and hoarding amendment to the relevant government departments for Win Win Way.

In addition to Win Win Way, during the Track Record Period, there were two clients which are connected as they are being controlled by our Directors. G & E Engineering Limited (“**G & E**”) was owned by Dr. Chan, our executive Director and Controlling Shareholder and Dr. Chan’s spouse as to 89.58% and KYSS Properties Limited (“**KYSS**”) was wholly owned by Mr. Sze Kyran, our independent non-executive Director. The relevant revenue contribution by each of G & E and KYSS were nil and nil for the year ended 31 March 2016, 1.9% and 0.04% of our revenue for the year ended 31 March 2017 and nil and 0.1% of our revenue for the year ended 31 March 2018, respectively. Our Directors believe such transactions are immaterial to our business operation. As at the Latest Practicable Date, our Directors confirm that there was no on-going new transaction going forward with the above related companies.

During the Track Record Period, four non-major clients L & N Architects Limited, Subconsultant A, Subconsultant B and Architectural Project Unit Limited were our top five subconsultants. Three of these clients-subconsultants are active architectural consultants in the construction engineering consultancy industry, which our Directors believe seeking advice (i.e. subconsulting) on each specialty is common and reasonable and that requesting separate engagement from the project owners is unnecessary. One of them is a foundation contractor and site-supervisor, which our Group engaged them mainly for site-supervision and they engaged us for minor foundation related engineering consultancy services for their foundation projects. Our Directors confirm that the main reason for such transactions is that these clients-subconsultants and us each has its/our own client and that property projects would have involved architectural and structural or geotechnical and site supervision and foundation elements. Therefore, it would be normal and common for us to seek advice or services from our client-subconsultants on their specialty and vice versa for our client-subconsultants to seek advice from us on our specialty. The aggregate percentage to the revenue and the aggregate percentage to the total cost of subconsulting fee of our Group for these clients-subconsultants were approximately 1.8% and 19.0% for the year ended 31 March 2016, 1.8% and 29.8% for the year ended 31 March 2017 and 1.5% and 54.5% for the year ended 31 March 2018, respectively.

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Our Directors confirm that there had been no instance that any of them had been our clients and subconsultants for the same project during the Track Record Period and that transactions with them (either as our clients or our subconsultants) had been conducted project-by-project and on an arm's length basis and no less favourable to our Group.

Save as disclosed in this section, to our Directors' best knowledge, none of our Directors or their close associates, or any of our Shareholders who own more than 5% of our Company's share capital, had any interest in any of our Group's five largest clients during the Track Record Period.

OUR SUBCONSULTANTS

Our subconsultants are engaged by us in our projects in case needed. In general, we engage our subconsultants mainly for AP, architectural and other ancillary services in the projects. To a lesser extent, we also engage subconsultants in case we have taken up projects outside our capacity limit.

We select our subconsultants carefully as we maintain a list of approved subconsultants who are assessed by our contract department from time to time. When a project is awarded to us, the project in charge will review and reconfirm the resources to be placed in the project, including the engagement of subconsultants, if any. We select our subconsultants with reference to a number of factors, including (i) experience of subconsultants such as their job reference and projects involved; (ii) performance in previous engagements with our Group as advised by our Directors, members of senior management or project architects; (iii) subconsultancy services appraisal reports prepared by our contract department on the subconsultant's corporate background and industry performance; and (iv) tender price. Our Directors confirm that it is our policy to diversify our base of subconsultants which offer competitive prices.

In general, we are liable to our clients for our works no matter whether such works are done by our staff or by our subconsultants. We will closely monitor and keep track of their works for quality control.

Our Directors confirm that contracts signed with subconsultants are made by reference to their quotations and we do not have standard contracts for our subconsultants and the terms in our subconsultancy agreements vary from one project to another.

The service fee and payment schedule for our subconsultants are set out in our subconsultancy agreements entered into with our subconsultants. They usually do not grant us a credit period. In most situations, we settle the invoice by cheque or telegraphic transfer.

Our Directors are of the view that when the proposed SOPL comes into force, it will not have any material adverse impact on our liquidity management as the proposed SOPL will not only affect our trade payables (cash outflow), but will also favour the collectability of our trade receivables (cash inflow). Given that our subconsulting charges amounted to only approximately 17.9%, 11.2% and 5.1% of our total cost of services for the three years ended 31 March 2018,

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our Directors consider that the impact on our future operation of the proposed SOPL for the construction industry coming into force is expected to be relatively small.

Our subconsultants engaged by us in our projects are not our major clients, nor vice versa. For details of our clients, please refer to the paragraph headed “Our clients” in this section.

The following table sets forth the details of our five largest subconsultants during the Track Record Period:

Year ended 31 March 2016

Subconsultant	Principal business of the subconsultant	Services acquired by us	Subconsulting fees <i>HK\$'000</i>	Approximate % to the total cost of subconsulting fee of our Group	Approximate years of business relationship with our Group
A-tech LF & Associates Limited	Local geotechnical engineering firm	Site formation	1,548	23.5	3
Subconsultant A	Local architectural firm	AP related services	742	11.3	6
Arthur Yung and Associates Company Limited	Structural and geotechnical engineering consultant	Structural and geotechnical engineering consultancy	581	8.8	4
Qualitech Testing & Consultancy Limited	Laboratory for material testing	Material testing and certification	541	8.2	3
Paul Tong & Associates Consulting Engineers Limited	Structural and geotechnical engineering consultant	Site supervision	540	8.2	4

BUSINESS

Year ended 31 March 2017

Subconsultant	Principal business of the subconsultant	Services acquired by us	Subconsulting fees <i>HK\$'000</i>	Approximate % to the total cost of subconsulting fee of our Group	Approximate years of business relationship with our Group
Qualitech Testing & Consultancy Limited	Laboratory for material testing	Material testing and certification	479	11.5	3
A-tech LF & Associates Limited	Local geotechnical engineering firm	Site formation	450	10.8	3
Subconsultant B	Foundation contractor and site supervisor	Site supervision	445	10.6	1
Subconsultant A	Local architectural firm	AP related services	420	10.0	6
L & N Architects Limited	Local architectural firm	AP related services	380	9.1	3

BUSINESS

Year ended 31 March 2018

Subconsultant	Principal business of the subconsultant	Services acquired by us	Subconsulting fees <i>HK\$'000</i>	Approximate % to the total cost of subconsulting fee of our Group	Approximate years of business relationship with our Group
Subconsultant B	Foundation contractor and site supervisor	Site supervision	599	30.6	1
Mr. Au Pui Kie	An individual with site supervision qualification	Site supervision	323	16.5	3
Architectural Project Unit Limited	Local architectural firm	Architectural and AP related services	319	16.3	1
Subconsultant C	Engineering consultant	Structural and geotechnical engineering consultancy services	301	15.4	1
L & N Architects Limited	Local architectural firm	AP related services	95	4.9	3

For the three years ended 31 March 2018, the aggregate subconsulting fee paid to our five largest subconsultants amounted to approximately HK\$4.0 million, HK\$2.2 million and HK\$1.6 million, respectively, representing approximately 60.0%, 52.0% and 83.7% of our total costs of subconsulting fee, respectively. For the same period, the subconsulting fee paid to our largest subconsultant amounted to approximately HK\$1.5 million, HK\$0.5 million and HK\$0.6 million, respectively, representing approximately 23.5%, 11.5% and 30.6% of our total cost of subconsulting fee, respectively.

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Our Directors are of the view that we do not have any reliance issue regarding our subconsultants as (i) we increasingly handle more of the project work by our own in-house resources and thus reducing the total subconsulting fee in proportion to our total cost of service; (ii) overall speaking, subconsulting fee represents a relatively minor portion of our total cost of service; and (iii) it is our Group's strategy to further enhance our capacity and further diversify our comprehensive structural and geotechnical engineering consultancy service by hiring instead of outsourcing our project works.

To our Directors' best knowledge, none of our Directors or their close associates, or any of our Shareholders who own more than 5% of our Company's share capital, had any interest in any of our five largest subconsultants during the Track Record Period.

SALES AND MARKETING

Our Group principally obtains business by invited tendering and quotation. As such, we consider that enhancing our Group's reputation in the property development sector and encouraging referrals from our existing clients are the two fundamental elements which would assist us with being engaged on more projects.

In Hong Kong, promotional activities by an architectural service company, such as placing advertisement or conducting marketing activity in the public are restricted. As our structural and geotechnical engineering consultancy service is akin to architectural services, we do not have any marketing strategy.

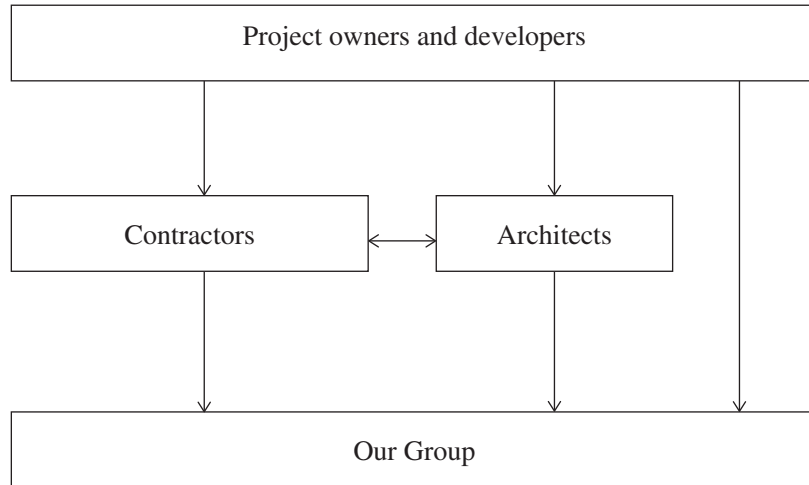
We believe that high brand awareness can enhance our reputation within the development and construction industry, generate further business opportunities and attract new developer clients. Instead of marketing, our Group provides expert witness services to construction dispute cases, some of which are prominent in Hong Kong. During the Track Record Period, Client B, who was our largest client for the year ended 31 March 2017 and 2018, engaged us in a project in relation to the construction of the Chinese University of Hong Kong medical centre.

Moreover, we believe that the Listing will be a breakthrough in promoting our Group to the general public, thus further enhancing our brand and continue future business development.

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Sales Model

The diagram below sets out a generalised sales model for our service:



The project owner can appoint us directly or via a contractor or an architect. If we are being appointed directly, sometimes we also assist project owners to appoint architects and/or other consultants.

ACCREDITATION

The following table sets forth the details of our accreditation:

Accreditation	Grantee	Grantor	First grant date	Expiry date
ISO 9001:2015	W&C Hong Kong	Hong Kong Quality Assurance Agency (“HKQAA”)	31 October 1996	21 August 2021

W&C Hong Kong has obtained the certificate of ISO 9001 in compliance with the requirements of ISO 9001:2015 quality management system standard, which is applicable to our provision of (i) structural and geotechnical engineering consultancy service including feasibility study, detailed design, contract administration and site supervision; and (ii) civil engineering consultancy service including feasibility study, detailed design and contract administration.

MAJOR QUALIFICATIONS**Registrations and qualifications in Hong Kong**

Normally speaking, in respect of our comprehensive structural and geotechnical engineering consultancy service, our Registered Structural Engineers and/or Authorized Persons shall be responsible for (i) preparing and submitting building and/or structural plans for approval of Building Authority; (ii) handling structural justification/structural design works; and (iii) carrying out inspection works.

As at the Latest Practicable Date, our Hong Kong employees had the following major qualifications/recognitions:

Qualifications/recognitions <i>(Note 1)</i>	Number of employees with the relevant qualification
Registered Geotechnical Engineer	2
Registered Structural Engineer	4
Licensed Civil Engineer – Macau	2
Authorized Person (list of engineers)	2
Registered Professional Engineer	12
Registered Inspector	2
Member and/or fellow of the Hong Kong Institution of Engineers	12
Member of the Hong Kong Institute of Arbitrators	1
Member of the Institution of Civil Engineers	4
Member of the Institution of Structural Engineers	8

Note:

1. Our Directors consider that these qualifications/recognitions collectively held by our employees are crucial to our operations as it is a major competitive strength of our Group which demonstrates our professional abilities in handling projects with substantial scale.

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Of the abovementioned major qualifications/recognitions held by our Hong Kong employees, our Directors are of the view that the Registered Geotechnical Engineer and Registered Structural Engineer qualifications are of utmost importance to our business operations. As at the Latest Practicable Date, an executive Director and a member of our senior management team held the Registered Geotechnical Engineering qualification, and, other than our two executive Directors, two members of our senior management team also held the Registered Structural Engineer qualification. Our Directors believe that the current number of staff who holds such qualifications is more than sufficient for the Group's current business operations and succession plan to ensure continuous compliance with the relevant regulations. Under our Group's internal policy, the management of our Group reviews the sufficiency of our employees' qualification for the relevant projects during the monthly project review meetings. If the management foresees any insufficiency, our Group will commence the recruitment process in an immediate manner.

Our Group understands the importance of maintaining sufficient qualified employees to fulfill the requirements of our major qualifications which is considered critical to our operations. On the managerial level, it is our personnel policy to recruit and retain more qualified employees at all times in case of over-reliance on some of our staff. On operational level, our human resources and administration department maintains a list of qualified employees from time to time to keep track on their licensing status and number. In the event that any of these qualified employees resigns from our Group or is involved in any licensing matters, we will update and review the list of qualified employees to ensure that we have sufficient qualified employees to maintain our service quality. If our human resources and administration manager identifies any risk of shortfall in the number of qualified employees, he will inform our Directors who will then look into the situation and make necessary arrangements to recruit additional professional staff. In order to cope with the continuous demand for our professional services from clients, we will recruit quality professional staff from time to time to join our Group.

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EMPLOYEES AND EMPLOYEES' BENEFIT

Our Group has over 120 employees. The following table sets forth the number of our staff by functional role as at the Latest Practicable Date:

	Number of staff		
	Hong Kong and Macau <i>(Note 3)</i>	The PRC	Total
Management	9	–	9
Engineering	63	14	77
Drafting	11	10	21
Finance <i>(Note 1)</i>	5	–	5
HR & Administration <i>(Note 2)</i>	14	3	17
Total	<u>102</u>	<u>27</u>	<u>129</u>

Notes:

1. Our finance department comprises (i) accounting team; and (ii) contract team.
2. Our HR & administration department includes our (i) human resources and administration department; and (ii) information technology department.
3. Two of our executive Directors are Macau permanent residents who can be stationed in Macau if needed.

During the Track Record Period and up to the Latest Practicable Date, the number of staff of our Group is as follows:

	As at 31 March			As at Latest Practicable Date
	2016	2017	2018	
Hong Kong and Macau	82	98	102	102
The PRC	44	32	30	27
Total	<u>126</u>	<u>130</u>	<u>132</u>	<u>129</u>

Our staff turnover rates were approximately 38.3%, 34.4%, 32.1% and 25.3% during the Track Record Period and from 1 April 2018 to the Latest Practicable Date.

According to Ipsos Report, construction engineering consultancy firm often faces a high rate of employee turnover. Our Directors believe our high staff turnover rate could be due to the competitive environment of the construction engineering consultancy industry and that the skills and expertise of our staff are relatively transferable from a consultancy company to another one and that some newly recruited staffs did not choose to stay with us possibly due to reasons such as work load and mismatch of expectations.

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Our employees are experiencing increasingly long working hours handling our projects on hand and that some of our senior management are tied up with operational project works instead of carrying sufficient business development activities. The general wage hours per our employee who worked overtime were approximately 10.7, 10.8, 11.1 and 11.8 hours per working day and the most severe cases were approximately 15.5, 16.3, 14.9 and 15.8 hours per working day during the Track Record Period and subsequently up to 30 June 2018, respectively. The following table sets forth the details of the overtime situation in our Hong Kong and Macau operations:

	Year ended 31 March			From
	2016	2017	2018	1 April to 30 June 2018
Number of employees who worked overtime (A)	61	63	74	61
Number of employees as at the end of year/period (B)	82	98	102	95
Percentage of employees who worked overtime (A/Bx100%) <i>(Note 1)</i>	74.4%	64.3%	72.5%	64.2%
General wage hours per employee who worked overtime (hours) <i>(Note 2)</i>	10.7	10.8	11.1	11.8
Wage hours of the most severe case of our employee who worked overtime (hours) <i>(Note 3)</i>	15.5	16.3	14.9	15.8

Notes:

1. On average, over 90% of the overtime hours were with our engineers and draftsmen during the Track Record Period and subsequently up to 30 June 2018.
2. Calculated based on the total overtime working hours of all employees during the year/period, divided by the number of employees who worked overtime during the year/period and the number of working days of the year/period, and then added to the original contracted daily wage hours.
3. Calculated based on the total overtime working hours of the most severe case of our employee during the year/period, divided by the number of working days of the year/period, and then added to the original contracted daily wage hours.

We intend to use part of the proceeds from the Share Offer for employing staff to ease our increasingly long working hours our employees are experiencing. For details of our business strategies and future plans, please refer to the section headed “Business objectives, future plans and use of proceeds” in this prospectus.

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During the Track Record Period and up to the Latest Practicable Date, we have increased the number of staff in our Hong Kong office and reduced the number of staff in our PRC office, which functions mainly as the supportive back office of our Hong Kong office. This is because (i) our projects are mainly located in Hong Kong; (ii) the majority of our staff's qualifications are recognized in Hong Kong; and (iii) general operating costs in the PRC, particularly Shenzhen, have increased.

Being a service provider, we consider that manpower is our most valuable asset and the maintenance of sufficient and high quality manpower is crucial to our Group's productivity. Therefore, we have implemented a staff policy, which is generally divided into three parts: (a) recruitment; (b) training and development; and (c) employees' benefit.

Recruitment

From time to time, we recruit staff in the market, especially those with particular specialties. We believe that this will inject new ideas to our Group and increase the diversification of our Group. Occasionally, our Group also recruits newly graduated students from universities in Hong Kong.

Training and development

According to the requirements set out by the relevant professional societies, such as the HKIE, all Registered Structural Engineers, Registered Geotechnical Engineers and/or Registered Professional Engineers are required to complete a number of continuing professional development (CPD) programs each year.

In addition to the CPD programs, our Group also provides computer and system training packages to our staff. For our professional staff, we provide training programs conducted by external consultants organised by our HR & administrative department in order to assist our staff for CPD and/or to prepare for admission as Registered Structural Engineers, Registered Geotechnical Engineers and/or Registered Professional Engineers in Hong Kong. We also provide fees reimbursement for our staff to undertake some courses.

Employees' benefit

We provide a competitive package of remuneration to our staff. It is our Group's policy to review the salary of our staff annually with reference to salary surveys conducted by human resource consulting firms that are active in the market. We also carry out research and analysis on the level of salary.

Compliance

Our Directors confirm that during the Track Record Period and up to the Latest Practicable Date, our Group obtained and has complied in all material respects with the respective approvals, permits, consents, licences, registrations and relevant regulatory requirements in

BUSINESS

respect of safety, environmental and insurance pertaining to our business and operations in Hong Kong. Our Directors further confirm that during the Track Record Period and up to the Latest Practicable Date, our Group has obtained all registrations and approvals required for our business and operations in Hong Kong and there was no non-compliance incident which is material or systemic.

CREDIT RISK AND CASH FLOW MANAGEMENT

We principally obtain business by invited tendering and quotation. All of the invitations to tender and quotation received by us will be reviewed by our management, details of which are set out in the paragraph headed “Operating procedures – Invitation to tender and quotation” in this section. In the event that the invitation to tender and quotation is from a new client, our contract team will conduct a preliminary evaluation to assess the creditworthiness of the new client through obtaining information from public sources and our contacts in the industry in order to assist our management in deciding whether to accept the invitation. If the project is awarded to us eventually, our finance department will then conduct a client acceptance evaluation to assess its credit quality with reference to a number of factors, including its corporate background, reputation, financial position and industry performance. Credit period (on a case-by-case basis only) in respect of the project will be assigned upon completion of the client acceptance evaluation.

After we have been awarded with a project, either from an existing or a new client, our contract team and the respective project team, monitored by our accounting team, will establish (i) an invoicing schedule setting out the approximate time to issue invoice according to the draft work plan and milestone payment schedule as stipulated in the service contract; and (ii) a budget cost plan setting out the relevant details including the budget time costs, resources allocation and subconsultant fee estimation. Upon completion of a particular stage of work or when the project status reaches the milestone to issue invoice as agreed on the service contract, our project team will inform our accounting team to issue an invoice to our client. Our finance department will also review the status of any outstanding invoices and the status of the settlement of such project and/or client alongside with our project team. In order to minimise the credit risk, our contract team and accounting team will jointly remind our executive Directors of any outstanding invoices and they will be responsible for monitoring the procedures to ensure that follow-up action is taken to recover overdue debts. As part of the enhanced internal control measures that we subsequently implemented in November 2017, we take progressive actions, such as making telephone calls, sending payment reminders, visiting customers, and considering taking legal actions to intensify the overdue debts recovery based on the ageing date accordingly. We generally do not grant credit period to our clients but subject to our executive Director’s approval, we may grant credit period to some of our clients on a case-by-case basis. The invoicing schedule will be updated every month which is from time to time inspected by our project directors. In order to minimise the credit risk, our finance department will evaluate the credit of clients regularly. For each of the three years ended 31 March 2018, our trade receivables’ turnover days were approximately 73.8 days, 99.8 days and 116.0 days, respectively.

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In addition to the abovementioned credit policies, we have also implemented certain measures to minimise the effect of cash flow mismatch.

On the operational level, we keep track of our project progress and time and costs involved through reporting and time sheet policies. We require our staff to fill in daily time sheet, stipulating the work carried out and time spent by them, on that particular day. Every week, our project in charge will report to our executive Directors the progress of the projects and time spent on each project during the weekly meeting so that our executive Directors will be able to keep track of the time and costs incurred to the projects. In the event that there are any time and costs overruns, our executive Directors will look into the issue and make necessary arrangements to reallocate the resources to avoid further overrun.

On the managerial level, the accounting team will prepare a group-based cash flow forecast after taking into account the expected settlement of invoices, monthly expenses of our Group. Our Directors will have monthly meeting to review the status of outstanding invoice and settlement and the forecast cash flow.

Based on the above, our Directors consider that our Group's credit risk and cash flow management measures are adequate and effective for our current operations.

QUALITY CONTROL AND RISK MANAGEMENT

Quality control

Our quality control measures are in two-fold, being on the managerial level and the operational level.

On the managerial level, our executive Directors and senior management are familiar with the operations of our Group, and are responsible for the quality control measures and supervision of our operations in all aspects, including cooperation between our departments and offices in different locations. For more information about our executive Directors and senior management, please refer to the section headed "Directors, senior management and staff" in this prospectus.

On the operational level, all our works, such as reports and drawings are reviewed by our associate director/senior engineer or staff with a higher grade before they are issued to our clients or the relevant regulatory authorities for approval.

Further, we require our staff to fill in daily time sheet, stipulating the work carried out and time spent by them, on that particular day. The data in these daily time sheets will be entered into our internal computer system for our analysis and record. This system serves the following purposes:

- (a) to analyse the capacity of our Group to engage in new projects;

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- (b) to avoid uneven distribution of work; and
- (c) to observe the performance and productivity of each staff, and consider whether particular training to him/her is necessary.

We recognise the importance of providing quality service to our client. We aim not only to complete the work in accordance with the scope as set out in the service contract, but also to meet our clients' expectations. As such, our executive Directors and/or senior management meet with our clients, whether previous or existing, to evaluate the quality of our service provided.

Our major operating subsidiary, W&C Hong Kong, has obtained the certificate of ISO 9001 in compliance with the requirements of ISO 9001:2015 quality management system standard. This recognition shows that our quality control measures are in line with international standards.

Risk management

Being a comprehensive structural and geotechnical engineering consultant, we are potentially exposed to professional liabilities and our business heavily relies on our professional staff, resulting in additional business risks. In view of such business risk factors faced by our Group, our Directors wish to highlight to potential investors that:

1. since a company and its shareholders are both separate legal entities, our Shareholders and potential investors will not be exposed personally to risks of professional liabilities;
2. from the operational perspective, we have taken out professional indemnity insurance to cover our potential liability arising from any claim against us under the service contracts in order to minimise the potential exposure arising from this regard. For further details, please refer to the paragraph headed "Insurance" in this section. In addition, we have taken appropriate measures to ensure we have sufficient qualified employees to maintain our normal operations at all times. For further details, please refer to the paragraph headed "Major qualifications" in this section. Furthermore, we have also adopted quality control measures to mitigate the risk arising from professional negligence, misconduct and fraudulent act caused by our employees and to ensure that all projects are performed in accordance with the required professional standards and up to the satisfactions of our clients, for the purpose of limiting our exposure to professional liability. For further details, please refer to the paragraph headed "Quality control and risk management" in this section. Please also refer to the sections headed "Risk factors – Risks relating to the business operations of our Group and the industry in which we operate – We rely heavily on our professional staff" and "Risk factors – Risks relating to the business operations of our Group and the industry in which we operate – Our Group is subject to potential exposure to professional liabilities" in this prospectus for the attention of potential investors; and

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3. during the Track Record Period and up to the Latest Practicable Date, our Directors confirm that (i) we did not receive any notices or letters from the relevant authorities or professional bodies regarding any breach of licencing requirement in respect of our major licences/qualifications; (ii) our status of Band 1 category remained valid and was not revoked or terminated by the relevant authorities or professional bodies; and (iii) we were not subject to nor received any claim resulting from our service provided to our clients.

MARKET AND COMPETITION

According to the Ipsos Report, the construction engineering consultancy industry is considered to be relatively mature with the gross output value increasing from approximately HK\$5.2 billion in 2012 to approximately HK\$6.0 billion in 2017 at a CAGR of around 2.9%. In terms of competition, the industry is relatively fragmented with many players specialising in specific categories such as structural engineering, geotechnical engineering, façade engineering and electrical and mechanical engineering. In Hong Kong, the construction engineering consultancy firms are often distinguished between international firms and local firms where international firms mainly focus on large scale infrastructure projects in Hong Kong such as the Central Wan-chai Bypass while local firms mainly focus on building works in the private sector, including private residential, commercial, public facilities and office buildings. According to the Ipsos Report, our Group is a recognisable local firm in the market and is registered under the approved list of consultants in various government organizations, including the Hospital Authority, the Architectural Services Department and the Civil Engineering and Development Department as well as private organizations such as the Urban Renewal Authority. Clients may appoint consultants based on the project nature and needs. For details on the market which we operate, please refer to the section headed “Industry overview” in this prospectus.

We consider that our competitive advantages have contributed to our success. As such, even though we face continuous threats in the market as detailed in the section headed “Industry overview – Threats” in this prospectus, we are confident that we are able to withstand the intense competition with our competitive advantages. For further details of our competitive advantages, please refer to the paragraph headed “Our competitive advantages” in this section.

We consider that the entry barrier of the construction engineering consultancy industry in Hong Kong is high. For details of the entry barriers in Hong Kong, please refer to the section headed “Industry overview – Entry barriers” in this prospectus. In addition, our employees hold certain qualifications which are crucial to our business operations. For details of the legislation and rules governing professionals in Hong Kong, please refer to the section headed “Regulatory overview – A. Hong Kong laws and regulations – (1) Legislation and rules governing the professionals hired by our Group” in this prospectus.

INSURANCE

We have taken out professional indemnity insurance to cover our potential liability arising from the claims against us under the service contracts. In general, one of the common

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pre-qualifications of tendering is that the coverage of the professional indemnity insurance must exceed a certain amount. As such, we consider that the coverage of our professional indemnity insurance is sufficient to meet such criteria for tendering purposes. During the Track Record Period, our Directors confirm that we had no professional indemnity insurance claims. Please refer to the section headed “Risk factors – Risks relating to the business operations of our Group and the industry in which we operate – Our Group is subject to potential exposure to professional liabilities” in this prospectus for the relevant risk involved.

We also maintain the mandatory insurance policies for our operations, which cover risks including loss as a result of damage to office properties, business interruptions and money protection. We also hold insurance policies relating to employee’s compensation under Hong Kong laws and insurance policy for compensation of damages caused by industrial accidents as required under Macau Laws. We review these insurance policies from time to time to ensure that the coverage is adequate. For each of the three years ended 31 March 2018, our insurance expenses were approximately HK\$394,000, HK\$413,000 and HK\$433,000, respectively.

Having regard to the current operations of our Group and the prevailing industry practice from the knowledge of our executive Directors, our executive Directors are of the view that the level of insurance coverage maintained by our Group (i) is typical and in line with the industry practice; and (ii) is adequate for our current operations.

Social insurances and housing provident fund

We are required, for the benefit of our employees in the PRC, to make social insurance contributions (which include contributions to various funds in the PRC, such as pension insurance, medical insurance, unemployment insurance, occupation injuries and maternity insurance) under the relevant PRC laws and regulations. We currently make social insurances contributions, including but are not limited to, pension insurance, medical insurance, unemployment insurance, maternity insurance, occupational injury insurance and housing provident fund contributions for our employees in compliance with the relevant PRC laws and regulations.

According to the laws and regulations of the PRC, an enterprise established in the PRC is also required to make contributions to a government-administered housing provident fund for our employees. As advised by our PRC Legal Advisers, save as the non-compliance as disclosed in the paragraph headed “Regulatory compliance” in this section, we have complied with all relevant labour laws and social welfare laws and regulations in the PRC in all material respects.

Other miscellaneous internal policies

Hedging

As W&C Hong Kong is our major operating subsidiary and our major revenue and cost are in Hong Kong dollars, our Directors confirm that we did not engage in any hedging activity or

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enter into any future or forward contract to manage foreign currency fluctuation during the Track Record Period and we do not plan to enter into any hedging activity in the foreseeable future.

Renewal of qualifications/recognitions

Major qualifications/recognitions which we believe are crucial to our operations are personal in nature held by our employees. We will review and remind our staff to renew their qualifications/recognitions, and record their continuing professional development (CPD) fulfilment status.

Health, work safety, social responsibility and environmental matters

As we are a service provider, our Directors believe we are not materially at risk in the areas of environmental, health and work safety. Nevertheless, our Directors will closely monitor any issues reported to them in these areas and take appropriate measures to ensure our Group can provide a pleasant working environment to our employees and be a socially responsible corporate to the community.

INTELLECTUAL PROPERTY

In general, the copyright in all drawings and in the work executed from us will remain our property unless otherwise agreed with our clients. Subject to the terms of engagement, generally copyrights on all our drawings prepared in our course of business will be released to our client upon full settlement of our invoices.

As at the Latest Practicable Date, we had registered one domain name. Information relating to the intellectual property rights of our Company is set out in the section headed “Further information about the business of our Company – 8. Intellectual property rights of our Group” in Appendix IV to this prospectus.

As at the Latest Practicable Date, our Directors confirm that we did not receive any claim against our Group for infringement of any trademarks nor was our Group aware of any pending or threatened claims in relation to such actual or potential infringement.

As at the Latest Practicable Date, to the best knowledge of our Directors, we were 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, our Directors confirm that there have not been any pending or threatened claims made against us, nor have there been any claims made by us against third parties, with respect to the infringement of intellectual property rights owned by us or third parties.

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PROPERTY

We did not own any real property as at the Latest Practicable Date. The following table sets out the addresses, approximate gross floor areas and the terms of the properties leased by us as at the Latest Practicable Date:

No.	Address	Usage	Approximate floor area	Term	Monthly rent
1.	Floor 9, 9 Wing Hong Street, Cheung Sha Wan, Kowloon, Hong Kong	Office	961 sq.m.	1 November 2017 to 31 October 2020	HK\$186,156 from 1 November 2017 to 31 October 2019 HK\$194,430 from 1 November 2019 to 31 October 2020
2.	A23EF, Block A, Zhenye Building, No. 2014 Baoan South Road, Luohu District, Shenzhen City, PRC (中國深圳市羅湖區寶安南路2014號振業大廈A座A23EF)	Office	283 sq.m.	1 July 2018 to 30 June 2021	RMB22,074 from 1 July 2018 to 30 June 2019 RMB22,957 from 1 July 2019 to 30 June 2020 RMB23,874 from 1 July 2020 to 30 June 2021
3.	Rua de Pequim no. 174, Edf. Centro Com. Kong Fat, 5A, Macau (澳門新口岸北京街174號廣發商業中心五樓A座)	Office	2 office desks and free access to premises utilities and office equipment	1 May 2018 to 30 April 2021	MOP800

As at the Latest Practicable Date, as we have no single property with a carrying amount of 15% or more of our total assets, on this basis, we are not required by Rule 8.01A of the GEM Listing Rules to include in this prospectus any valuation report. Pursuant to section 6(2) of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong), this prospectus is exempted from compliance with the requirements of section 342(1)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance in relation to paragraph 34(2) of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, which requires a valuation report with respect to all of our interests in land or buildings.

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LICENCES AND PERMITS

Our Directors confirm that, and each of the Hong Kong Legal Counsel, the PRC Legal Advisers and the Macau Legal Advisers of our Company, respectively, advises that our Group had obtained all necessary licences, approvals and permits, which were required to carry on our Group's activities in Hong Kong, the PRC and Macau, respectively, during the Track Record Period and up to the Latest Practicable Date.

INTERNAL CONTROL

Our Group has maintained an internal control system into its organisational structure. We will outsource our internal control to our Internal Control Adviser to review and monitor our on-going compliance of the GEM Listing Rules and the relevant Hong Kong and PRC laws and regulations and report to the board of Directors directly. For details on the internal control, please refer to the paragraph headed "Regulatory compliance – Actions to ensure future compliance" in this section.

In preparation of the Listing, we have engaged the Internal Control Adviser to undertake a detailed evaluation on the effectiveness of our internal control system on internal control environment, risk assessment, internal control activities, information and communication, anti-fraud procedures, financial reporting and disclosure controls, income management, costs and expenses, human resources and remuneration, financial management and information technology. Our Internal Control Adviser mainly engages in providing a broad range of corporate governance and risk advisory, internal audit, and internal controls regulatory compliance services to its clients including listed companies and companies preparing for listing in Hong Kong.

Our Internal Control Adviser completed the review and follow-up reviews of our internal control system during 21 August 2017 to 14 November 2017. According to the results of the follow up reviews by the Internal Control Adviser, we have adopted the internal control measures suggested by the Internal Control Adviser that they consider adequate and effective and rectified the weaknesses identified by the Internal Control Adviser in our internal control system. Our Internal Control Adviser is not aware that our established measures and internal control system are ineffective after rectification.

Our Internal Control Adviser had not identified any further issues on our internal control system in its follow-up review on 14 November 2017, including the review of our time sheet policy, which forms an integral part in estimating the cost of services of our projects for our management to estimate the percentage of project completion in calculating the revenue recognised from individual projects, and did not note any material deficiency.

REGULATORY COMPLIANCE

Our Directors confirm that, save as disclosed below, our Group has complied with all relevant laws and regulations in all material respects during the Track Record Period and up to the Latest Practicable Date.

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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 non-compliance of our Group on or before the date on which the Placing becomes unconditional. Further details of the Deed of Indemnity are set out in the section headed “Other information – 14. Estate duty, tax and other indemnity” in Appendix IV to this prospectus.

During the Track Record Period, our Group were involved in certain non-compliance matters which had been ceased as at the Latest Practicable Date, details of which are summarised below.

Social insurance and housing provident funds

During the Track Record Period, we did not make full contributions to the social insurance and housing provident funds. The relevant authority in charge of social insurance may take action upon receiving complaints from the relevant employees to recover the underpaid amount for the two preceding years from the day they receive complaints from the relevant employees and impose late charges on such underpaid amount. The competent department in charge of housing provident fund may take action upon receiving complaints from the relevant employees to recover the unpaid amount for the two preceding years from the day they receive complaints. Accordingly, as at 31 March 2018 we have made provisions amounted to approximately RMB553,000 and RMB123,000, which represent the maximum amount of underpaid social insurance fund contributions (including late charges) and housing provident fund contributions during the Track Record Period as if we received a notice on such day. Up to the Latest Practicable Date, we have not received such notice from the relevant authorities. Based on enquiries with the relevant competent authorities (深圳市社會保險基金管理局 and 深圳市住房公積金管理中心), employees’ consent confirmation and relevant laws and regulations, our Directors and our PRC Legal Advisers are of the opinion that the likelihood of receiving such notice by our Group in the future is low. Also, the recoverable amount and late charges (if any) that would fall on our Group is reducing per day as we have already rectified such internal control failure and that such notice given by the relevant authorities would only recover the underpaid amount and relevant late charges (if any) for the two preceding years from the day they give such notice. The non-compliance was mainly caused by the inconsistent implementation or interpretation of the relevant regulations by our relevant staff and local authorities in connection with the applicable contribution base of social insurance and housing provident funds in the PRC. In addition, some employees were reluctant to make full contribution according to their actual wages as they consider that the full contribution creates heavy financial burden to them.

In order to mitigate the risks of this incident, in October 2017, our internal policy and guidelines have been revised to include (i) the designation of the general manager office to process matters relating to social insurance fund and housing provident fund contribution matters; and (ii) the calculation to be reviewed by our finance department. During the Track Record Period and up to the Latest Practicable Date, our Directors confirm that we did not receive any complaint from our employees for insufficient contributions by us to any social

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insurance or housing provident fund nor did we receive any order or notice from the relevant government authorities requesting contributions to any social insurance and housing provident funds. Our Directors confirm that we will make contributions to the unpaid amounts in relation to the social insurance and housing provident funds upon receiving any order or notice from the relevant government authorities requesting such additional contributions.

Our Directors confirm that we were not involved in any investigation or imposed any administrative penalty by the relevant government authorities in connection with social insurance and housing provident funds contributions. As advised by our PRC Legal Advisers, up to the Latest Practicable Date, the Group has made full contribution to the social insurance and the housing provident fund for all its eligible employees.

Insufficient withholding tax related to employees' salary

During the Track Record Period, it was found that our Directors had paid for some employees' over-time payment with his personal means and then have charged such amount to our Company. Our Directors confirm that such actions were taken at the material time for convenience purpose when they honestly believed such actions would have no adverse impact on our Company. However, upon receiving competent legal and accounting advices, it was later found that such actions would consequentially lead to our Group filing and withholding a lesser amount of withholding tax than required if such over-time payments had been recorded properly.

As at 31 March 2018, the amount which our Group has omitted to withhold was approximately RMB40,000. According to our PRC Legal Advisers, in such event, the relevant authority may issue a notice requesting us to pay the omitted tax (i.e. approximately RMB40,000). If we refuse to pay according to such notice, we may be penalised up to a maximum limit of approximately RMB200,000. If no notice has been served on us within two years since the date which the non-compliance has terminated, there will be no penalty due to time bar.

In order to mitigate the risks of this incident, in October 2017, our internal policy and guidelines have been revised to require all over-time payment to be made by our Group instead of allowing Directors to pay on our behalf. As at the Latest Practicable Date, the over-time payment (if any) has been paid by our Group and our Directors confirm that we have not yet received such notice from the relevant PRC authority. Our Group undertakes to duly pay according to the notice when we receive the same and accordingly has made a provision of approximately RMB40,000.

Our PRC Legal Advisers advise that the chance of our Group being prosecuted or investigated for such non-compliance is remote. Our Controlling Shareholders have also undertaken to indemnify our Group for any penalty such imposed on us.

Actions to ensure future compliance

In preparation of the Listing, we have engaged our Internal Control Adviser to undertake an evaluation of our internal control system and to recommend action plans for improvements. Having considered the internal control review report prepared by our Internal Control Adviser,

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our Board considers that it is necessary to enhance our current internal control measures in order to continuously improve our corporate governance and to prevent future non-compliance, we have adopted or will adopt the following measures upon the Listing:

- (i) We will establish an audit committee prior to the Listing, which will establish formal arrangements to apply financial reporting and internal control principles in accounting and financial matters to ensure compliance with the GEM Listing Rules and all relevant laws and regulations.
- (ii) Upon Listing, we will outsource our internal control to our Internal Control Adviser, who will be responsible for monitoring and overseeing daily operation of our internal control matters.

With the assistance of our external legal advisers as to Hong Kong, Macau and PRC laws and compliance adviser, if needed, our Directors aim to ensure that our Group's operations are in compliance with all the applicable laws, rules and regulations. It will conduct regular internal control reviews on our operations and recommend remedial plans to our audit committee, which will then advise our Board on the implementation of any remedial plans should there be any internal control deficiencies. Our Board will make final decisions on the implementation of the remedial plans. To ensure all the remedial plans are implemented, the Internal Control Adviser will follow up and monitor the implementation and report to the audit committee about the progress and results of the remedial plans. Any material internal control failings, weaknesses or deficiencies identified during review process and relevant follow up or remedial measures (if applicable) taken by our Group will be disclosed in our annual report upon Listing.

We have adopted various internal control measures, and such be reviewed by our Internal Control Adviser, including (a) reviewing the timetable prepared and updated by our finance department and human resources and administration department which sets out the deadlines for statutory filings or payment submissions under the Companies Ordinance, Inland Revenue Ordinance or any other relevant laws and regulations in Hong Kong and the PRC to ensure all such filings or submissions are made in a timely manner; and (b) reviewing our internal operational manual and any other internal approval policies and procedures to ensure our on-going compliance. Our legal advisers as to Hong Kong and PRC laws, if needed, will also (aa) assist our Group to review our internal operational manual and other internal approval policies and procedures; (bb) advise on any updates in respect of the compliance matters; and (cc) recommend any implementation or remedial plans to enhance our internal control system. We will continue to review our operations and procedures with a view to further enhancing our on-going compliance.

- (iii) Our internal control measures, policies and procedures have been codified in our new internal operational manual (latest version dated October 2017), which have been adopted and implemented by us, after taking into account the comments from our

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Internal Control Adviser. Further, such internal operational manual and handbooks will be reviewed by our financial controller on an on-going basis.

- (iv) We have appointed Ample Capital as our compliance adviser upon the Listing to provide advice to our Directors and management team regarding matters relating to the GEM Listing Rules. The term of such engagement will commence on the Listing Date and end on the date on which we distribute our annual report as required under Rule 18.03 of the GEM Listing Rules for the second full financial year commencing after the Listing Date.
- (v) We will retain Hong Kong, PRC and/or Macau legal advisers upon the Listing, if needed, to advise us on compliance with the GEM Listing Rules and the applicable Hong Kong, PRC and/or Macau laws and regulations and such engagement will be reviewed annually.
- (vi) Our Company has arranged for our Directors to attend training sessions in November 2017 conducted by our legal advisers as to Hong Kong laws regarding director's duties and continuing obligations of listed companies under the GEM Listing Rules and the laws of Hong Kong.
- (vii) We will further provide various training programs, with the support of our Hong Kong legal advisers, if needed, for our Directors and members of senior management to update them on the relevant Hong Kong laws and regulations, which are relevant to the compliance of our Company as a listed company. Subjects of such trainings programs may include duties and continuing obligations of listed company and its directors, corporate governance under the GEM Listing Rules, internal control, disclosure of interests, inside information provisions under the SFO and other compliance matters. In addition, our PRC legal advisers, if needed, will provide training programs for our Directors and members of senior management on various compliance matters that relate to the development in company law, architecture law, taxation law, foreign exchange law and labour contract law of the PRC, with particular focus on (a) the duties of directors and members of senior management on corporate governance, and (b) the PRC laws and regulations applicable to architectural design business, from time to time, as and when needed. For other employees of our Group, we will provide training programs, with the support of our PRC legal advisers, if needed, to enhance our employees' knowledge on the latest PRC laws and regulations in respect of architectural design industry.

As we consider the root causes for our past non-compliance incidents were due to unintended and inadvertent omission of the relevant officers as a result of inadequate understanding of the relevant regulatory requirements, rules and practices and lack of proper system and control to keep track of our compliance status, we are of the view that (i) our enhanced internal control measures; (ii) the assistance of external professional advisers to advise us on compliance matters, if needed; and (iii) the provision of ongoing trainings to our Directors and members of senior management will enable our Group to strengthen our control environment

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both at the working level and at the monitoring level based upon which the Sponsor considers that these measures should be adequate and effective to ensure our Group's ongoing compliance with the relevant rules and regulations in the PRC.

Views of our Directors

As summarised above, our Group has adopted and implemented certain corporate governance and internal control measures to prevent any future breaches or non-compliance incidents and ensure on-going compliance with the relevant laws and regulations, and delegated internal control works to experienced personnel with relevant qualifications. In addition, we will engage external professional advisers to advise us on compliance matters from time to time if required. On such basis, our Directors are of the view that, these measures are sufficient and effective to ensure ongoing compliance with relevant laws and regulations by our Group.

In addition, having considered the following:

- (i) the non-compliance matters disclosed in this prospectus are not involving fraud or deceit by our Directors;
- (ii) the non-compliance matters disclosed in this prospectus are not matters with significant financial impacts on our Group and we were not subject to any fines or penalties regarding the non-compliance matter during the Track Record Period and up to the Latest Practicable Date; and
- (iii) such non-compliance has been rectified by our adoption of enhanced internal control procedures,

our Directors are of the view that these past non-compliance incidents do not involve any dishonesty on the part of our Directors or impugn on their integrity or competence and do not affect their suitability to act as directors of a listed issuer under Rules 5.01, 5.02 and 11.07 of the GEM Listing Rules, and the suitability for listing of our Company under Rule 11.06 of the GEM Listing Rules.

LEGAL PROCEEDINGS

As at the Latest Practicable Date, our Directors confirm that we were not involved in any litigation, arbitration or claim of material importance, and no litigation, arbitration or claim is known to us to be pending or threatened by or against us, that would have a material adverse effect on our operating results or financial conditions.

DIRECTORS, SENIOR MANAGEMENT AND STAFF

OUR DIRECTORS AND SENIOR MANAGEMENT

The Board consists of five members, including two executive Directors and three independent non-executive Directors. The power and duties of the Board include convening shareholders' meetings and reporting the Board's work at shareholders' meeting, implementing resolutions passed at shareholders' meetings, determining our Group's business plans and investment plans, formulating our Group's annual budget and final accounts, formulating proposals for profit distributions and for the increase or reduction of share capital as well as exercising other powers, functions and duties as conferred by the Memorandum and Articles of Association. All our Directors have entered into service contracts or signed letters of appointment with our Group.

The following table sets out the information regarding the current Directors of our Company:

Name	Age	Position	Date of appointment as Director	Date of joining our Group	Roles and responsibilities	Relationship with other Director(s) and the senior management
Dr. CHAN Yin Nin (陳延年博士)	62	Chairman, executive Director	25 August 2017	1 April 1999	Corporate strategic planning and overall business development of our Group and participating in the day-to-day management of our business operations	None
Mr. KWONG Po Lam (鄭保林先生)	61	Executive Director, managing director	25 August 2017	10 January 1994	Corporate strategic planning and overall business development of our Group and participating in the day-to-day management of our business operations	None
Ms. CHU Moune Tsi, Stella (崔滿枝女士)	44	Independent non-executive Director	27 August 2018	27 August 2018	Serves on the audit, remuneration and nomination committees and primarily responsible for supervising and providing independent judgment to our Board	None

DIRECTORS, SENIOR MANAGEMENT AND STAFF

Name	Age	Position	Date of appointment as Director	Date of joining our Group	Roles and responsibilities	Relationship with other Director(s) and the senior management
Mr. CHOY Wai Shek, Raymond, <i>MH, JP</i> (蔡偉石先生, 榮譽勳章, 太平紳士)	69	Independent non-executive Director	27 August 2018	27 August 2018	Serves on the audit, remuneration and nomination committees and primarily responsible for supervising and providing independent judgment to our Board	None
Mr. SZE, Kyran, <i>MH</i> (施家殷先生, 榮譽勳章)	52	Independent non-executive Director	27 August 2018	27 August 2018	Serves on the audit, remuneration and nomination committees and primarily responsible for supervising and providing independent judgment to our Board	None

The following table sets out the information regarding the current senior management members of our Company.

Name	Age	Position	Date of appointment as senior management	Date of joining our Group	Roles and responsibilities	Relationship with other Director(s) and the senior management
Mr. FONG Chi Wai (方智威先生)	47	Technical director	1 September 2010	6 March 2002	Plays supervising role in various type of our Group's projects, such as design, management and site administration of new building, alterations and additions and renovation projects	None
Mr. HEUNG Siu Kee (香兆祺先生)	74	Technical director	1 May 2010	1 July 1991	Administration, design and supervision of superstructure, foundation and excavation works, coordination and site supervision of construction projects	None

DIRECTORS, SENIOR MANAGEMENT AND STAFF

Name	Age	Position	Date of appointment as senior management	Date of joining our Group	Roles and responsibilities	Relationship with other Director(s) and the senior management
Mr. HUANG Wan Fu (黃文富先生)	65	Technical director	1 August 2013	1 December 2005	Geotechnical engineering design works such as ground investigation, site formation planning, natural terrain hazard assessment, deep excavation and lateral support (“ELS”) design for basement and pile cap construction and supervision of slope stabilisation, ELS and wall strengthening works	None
Mr. LEE Sik Kwan (李錫均先生)	53	Technical director	1 September 2010	6 August 1991	Structural and geotechnical engineering design, supervision and administration works for building and civil projects	None
Mr. NGAI Wai Bun (魏偉彬先生)	48	Technical director	1 May 2013	18 September 2008	Geotechnical engineering design and related works such as geotechnical assessment and natural terrain hazard study, and site supervision	None
Dr. CHU Yu Tin, Albert (朱雨田博士)	62	Technical director	5 September 2016	5 September 2016	Design management of building development projects	None
Dr. CHEN Hui (陳暉博士)	60	Technical director	13 July 2018	13 July 2018	Geotechnical engineering design and related works	None

DIRECTORS, SENIOR MANAGEMENT AND STAFF

BOARD OF DIRECTORS

Executive Directors

Dr. CHAN Yin Nin (陳延年博士), aged 62, has been a Director since 25 August 2017, being the date of incorporation of our Company and redesignated as our executive Director on 21 November 2017. Dr. Chan is primarily responsible for corporate strategic planning and overall business development of our Group and participating in the day-to-day management of our business operations. Dr. Chan has over 26 years of experience in the engineering industry.

His work experience is summarised as below:

Period	Name of company/enterprise	Principal business activity	Position	Duties and responsibilities
July 1979 to September 1980	Sir Alfred McAlpine & Son (Southern) Limited	Provision of services as building, civil engineering and public works contractors	Junior engineer	Supervision of building works including drainage and road paving works
August 1981 to February 1982; February 1983 to September 1983	Wan Hin & Co., Ltd.	Provision of services as building and general contractors	Assistant engineer; site engineer	Site supervision; site management
September 1993 to June 2004	Building Design & Technology Limited	Engineering consultancy	Director	Civil and geotechnical engineering matters, temporary work and materials consultancy and new building projects
November 1996 to August 2004	BDT Engineering Consultants Limited	Engineering consultancy	Director	Civil and geotechnical engineering matters, temporary work and materials consultancy and new building projects
April 1999 to Present	W&C Hong Kong	Construction engineering consultancy	Director, chairman	Corporate strategic planning and overall business development of our Group and participating in the day-to-day management of our business operations

DIRECTORS, SENIOR MANAGEMENT AND STAFF

Dr. Chan obtained a diploma in engineering with distinction from The University of Dundee in July 1984. Dr. Chan further obtained a degree of doctor of philosophy with The Dr. Angus A. Fulton Postgraduate Prize (Civil Engineering) from The University of Dundee of the United Kingdom in July 1988. He is currently registered as a Registered Professional Engineer in civil, structural, materials, environmental, building, geotechnical, logistics and transportation by ERB and a Registered Structural Engineer and Registered Inspector with the Building Authority.

Details of Dr. Chan's relevant professional qualifications are set out below:

Date of qualification	Professional qualification
March 1990	Registered as a Chartered Engineer by The Engineering Council of the United Kingdom
October 1990	Awarded the title of European Engineer of the European Federation of National Engineering Associations
November 1990	Elected as a member of The Institution of Structural Engineers of the United Kingdom
September 1991	Admitted as a member of The Hong Kong Institution of Engineers (the "HKIE")
December 1991	Admitted as a member of The Institution of Civil Engineers of the United Kingdom
August 1996	Admitted as a member of The Chartered Institution of Water and Environmental Management of the United Kingdom
August 1996	Registered as a professional member by The Institute of Materials (now known as The Institute of Materials, Minerals and Mining) of the United Kingdom
May 1997	Admitted as a practising member of The Academy of Experts of the United Kingdom
June 2000	Qualified as a PRC Grade 1 Registered Structural Engineer (中華人民共和國一級註冊結構工程師) under the National Administration Board of Engineering Registration (Structural) (全國註冊工程師管理委員會(結構)) in the PRC

DIRECTORS, SENIOR MANAGEMENT AND STAFF

Date of qualification	Professional qualification
July 2002	Registered as a fellow of The Institute of Materials, Minerals & Mining of the United Kingdom
November 2003	Admitted as a fellow of the HKIE
November 2003	Elected as a fellow of and qualified as a Chartered Structural Engineer by The Institution of Structural Engineers of the United Kingdom
September 2004	Registered as a Chartered Environmentalist by the Society for the Environment of the United Kingdom
September 2016	Admitted as a professional member of Hong Kong Institute of Qualified Environmental Professionals Limited

Details of Dr. Chan's other major relevant achievements are set out below:

Year of achievement	Other achievements
1997 to 1998	Served as chairman of the Materials Division of the HKIE
2000	Registered as a registered principal of The Association of Consulting Engineers of Hong Kong
2006 to 2008, 2010 to 2012	Appointed as a vice president of the Supervisory Council of the Macau Construction Association
2017 to present	Designated as an honorary advisor of the second session of the Macau Society of Civil and Structural Engineers

DIRECTORS, SENIOR MANAGEMENT AND STAFF

Mr. KWONG Po Lam (鄭保林先生), aged 61, has been a Director since 25 August 2017, being the date of incorporation of our Company and redesignated as our executive Director on 21 November 2017. Mr. Kwong is responsible for corporate strategic planning and overall business development of our Group and participating in the day-to-day management of our business operations. Mr. Kwong has over 35 years of experience in the engineering industry.

His work experience is summarised as below:

Period	Name of company/ enterprise	Principal business activity	Position	Duties and responsibilities
January 1980 to March 1981	Stresstek (H.K.) Ltd.	Engineering	Assistant engineer	Assisting with engineering matters
April 1981 to September 1982	Gordon Wu & Associates	Architecture and engineering	Structural designer	Structural engineering matters
September 1982 to January 1986	Ove Arup & Partners Hong Kong Limited	Engineering	Structural engineer	Structural engineering matters
February 1986 to November 1989	KNW Architects & Engineers Limited	Engineering	Associate; structural engineer	Design and site supervision and training of graduate engineers
December 1989 to August 1990	Buildings and Lands Department (currently separately known as the Buildings Department and the Lands Department) of the Hong Kong Government	Buildings and lands matters	Structural engineer	Structural engineering matters
February 1992 to December 1993	Dywidag-Systems International Canada Limited	Provision of services in relation to post-tensioning and geotechnical systems and special construction methods	Engineer	Project planning, civil and structural engineering design and site supervision

DIRECTORS, SENIOR MANAGEMENT AND STAFF

Period	Name of company/ enterprise	Principal business activity	Position	Duties and responsibilities
January 1994 to Present	Wong & Cheng Consulting Engineers Limited	Structural, civil and geotechnical engineering consultancy	Managing director	Corporate strategic planning and overall business development of our Group and participating in the day-to-day management of our business operations
May 2016 to Present	Win Win Way Construction Holdings Ltd. (a company listed on the Main Board of the Stock Exchange with stock code: 994)	Providing foundation works and ancillary services, as well as general building works in Hong Kong	Executive director	Quality and technical assurance matters

Mr. Kwong was not a shareholder of Win Win Way Construction Holdings Ltd. during the Track Record Period and as at the Latest Practicable Date.

Mr. Kwong was awarded with an Associateship in Civil and Structural Engineering from Hong Kong Polytechnic (currently known as The Hong Kong Polytechnic University) in November 1981. Mr. Kwong obtained a master degree of science in engineering (civil engineering) from The University of Hong Kong in November 2000. He became a member of The Institution of Civil Engineers of the United Kingdom in December 1992, a member of The Institution of Structural Engineers of the United Kingdom in November 1985, and a member of The Association of Professional Engineers and Geoscientists of British Columbia, Canada in March 1996. He was admitted as a member of The Hong Kong Institution of Engineers in March 1986 and a fellow member of The Hong Kong Institution of Engineers in July 2003. He was registered as a Chartered Engineer of The Engineering Council in May 1986, a Registered Professional Engineer (Civil, Structural) with ERB in November 1995 and a PRC Grade 1 Registered Structural Engineer (中華人民共和國一級註冊結構工程) of the National Administration Board of Engineering Registration (Structural) (全國註冊工程師管理委員會(結構)) in the PRC in July 2001. He was also registered as a civil engineer by the Council of Architecture, Engineering and Urbanism of Macau in January 2016. He is currently registered as an Authorized Person on the list of engineers, a Registered Inspector, a Registered Structural Engineer and a Registered Geotechnical Engineer by the Building Authority. Mr. Kwong was also admitted as a member of The Macau Institution of Engineers in June 2017.

DIRECTORS, SENIOR MANAGEMENT AND STAFF

Independent non-executive Directors

Ms. CHU Moune Tsi, Stella (崔滿枝女士) (“Ms. Chu”), aged 44, has been an independent non-executive Director of our Company since 27 August 2018. Ms. Chu serves on the audit, remuneration and nomination committees and is primarily responsible for supervising and providing independent judgment to our Board. Ms. Chu has over 8 years of experience in accountancy.

Her work experience is summarised as below:

Period	Name of company/enterprise	Principal business activity	Position	Duties and responsibilities
March 2004 to July 2009	Baker Tilly (Macao) Consulting Limited	Accounting firm	Director	Accounting matters
July 2014 to present	Gracemind Registered Accountants & Associates	Accounting firm	Partner	Accounting and taxation matters

Ms. Chu received a bachelor’s degree of business administration majoring in finance from the University of Macau in July 1997 and a master degree of accountancy from The Chinese University of Hong Kong in December 2010. Ms. Chu has been a registered accountant of Macau under Comissão de Registo dos Auditores e dos Contabilistas, Macau since June 1998.

DIRECTORS, SENIOR MANAGEMENT AND STAFF

Mr. CHOY Wai Shek, Raymond, MH, JP (蔡偉石先生，榮譽勳章，太平紳士) (“Mr. Choy”), aged 69, has been an independent non-executive Director of our Company since 27 August 2018. Mr. Choy serves on the audit, remuneration and nomination committees and is primarily responsible for supervising and providing independent judgment to our Board.

His work experience is summarised as below:

Period	Name of company/enterprise	Principal business activity	Position	Duties and responsibilities
September 2004 to present	Far East Hotels and Entertainment Limited (a company listed on the Main Board with stock code: 37)	Hotel operation; property holding; property investment; securities trading and investment	Independent non-executive director	Serves as chairman of the remuneration committee and a member of the audit and nomination committees
April 2006 to present	Kong Lee Marble & Stone Engineering Limited (港利石材工程有限公司)	Trading of marbles, stones and building materials and construction	Director	Oversees overall management, business operation and development of the company
August 2014 to present	New Concepts Holdings Limited (a company listed on the Main Board with stock code: 2221)	Construction works and environmental protection	Independent non-executive director	Serves as chairman of the remuneration committee and a member of the audit and nomination committees

DIRECTORS, SENIOR MANAGEMENT AND STAFF

Mr. Choy has been involved in the following organisation activities:

Period	Position	Organisation/Professional body
April 1985 to March 1991	Elected member	Sham Shui Po District Board of the Sham Shui Po District Office of the Government
April 1991 to September 1994	Elected member and chairman of the board	Sham Shui Po District Board of the Sham Shui Po District Office of the Government
November 1991 to October 1993	Member	Consultative Committee on the New Airport and Related Projects of the Government
April 1994 to June 1997	Hong Kong affairs adviser	Jointly appointed by the Hong Kong and Macao Affairs Office of The State Council (國務院港 澳事務辦公室) of the PRC and the Hong Kong branch of Xinhua News Agency (新華通訊社香港 分社)
June 1998 to January 2017	Member of the Hong Kong region from the ninth to twelfth session (第九至十二屆 香港地區委員)	The Guangzhou City committee of the Guangdong Provincial Committee of The Chinese People's Political Consultative Conference (中國人民政治協商 會議廣東省廣州市委員會)
August 2004 to August 2010	Vice-chairman and member	Occupational Safety and Health Council of the Labour and Welfare Bureau of the Government
July 2010 to July 2012	Member	Energy Advisory Committee of the Environment Bureau of the Government
January 2006 to January 2010	Member	Various committees and working groups of the Consumer Council of the Economic Development and Labour Bureau of the Government

DIRECTORS, SENIOR MANAGEMENT AND STAFF

Period	Position	Organisation/Professional body
January 2010 to December 2011	Vice-chairman	Competition Policy Committee of the Consumer Council of Hong Kong
April 2012 to present	Co-opted member	Research & Testing Committee of the Consumer Council of Hong Kong
December 2016 to present	Elected chairman of the fiftieth session	The Chinese General Chamber of Commerce

Mr. Choy obtained a diploma in Chinese law from the University of East Asia (now known as the University of Macau) in Macau in October 1987 and a diploma in political science from the Institute of International Relations (國際關係研究所) of the International Affairs College (國際事務書院) in Hong Kong in July 1988. He was appointed as Justices of the Peace of Hong Kong in 1992 and awarded with the Medal of Honor by the Government in 2002.

Mr. SZE, Kyran, MH (施家殷先生，榮譽勳章) (“Mr. Sze”), aged 52, has been an independent non-executive Director of our Company since 27 August 2018. Mr. Sze serves on the audit, remuneration and nomination committees and is primarily responsible for supervising and providing independent judgment to our Board.

His work experience is summarised as below:

Period	Name of company/ enterprise	Principal business activity	Position	Duties and responsibilities
February 1995 to August 2013	Aedas Limited	Architect and planner	Managing director, executive director and senior director	Management of business operator of the company
November 2010 to present	KYSS Properties Limited ^(Note 1)	Properties investment	Director	Management of business operator of the company

Note:

1. During the Track Record Period, KYSS Properties Limited was one of our clients. For further details, please refer to the section headed “Business – Our clients” in this prospectus.

DIRECTORS, SENIOR MANAGEMENT AND STAFF

Mr. Sze received a bachelor degree of architecture and a master degree of project management from The University of New South Wales in October 1990 and April 1993 respectively. Mr. Sze is currently registered as a Registered Architect by the Architects Registration Board of Hong Kong and an Authorized Person on the list of architects under the Buildings Ordinance. He was awarded with the Medal of Honor by the Government in 2017. Mr. Sze has also received the following professional qualifications:

Date of qualification	Professional qualification
August 1992	Registered as an architect and enrolled in the division of non-chartered architects of the Board of Architects of New South Wales
August 1993	Elected as an associate of the Royal Australian Institute of Architects
October 1994	Admitted as a member of The Hong Kong Institute of Architects
January 1995	Elected into corporate membership of the Royal Institute of British Architects
December 2005	Admitted as an APEC Architect by authority of the Central Council of the APEC Architect Register
June 2011	Admitted as a full member of the Hong Kong Institute of Urban Design
June 2011	Elected as a fellow member of the Hong Kong Institute of Real Estate Administrators
October 2011	Passed the Grade 1 Registered Architect in the PRC (一級註冊建築師) registration of professional regulations test by the Guangdong Province Management Committee of Registered Architects and Engineers (廣東省註冊建築師與工程師管理委員會)
September 2015	Registered as a Chartered Building Engineer of the Chartered Association of Building Engineers
August 2015	Admitted as fellow member of The Hong Kong Institute of Directors

DIRECTORS, SENIOR MANAGEMENT AND STAFF

As at the Latest Practicable Date, save as disclosed in this prospectus, (i) none of our Directors held any other major appointment or directorship in other listed company in the preceding three years, nor did any of our Directors have any relationship with any Director, senior management, Substantial Shareholder, or Controlling Shareholders of our Company; (ii) none of our Directors held other positions with our Company or other members of our Group; (iii) none of our Directors were interested in any shares of our Company within the meaning of Part XV of the SFO; and (iv) to the best of the knowledge, information and belief of our Directors having made all reasonable enquiries, there were no other matters with respect of the appointment of our Directors that need to be brought to the attention of our Shareholders and there was no information relating to our Directors that is required to be disclosed pursuant to Rule 17.50(2)(h) to (v) of the GEM Listing Rules.

SENIOR MANAGEMENT

Mr. FONG Chi Wai (方智威先生) (“**Mr. Fong**”), aged 47, is a technical director of our Group and mainly plays supervising role in various type of our Group’s projects, such as design, management and site administration of new building, alterations and additions, and renovation projects.

Mr. Fong has over 15 years of experience in the engineering industry. Mr. Fong served as senior civil engineer at W&C Hong Kong since March 2002 and was promoted to be an associate director in September 2010 and was further redesignated as a technical director in August 2018.

Mr. Fong graduated from The Hong Kong Polytechnic University and received a bachelor’s degree of engineering in civil engineering in November 1994 and further obtained a postgraduate diploma in civil engineering in November 2000. In July 2015, Mr. Fong obtained a juris doctor’s degree from the City University of Hong Kong.

Mr. Fong became a member of the Hong Kong Institution of Engineers in September 1998, an associate of the Hong Kong Institute of Arbitrators in December 1998, a member of The Chartered Institute of Arbitrators in September 1999, and a Registered Professional Engineer (Civil) in Hong Kong in February 2004.

DIRECTORS, SENIOR MANAGEMENT AND STAFF

Mr. HEUNG Siu Kee (香兆祺先生) (“Mr. Heung”), aged 74, is a technical director of our Group and is mainly responsible for the administration, design and supervision of superstructure, foundation and excavation works, coordination and site supervision of construction projects.

Mr. Heung has approximately 48 years of experience in the engineering industry. Prior to joining our Group, from April 1969 to May 1970, Mr. Heung served as a draftsman in the engineering division at HLK Services, Ltd. Mr. Heung later worked as a senior structural engineer at Gordon Wu & Associates from June 1970 to March 1981. From February 1981 to June 1991, Mr. Heung served as an engineer at KNW Architects & Engineers Limited and subsequently joined W&C Hong Kong as senior structural engineer in July 1991. He was promoted to be an associate director of our Group in May 2010 and was further redesignated as a technical director in August 2018.

Mr. Heung graduated from the National Taiwan University and received a bachelor’s degree in civil engineering in June 1967.

Mr. HUANG Wan Fu (黃文富先生) (“Mr. Huang”), aged 65, is a technical director of our Group and is mainly responsible for the geotechnical engineering design works such as ground investigation, site formation planning, natural terrain hazard assessment, deep excavation and lateral support (“ELS”) design for basement and pile cap construction and supervision of slope stabilisation, ELS and wall strengthening works.

Mr. Huang has more than 12 years of experience in the engineering industry. Mr. Huang served as senior engineer at W&C Hong Kong since December 2005 and was promoted to be an associate director in August 2013 and was further redesignated as a technical director in August 2018.

Mr. Huang graduated from the National Taiwan University and received a bachelor’s degree of science in engineering in June 1974. Mr. Huang obtained a master’s degree in engineering from the Asian Institute of Technology in Thailand in April 1980.

Mr. LEE Sik Kwan (李錫均先生) (“Mr. Lee”), aged 53, is a technical director of our Group and is mainly responsible for the structural and geotechnical engineering design, and supervision and administration works for building and civil projects.

Mr. Lee has more than 26 years of experience in the engineering industry. Mr. Lee served as an assistant structural engineer at W&C Hong Kong since August 1991 and was promoted to be an associate director in September 2010 and was further redesignated as a technical director in August 2018.

Mr. Lee graduated from the University of Hong Kong and received a bachelor’s degree of science in engineering in December 1989. Mr. Lee became a member of The Institution of Structural Engineers in November 1994 and a member of The Hong Kong Institution of Engineers in September 1996. Mr. Lee became a Registered Professional Engineer (Structural) in Hong Kong in December 1999, and a Registered Structural Engineer in Hong Kong since February 2017.

DIRECTORS, SENIOR MANAGEMENT AND STAFF

Mr. NGAI Wai Bun (魏偉彬先生) (“Mr. Ngai”), aged 48, is a technical director of our Group and is mainly responsible for the geotechnical engineering design and related works such as geotechnical assessment and natural terrain hazard study, and site supervision.

Mr. Ngai has approximately 14 years of experience in the engineering industry. Mr. Ngai worked as an engineer at Meinhardt (C&S) Limited from September 1999 to June 2004, before joining our Group as senior engineer at W&C Hong Kong since September 2008 and was subsequently promoted to be an associate director in May 2013 and was further redesignated as a technical director in August 2018.

Mr. Ngai graduated from Hong Kong Polytechnic (currently known as The Hong Kong Polytechnic University) and received a bachelor’s degree of engineering in civil engineering in November 1993. Mr. Ngai later obtained a master’s degree of science in civil engineering from The Hong Kong Polytechnic University in November 1998.

Mr. Ngai became a corporate member of the Institution of Structural Engineers since November 2000, a corporate member of The Hong Kong Institution of Engineers in January 2001, and a member of The Institution of Mining and Metallurgy of the United Kingdom in May 2001.

Mr. Ngai became a Chartered Engineer of the Engineering Council of the United Kingdom since March 2001, a Chartered Structural Engineer of The Institution of Structural Engineers of the United Kingdom in November 2000, a Registered Professional Engineer (Structural, Geotechnical) in Hong Kong in February 2004, and a Registered Geotechnical Engineer in Hong Kong since March 2013.

Dr. CHU Yu Tin, Albert (朱雨田博士) (“Dr. Chu”), aged 62, is a technical director of our Group and mainly responsible for the design management of building development projects.

Dr. Chu has over 24 years of experience in the engineering industry. Prior to joining our Group, Dr. Chu worked as senior structural engineer at the Buildings Department of Hong Kong from September 1992 to May 2016. He then joined W&C Hong Kong as a technical director in September 2016.

Dr. Chu graduated from University of Windsor in Canada and received a bachelor’s degree of applied science in civil engineering in October 1980. He later obtained a master’s degree of science in civil engineering from Hong Kong Polytechnic (currently known as The Hong Kong Polytechnic University) in November 1994. Dr. Chu obtained a doctor of philosophy degree in civil engineering from The University of Queensland of Australia in July 2004. Dr. Chu became a member of The Institution of Structural Engineers of the United Kingdom in November 1987, a member of The Hong Kong Institution of Engineers in January 1991 and a member of The Institution of Civil Engineers of the United Kingdom in July 1996. Dr. Chu became a Registered Professional Engineer (Civil, Structural) in Hong Kong in December 1997. He is currently an Authorized Person (list of engineers) and a Registered Structural Engineer with the Building Authority.

DIRECTORS, SENIOR MANAGEMENT AND STAFF

Dr. CHEN Hui (陳暉博士) (“Dr. Chen”), aged 60, is a technical director of our Group and mainly responsible for business development, design and management of geotechnical projects and related works.

Dr. Chen has approximately 20 years of experience in the engineering industry. Dr. Chen worked as a geotechnical engineer at Central Coal Mining Research Institute (煤炭科學研究總院) in the PRC from 1984 to August 1988 and a full-time research fellow at the department of civil and structural engineering of the Nottingham Trent University of the United Kingdom from January 1993 to December 1994. He worked as a geotechnical engineer at Greg Wong & Associates Ltd. and Maunsell Geotechnical Services Ltd. from December 1994 to January 1997 and September 1997 to April 1998, respectively. He worked as a resident engineer (geo) at Montgomery Watson Hong Kong Ltd. from May 1998 to August 1999. He then worked at W&C Hong Kong as an associate from September 1999 to September 2008. From September 2008 to April 2010, Dr. Chen worked as the associate director of Scott Wilson Ltd. From May 2013 to October 2017, he worked as an associate director (and then resident geotechnical engineer) of WSP Hong Kong Limited. Dr. Chen joined our Group as a geotechnical director in July 2018 and was further redesignated as a technical director in August 2018.

Dr. Chen graduated from the Shandong Institute of Mining and Technology (山東礦業學院 currently known as the Shangdong University of Science and Technology (山東科技大學)) in the PRC and received a bachelor’s degree in coal mining engineering in October 1982. He later obtained a master’s degree in engineering from Central Coal Research Institute of the Coal Industry Ministry* (煤炭工業部煤炭科學研究總院) in the PRC in December 1984. He studied full time in the Department of Mining Engineering at the University of Nottingham from October 1988 to June 1992 and obtained a doctor of philosophy degree from the University of Nottingham in July 1992.

Dr. Chen became a professional member of The Institute of Materials, Minerals and Mining of the United Kingdom in May 1996, a Chartered Engineer of the Engineering Council of the United Kingdom in January 1997, a member of The Hong Kong Institution of Engineers in December 1997 and a Registered Professional Engineer (Geotechnical) in Hong Kong in December 1998.

Save as disclosed above, each of the senior management has not been a director of any other publicly listed company during the three years preceding the date of this prospectus.

COMPANY SECRETARY

Mr. CHAN Kwok Wai (陳國威先生), aged 33, is the financial controller and company secretary of our Company. He joined our Group in October 2017 and has approximately 9 years of experience in finance and accounting fields.

Mr. Chan received a bachelor of commerce degree from Hong Kong Shue Yan University in Hong Kong in July 2009. He became a certified public accountant of the Hong Kong Institute of Certified Public Accountants in September 2013.

DIRECTORS, SENIOR MANAGEMENT AND STAFF

COMPLIANCE OFFICER

Dr. Chan is the compliance officer of our Company. His biographical details are set out in the paragraph headed “Board of Directors – Executive Directors” in this section.

BOARD COMMITTEES

Audit Committee

Our Company established an Audit Committee on 27 August 2018 with its written terms of reference in compliance with Rule 5.28 of the GEM Listing Rules and code provision C.3 of the Corporate Governance Code and Corporate Governance Report set out in Appendix 15 to the GEM Listing Rules. The primary duties of the Audit Committee are to review and supervise our financial reporting process and internal control system, nominate and monitor external auditors and to provide advice and comments to the Board.

Our Audit Committee consists of three members, being Ms. Chu, Mr. Choy and Mr. Sze, Ms. Chu currently serves as the chairlady of our Audit Committee and has the appropriate professional qualifications as required under the GEM Listing Rules.

Remuneration Committee

Our Company established a Remuneration Committee on 27 August 2018 with its written terms of reference in compliance with Rule 5.34 of the GEM Listing Rules and code provision B.1 of the Corporate Governance Code and Corporate Governance Report set out in Appendix 15 to the GEM Listing Rules. The primary duties of the Remuneration Committee are to evaluate the performance and make recommendations on the remuneration of our Directors and senior management.

Our Remuneration Committee consists of five members, being Mr. Sze, Ms. Chu, Mr. Choy, Dr. Chan and Mr. Kwong. Mr. Sze currently serves as the chairman of our Remuneration Committee.

Nomination Committee

Our Company established a Nomination Committee on 27 August 2018 with its written terms of reference in compliance with code provision A.5 of the Corporate Governance Code and Corporate Governance Report set out in Appendix 15 to the GEM Listing Rules. The primary duties of the Nomination Committee are to make recommendations to our Board regarding candidates to fill vacancies on our Board and/or in senior management.

Our Nomination Committee consists of five members, being Mr. Choy, Ms. Chu, Mr. Sze, Dr. Chan and Mr. Kwong. Mr. Choy currently serves as the chairman of our Nomination Committee.

DIRECTORS, SENIOR MANAGEMENT AND STAFF

COMPENSATION OF OUR DIRECTORS AND SENIOR MANAGEMENT

Our Directors and senior management receive compensation from our Company in the form of director's fee, salaries, allowance and benefits in kind and contribution to retirement benefit scheme.

For the three years ended 31 March 2018, the aggregate amount of remuneration (including director's fee, salaries, allowances and benefits in kind and contribution to defined contribution scheme) paid or payable by our Group to our Directors were approximately HK\$4.2 million, HK\$4.3 million and HK\$4.6 million respectively.

For the three years ended 31 March 2018, the aggregate amount of remuneration (including salaries, allowances and benefits in kind and contribution to defined contribution scheme) to our five highest paid individuals were approximately HK\$6.9 million, HK\$7.0 million and HK\$7.5 million, respectively.

It is estimated that the aggregate amount of remuneration equivalent to approximately HK\$4.7 million will be payable and granted to our Directors for the year ending 31 March 2019 under arrangements in force on the date of this prospectus.

Our Board will review and determine the remuneration and compensation packages of our Directors and senior management which, following the Listing, will receive recommendation from the Remuneration Committee which will take into account salaries paid by comparable companies, time commitment and responsibilities of our Directors and performance of our Group.

Save as disclosed in this prospectus, (i) no remuneration was paid to our Directors or the five highest paid individuals as an inducement to join, or upon joining, our Group; (ii) no compensation was paid to, or receivable by, our Directors or past Directors or the five highest paid individuals during 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; and (iii) none of our Directors waived any emoluments during the same period.

Save as disclosed in this prospectus, no Director or none of the five highest paid individuals has been paid in cash or shares or otherwise by any person either to induce him/her to become, or to qualify him/her as a Director, or otherwise for service rendered by him/her in connection with the promotion or formation of us.

Additional information on Directors' remuneration during the Track Record Period as well as information on the highest paid individuals is set forth in notes 10 and 11 of the Accountants' Report in Appendix I to this prospectus.

SHARE OPTION SCHEME

Our Company has also conditionally adopted a Share Option Scheme, the details of which are summarised in the section headed "Statutory and general information – Other information – 13. Share Option Scheme" in Appendix IV to this prospectus.

DIRECTORS, SENIOR MANAGEMENT AND STAFF

COMPLIANCE ADVISER

Our Company has appointed Ample Capital as its compliance adviser pursuant to Rule 6A.19 of the GEM Listing Rules. Pursuant to Rule 6A.23 of the GEM Listing Rules, the compliance adviser (when consulted) will advise our Company on the following matters:

- (i) the publication of any regulatory announcement, circular or financial report;
- (ii) where a transaction, which might be a notifiable or connected transaction, is contemplated including share issues and share repurchases;
- (iii) where our Company proposes to use the proceeds of the Share Offer in a manner different from that detailed in this prospectus or where its business activities, developments or results deviate from any forecast, estimate, or other information in this prospectus; and
- (iv) where the Stock Exchange makes an inquiry of our Company under Rule 17.11 of the GEM Listing Rules.

The term of the appointment of our compliance adviser shall commence on the Listing Date and end on the date on which our Company complies with Rule 18.03 of the GEM Listing Rules in respect of its financial results for the second full financial year commencing after the Listing Date and such appointment may be subject to extension by mutual agreement.

CORPORATE GOVERNANCE CODE

Our Group is committed to achieving a high standard of corporate governance with a view to safeguarding the interests of our Shareholders and to accomplish this, our Company intends to comply with the Corporate Governance Code and Corporate Governance Report set out in Appendix 15 to the GEM Listing Rules after the Listing.

SUBSTANTIAL SHAREHOLDERS

SUBSTANTIAL SHAREHOLDERS

So far as is known to our Directors, as at the date of this prospectus, the following persons will have an interest or short position in the Shares or underlying Shares which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who are, directly or indirectly, interested in 10% or more of the number of any class of issued share capital carrying rights to vote in all circumstances at general meetings of our Company or any other members of our Group:

Interest in our Company

Name of Shareholder	Capacity/ Nature of interest	Number and class of securities <i>(Note 1)</i>	Approximate percentage of interest in our Company
Manning Properties	Beneficial interest	701,000 Shares (L)	70.1%
Dr. Chan <i>(Note 2)</i>	Interest in a controlled corporation <i>(Note 2)</i>	701,000 Shares (L)	70.1%
Ms. Julia Gower Chan <i>(Note 3)</i>	Interest of spouse <i>(Note 3)</i>	701,000 Shares (L)	70.1%
Mr. Kwong <i>(Note 2)</i>	Interest in a controlled corporation <i>(Note 2)</i>	701,000 Shares (L)	70.1%
Ms. Leung Kwai Ping <i>(Note 4)</i>	Interest of spouse <i>(Note 4)</i>	701,000 Shares (L)	70.1%
Galaxy	Beneficial interest	299,000 Shares (L)	29.9%
Dr. Yuen <i>(Note 5)</i>	Interest in a controlled corporation <i>(Note 5)</i>	299,000 Shares (L)	29.9%

SUBSTANTIAL SHAREHOLDERS

Notes:

1. The letter “L” denotes the person’s long position in the shares of our Company.
2. Manning Properties is owned as to approximately 31.8% by Mr. Kwong and approximately 68.2% by Dr. Chan, which in turn holds 70.1% of the total number of Shares in issue. As the Concerted Group, Mr. Kwong and Dr. Chan restrict their ability to exercise direct control over our Company by holding their interests through Manning Properties, a common investment holding company, and as a result Mr. Kwong and Dr. Chan are presumed to be a group of controlling shareholders pursuant to the Guidance Letter HKEx-GL89-16 issued in November 2016. Accordingly, Mr. Kwong and Dr. Chan are deemed to be interested in the 701,000 Shares held by Manning Properties.
3. Ms. Julia Gower Chan is the spouse of Dr. Chan. By virtue of the SFO, Ms. Julia Gower Chan is deemed to be interested in the Shares held by Dr. Chan.
4. Ms. Leung Kwai Ping is the spouse of Mr. Kwong. By virtue of the SFO, Ms. Leung Kwai Ping is deemed to be interested in the Shares held by Mr. Kwong.
5. Galaxy is wholly owned by Dr. Yuen and therefore Dr. Yuen is deemed to be interested in the 299,000 Shares held by Galaxy pursuant to the SFO.

So far as is known to our Directors, immediately following completion of the Share Offer and the Capitalisation Issue (without taking into account any Shares which may be taken up or acquired under the Share Offer and any Shares which may be allotted and issued upon the exercise of the Offer Size Adjustment Option and the options which may be granted under the Share Option Scheme), the following persons will have an interest or a short position in the Shares or underlying Shares which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who are, directly or indirectly, interested in 10% or more of the number of any class of issued share capital carrying rights to vote in all circumstances at general meetings of our Company or any other members of our Group:

Interest in our Company

Name of Shareholder	Capacity/ Nature of interest	Number and class of securities ^(Note 1)	Approximate percentage of interest in our Company
Manning Properties	Beneficial interest	471,072,000 Shares (L)	49.1%
Dr. Chan ^(Note 2)	Interest in a controlled corporation ^(Note 2)	471,072,000 Shares (L)	49.1%

SUBSTANTIAL SHAREHOLDERS

Name of Shareholder	Capacity/ Nature of interest	Number and class of securities ^(Note 1)	Approximate percentage of interest in our Company
Ms. Julia Gower Chan ^(Note 3)	Interest of spouse ^(Note 3)	471,072,000 Shares (L)	49.1%
Mr. Kwong ^(Note 2)	Interest in a controlled corporation ^(Note 2)	471,072,000 Shares (L)	49.1%
Ms. Leung Kwai Ping ^(Note 4)	Interest of spouse ^(Note 4)	471,072,000 Shares (L)	49.1%
Galaxy	Beneficial interest	200,928,000 Shares (L)	20.9%
Dr. Yuen ^(Note 5)	Interest in a controlled corporation ^(Note 5)	200,928,000 Shares (L)	20.9%

Notes:

1. The letter “L” denotes the person’s long position in the shares of our Company.
2. Manning Properties is owned as to approximately 31.8% by Mr. Kwong and approximately 68.2% by Dr. Chan, which in turn holds 49.1% of the total number of Shares in issue. As the Concerted Group, Mr. Kwong and Dr. Chan restrict their ability to exercise direct control over our Company by holding their interests through Manning Properties, a common investment holding company, and as a result Mr. Kwong and Dr. Chan are presumed to be a group of controlling shareholders pursuant to the Guidance Letter HKEx-GL89-16 issued in November 2016. Accordingly, Mr. Kwong and Dr. Chan are deemed to be interested in the 471,072,000 Shares held by Manning Properties.
3. Ms. Julia Gower Chan is the spouse of Dr. Chan. By virtue of the SFO, Ms. Julia Gower Chan is deemed to be interested in the Shares held by Dr. Chan.
4. Ms. Leung Kwai Ping is the spouse of Mr. Kwong. By virtue of the SFO, Ms. Leung Kwai Ping is deemed to be interested in the Shares held by Mr. Kwong.
5. Galaxy is wholly owned by Dr. Yuen and therefore Dr. Yuen is deemed to be interested in the 200,928,000 Shares held by Galaxy pursuant to the SFO.

SUBSTANTIAL SHAREHOLDERS

Save as disclosed herein, our Directors are not aware of any person (who are not Directors or chief executive of our Company) who will, immediately following completion of the Share Offer and the Capitalisation Issue (but without taking into account Shares which may be taken up or acquired under the Share Offer and any Shares which may be issued pursuant to the exercise of the Offer Size Adjustment Option and the options which may be granted under the Share Option Scheme), have an interest or short position in the Shares or the underlying Shares which would fall to be disclosed to our Company under 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 number of any class of issued share capital carrying rights to vote in all circumstances at general meetings of our Company or any other members of our Group.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

OVERVIEW

Dr. Chan and Mr. Kwong, as the Concerted Group, have, since around December 2009, directly controlled more than 50.0% voting rights in aggregate in W&C Hong Kong. The Concerted Group will be beneficially interested in approximately 49.1% of the total number of Shares in issue after the completion of the Share Offer (taking into no account of the Offer Size Adjustment Option or any Shares that may be issued pursuant to the exercise of any options that may be granted under the Share Option Scheme). The Concerted Group is considered to act as a group of Controlling Shareholders. For details, please refer to the section headed “History, Reorganisation and group structure – Acting-in-concert Confirmation” in this prospectus.

Upon Listing, each of Dr. Chan, Mr. Kwong and Manning Properties will be our Controlling Shareholder under the GEM Listing Rules. For the background of Dr. Chan and Mr. Kwong, please refer to the section headed “Directors, senior management and staff” in this prospectus. Manning Properties was incorporated in the BVI on 9 February 2015 as a limited liability company and is an investment holding company which is owned as to approximately 68.2% by Dr. Chan and approximately 31.8% by Mr. Kwong.

DELINEATION OF BUSINESS

Apart from our Group, our Controlling Shareholders and their respective close associates are currently holding interest in certain companies outside our Group, all of which are engaged in businesses not in competition with the businesses of our Group. These other major businesses conducted or owned directly or indirectly by our Controlling Shareholders and their respective close associates include the following:

Name of Controlling Shareholder	Name of company	Place of incorporation	Percentage of interest in the company	Principal business
Dr. Chan	G & E Engineering Limited (“G & E”) <i>(Note 1)</i>	Hong Kong	80% <i>(Note 1)</i>	Building contractor <i>(Note 1)</i>
Dr. Chan	Building Design & Technology (Materials) Limited (“BD&TM”) <i>(Note 2)</i>	Hong Kong	50% <i>(Note 2)</i>	Building material trading and rental of properties <i>(Note 2)</i>

Notes:

- (1) G & E is owned as to 80% by Dr. Chan, 9.58% by Ms. Julia Gower Chan, the spouse of Dr. Chan and 10.42% by three other Independent Third Parties. As a building contractor, it is confirmed by Dr. Chan that G & E mainly provides construction contractor services for construction works such as removal of unauthorized building works and building renovation, which may involve engagement of subcontractors and consultants, and provides construction services under the registered general building contractor licence. For the year ended 31 March 2017, G & E engaged us to provide certain consultancy services for the amount of approximately HK\$1.1 million. Our Directors confirm and it is currently expected that no further transaction between our Group and G & E will be conducted after the Listing.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

- (2) BD&TM is owned as to 50% by Dr. Chan and 50% by Ms. Julia Gower Chan, the spouse of Dr. Chan. Dr. Chan confirms that BD&TM is engaged in building material trading and rental of properties which include real estate and taxi licenses.

As we are a construction engineering consultant focusing on the area of comprehensive structural and geotechnical engineering in Hong Kong, our Directors are of the view that there is a clear delineation between the principal business of our Company and those of the companies owned by our Controlling Shareholders, and none of the companies owned by our Controlling Shareholders or their respective close associates would compete, or would be likely to compete, directly or indirectly, with our principal business, which would require disclosure under Rule 11.04 of the GEM Listing Rules.

DIRECTOR'S COMPETING INTERESTS

Save as disclosed above, each of our Controlling Shareholders and our Directors, including independent non-executive Directors, has confirmed that, she/he/it does not have and none of her/his/its respective close associates has interests in any business other than our business which compete, or are likely to compete, either directly or indirectly, with our business and would require disclosure under Rule 11.04 of the GEM Listing Rules.

To ensure that competition will not exist in the future, our Controlling Shareholders have entered into the Deed of Non-Competition in favor of our Company to the effect that each of them will not, and will procure each of their respective close associates not to, directly or indirectly participate in, or hold any right or interest or otherwise be involved in, any business which may be in competition with our businesses.

NON-COMPETE UNDERTAKINGS

In order to avoid potential conflicts of interests between our Controlling Shareholders and our Company, each of our Controlling Shareholders (collectively, the “**Non-Competing Covenantors**”) has entered into the Deed of Non-Competition in favour of our Company on 27 August 2018, pursuant to which the Non-Competing Covenantors have undertaken to our Company that, with effect from the date of Listing and for as long as (i) our Shares remain so listed on the Stock Exchange, (ii) our Company is not wholly owned by any of the Controlling Shareholders and/or their respective close associates and (iii) our Controlling Shareholders are individually or collectively with any of their respective close associates interested directly or indirectly in not less than 30% of the issued ordinary share capital of our Company and the relevant Controlling Shareholder remain as an executive Director (the “**Restricted Period**”), the Non-Competing Covenantors will not, and will also procure their subsidiaries (other than the Group) and their respective close associates not to, alone or with any other entity, in any form, (i) directly or indirectly engage in, participate or hold any right or interest in or render any services to or otherwise be involved in any business (whether as owner, director, operator, licensor, licensee, partner, shareholder, joint venturer, employee, consultant or otherwise) in competition with or likely to be in competition with the existing business carried on by our Group (the “**Restricted Business**”); and (ii) directly or indirectly take any action which

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

constitutes an interference with or a disruption of the Restricted Business including, but not limited to, solicitation of our Group's clients, subconsultants or personnel of any member of our Group.

The aforesaid undertaking does not apply with respect to the holding of or being interested in, directly or indirectly, any shares in any company which conducts or is engaged in, directly or indirectly, any Restricted Business, provided that:

- (a) such shares are listed on a recognised stock exchange;
- (b) the total number of such shares held by any of the Non-Competing Covenantors and/or their respective close associates does not amount to more than 10% of the issued shares of that class of such company in question; and
- (c) any Restricted Business conducted or engaged in by such company (and assets relating thereto) accounts for less than 10% of that company's combined turnover or combined assets (individually or collectively with their respective close associates) as shown in that company's latest audited accounts.

New business opportunity

The Non-Competing Covenantors have further undertaken to procure that, during the Restricted Period, any business investment or other commercial opportunity relating to the Restricted Business (the "**New Opportunity**") identified by or offered to the Non-Competing Covenantors and/or any of their close associates (other than members of our Group) (the "**Offeror**") is first referred to us in the following manner:

- (a) the Non-Competing Covenantors are required to, and shall procure their close associates (other than members of our Group) to, refer, or procure the referral of, the New Opportunity to us, and shall give written notice to us of any New Opportunity containing all information reasonably necessary for us to consider whether (i) the New Opportunity would constitute competition with our core business and/or any other new business which our Group may undertake at the relevant time, and (ii) it is in the interest of our Group to pursue the New Opportunity, including but not limited to the nature of the New Opportunity and the details of the investment or acquisition costs (the "**Offer Notice**"); and
- (b) the Offeror will be entitled to pursue the New Opportunity only if (i) the Offeror has received a written notice from us declining the New Opportunity and confirming that the New Opportunity would not constitute competition with our core business, or (ii) the Offeror has not received the notice from us within 10 business days from our receipt of the Offer Notice; if there is a material change in the terms and conditions of the New Opportunity pursued by the Offeror, the Offeror will refer the New Opportunity as so revised to us in the manner as set out above.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

Upon receipt of the Offer Notice, we will seek opinions and decisions from a committee of our Board consisting of Directors who do not have a material interest in the matter as to whether (a) such New Opportunity would constitute competition with our core business, and (b) it is in the interest of our Company and our Shareholders as a whole to pursue the New Opportunity.

Option for acquisitions

In relation to any new business opportunity of the Non-Competing Covenantors referred to in the Deed of Non-Competition, which has been offered to, but has not been taken up by, our Company and has been retained by the Non-Competing Covenantors or any of their close associate(s) (other than our Group), which competes, or may lead to competition, directly or indirectly with our principal business, the Non-Competing Covenantors have undertaken to grant us the option, which is exercisable at any time during the term of the Deed of Non-Competition, subject to applicable laws and regulations, to purchase at one or more times any equity interest, assets or other interests which form part or all of the new business as described above, or to operate the new business as described above by way of, including but not limited to, management outsourcing, lease or subcontracting. However, if a third party has the pre-emptive right, in accordance with applicable laws and regulations and/or a prior legally binding document (including but not limited to articles of association and shareholders' agreement), our option for acquisitions shall be subject to such third-party rights. In this case, the Non-Competing Covenantors will use their best efforts to procure the third party to waive its pre-emptive right.

The Non-Competing Covenantors shall procure their close associate(s) (other than our Group) to comply with the option granted to us by the Non-Competing Covenantors above. The consideration shall be determined following negotiation between the parties under the fair and reasonable principle based on the valuation conducted by an Independent Third Party professional valuer (selected by both the Non-Competing Covenantors and us) and the mechanism and procedure provided by applicable laws and regulations.

Pre-emptive right

The Non-Competing Covenantors have undertaken that, during the term of the Deed of Non-Competition, if it intends to transfer, sell, lease, license or otherwise permit to use, to a third party any new business opportunity of the Non-Competing Covenantors referred to in the Deed of Non-Competition, which has been offered to, but has not been taken up by, our Company and has been retained by the Non-Competing Covenantors or any of their close associate(s) (other than our Group), which competes, or may lead to competition, directly or indirectly with our principal business, the Non-Competing Covenantors or any of their close associate(s) shall notify us by written notice (the "**Selling Notice**") in advance. The Selling Notice shall attach the terms of the transfer, sale, lease or license and any information which may be reasonably required by our Company. We shall reply to the Non-Competing Covenantors and/or their close associate(s) within 30 business days after receiving the Selling Notice. The Non-Competing Covenantors and/or their close associate(s) (other than our Group) have undertaken that until it receives the reply from us, it shall not notify any third party of the

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

intention to transfer, sell, lease or license the business. If our Company decides not to exercise its pre-emptive right or if our Company does not reply within the agreed time period, or if our Company does not accept the terms as set out in the Selling Notice and issues to the Non-Competing Covenantors a written notice within the agreed time period stating acceptable conditions which, however, are not acceptable to the Non-Competing Covenantors or any of their close associate(s) following negotiation between the parties under the fair and reasonable principle, the Non-Competing Covenantors or any of their close associate(s) is entitled to transfer the business to a third party pursuant to the terms stipulated in the Selling Notice.

The Non-Competing Covenantors shall procure their close associate(s) (other than our Group) to comply with the above pre-emptive right.

Decision-making as to whether to take up the options or pre-emptive right

Our independent non-executive Directors will be responsible for reviewing, considering and deciding whether or not to exercise the option for the new business opportunities or the option for acquisition or our pre-emptive right. In assessing whether or not to exercise such option(s) or pre-emptive right, our independent non-executive Directors will consider a range of factors including any feasibility study, counterparty risk, estimated profitability, our business and the legal, regulatory and contractual landscape and form their views based on the best interest of our Shareholders and our Company as a whole, and if necessary, our independent non-executive Directors will consider to engage an independent third party professional valuer to evaluate the business opportunity. Our independent non-executive Directors are also entitled to engage an independent financial adviser, at the cost of our Company, in connection with the exercise of such option(s).

Further undertakings

Each of the Non-Competing Covenantors jointly and severally undertakes that:

- (i) it will provide all information necessary for our independent non-executive Directors to review the Non-Competing Covenantors' and its subsidiaries' and their close associate(s)' compliance with and enforcement of the Deed of Non-Competition;
- (ii) it consents to our disclosure of the decision made by our independent non-executive Directors in relation to the compliance with the enforcement of the Deed of Non-Competition in our annual report, or by way of announcement; and
- (iii) it will make a declaration to our Company and our independent non-executive Directors annually regarding its compliance with the Deed of Non-Competition for our disclosure in the annual report.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

Indemnity

Each of the Non-Competing Covenantors jointly and severally undertakes to indemnify and keep indemnified our Group against any damage, loss or liability suffered by our Company or any other member of our Group arising out of or in connection with any breach of its undertakings and/or obligations under the Deed of Non-Competition, including any costs and expenses incurred as a result of such breach provided that the indemnity contained in the Deed of Non-Competition shall be without prejudice to any other rights and remedies our Company is entitled to in relation to any such breach, including specific performance, and all such other things and remedies are hereby expressly reserved by our Company.

CORPORATE GOVERNANCE MEASURES TO MANAGE POTENTIAL CONFLICTS OF INTEREST

Our Company will adopt the following measures to manage the conflict of interests arising from competing business and to safeguard the interests of our Shareholders:

- (1) our Directors will comply with our Articles of Association which require the interested Director(s) not to vote (nor be counted in the quorum) on any resolution of the Board approving any contract or arrangement or other proposal in which he or any of his/her close associates is materially interested;
- (2) our independent non-executive Directors will, on an annual basis, review the compliance and enforcement of the Deed of Non-Competition by our Controlling Shareholders. Our Controlling Shareholders have undertaken that they will and will procure their subsidiaries and close associates to provide all information reasonably required by our independent non-executive Directors to assist them in the assessment. Our Company will disclose the review in our annual report or by way of announcement to the public. Our Controlling Shareholders have also undertaken that they will make an annual declaration on the compliance with the Deed of Non-Competition and other connected transaction agreements in our annual report;
- (3) our Company has appointed a compliance adviser who shall provide it with professional advice and guidance, in respect of compliance with the GEM Listing Rules and applicable laws; and
- (4) any transaction (if any) between (or proposed to be made between) our Group and connected persons will be required to comply with Chapter 20 of the GEM Listing Rules, including, where applicable, the announcement, reporting, annual review and independent shareholders' approval requirements and with those conditions imposed by the Stock Exchange for the granting of waiver from strict compliance with the relevant requirements under the GEM Listing Rules.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

INDEPENDENCE OF MANAGEMENT, FINANCING AND OPERATION

Having considered the following factors, our Directors are satisfied that our Group will be able to be operationally and financially independent from our Controlling Shareholders and their close associates:

Non-competition

None of our Controlling Shareholders have any directorship or interest in any business which competes or is likely to compete, either directly or indirectly, with our Group's business. In particular, Mr. Kwong as the Controlling Shareholder and an executive Director, does not have any directorship or interests in a business which competes or is likely to compete, either directly or indirectly with our Group's business. In addition, each of our Controlling Shareholders has given a non-competition undertaking in favour of us. For details, please refer to the paragraph headed "Non-compete undertakings" in this section of this prospectus.

Management independence

Our Board comprises two executive Directors and three independent non-executive Directors. The following table sets forth a summary of positions and roles held by our Directors and members of our senior management team within our Company in Manning Properties and/or its close associates and/or the companies controlled by our Controlling Shareholders other than our Group:

Name of Director(s)	Position in our Company	Position in Manning Properties and/or its close associates and/or companies controlled by our Controlling Shareholders other than our Group
Dr. Chan	executive Director	director of Manning Properties
Dr. Chan	executive Director	director of G & E
Dr. Chan	executive Director	director of Building Design & Technology (Materials) Limited
Mr. Kwong	executive Director	director of Manning Properties

Apart from Dr. Chan and Mr. Kwong, none of other Directors or senior management member hold any role in any companies controlled by our Controlling Shareholders other than our Group. Our Company's management team is different from those of companies controlled by our Controlling Shareholders other than our Group. Therefore, there are sufficient non-overlapping Directors to ensure the proper functioning of the Board.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

Despite the interest of our Controlling Shareholders in certain companies outside our Group, we consider that our Board will function independently from our Controlling Shareholders because:

- (a) each Director is aware of his/her fiduciary duties as a Director which requires, among other things, that she/he acts for the benefit and in the best interests of our Company and that she/he does not allow any conflict between her/his duties as a Director and her/his personal interest;
- (b) in the event that there is a potential conflict of interest arising out of any transactions to be entered into between our Company and our Directors or their respective close associates, the Director(s) who is/are materially interested in any transaction or any proposal to be voted upon in a Board meeting, will abstain from voting and will not be counted as part of quorum at the relevant Board meetings of our Company in respect of such transactions;
- (c) the Board comprises five Directors and three of them are independent non-executive Directors representing more than half of the members of the Board, which is well above the requirement as set out in the GEM Listing Rules; and
- (d) our independent non-executive Directors will bring independent judgment to the decision making process of our Board.

Financial independence

Our Group has an independent financial system and makes financial decisions according to its own business needs. As at 31 March 2018, our Group owed approximately HK\$389,000 to our Controlling Shareholders. All such outstanding amount due to our Controlling Shareholder and their respective close associates by our Group was settled prior to Listing. Similarly, guarantee and/or security provided by our Controlling Shareholders and for our bank borrowings (which amounted to approximately HK\$8.9 million as at 31 March 2018) will be released following our early settlement of the respective bank borrowings in full or replaced by cooperate guarantee upon Listing. In the circumstances, we believe we are capable of obtaining financing from third parties without reliance on our Controlling Shareholders.

Operational independence

Our Group has an independent work force to carry out our operation and has not shared its operation team, operational facilities and sales channels with our Controlling Shareholders' businesses outside our Group. Although during the Track Record Period, there have been certain transactions between us and our related parties, details of which are set out in note 28 to the Accountants' Report, our Directors have confirmed that these related party transactions will not recur in the future.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

Having considered that (i) we have established our own organisational structure comprising individual departments, each with specific areas of responsibilities; (ii) our Group does not share the operational resources, such as clients, marketing, sale and general administration resources with our Controlling Shareholders and/or their close associates; and (iii) the Controlling Shareholders have no shareholding interest in any of our five largest clients or subconsultants, our Directors consider that our Group can operate independently from the Controlling Shareholders from the operational perspective.

BUSINESS OBJECTIVES, FUTURE PLANS AND USE OF PROCEEDS

FUTURE PLANS AND BUSINESS OBJECTIVES

Please refer to the section headed “Business – Business strategies and future plans” in this prospectus for a detailed description of our future plans and business objectives.

REASONS FOR THE LISTING

Our Directors believe that the Listing will enhance our corporate profile and the net proceeds from the Share Offer will strengthen our financial position and will enable us to implement our business plans set out in the paragraph headed “Implementation plans” in this section. Furthermore, our Directors are of the view that a public listing status on the Stock Exchange will give us access to the capital market for corporate finance exercise which will assist us in our future business development, enhance our corporate profile and strengthen our competitiveness.

In addition, an enhanced corporate profile may potentially lead to more business opportunities for our Group as our brand will receive more exposure to potential clients. This is of significant importance as promotional activities by an architectural service company, such as placing advertisements or conducting marketing activities in the public are restricted in Hong Kong. As our structural and geotechnical engineering consultancy service is akin to architectural services, and we do not have any marketing strategy. We obtain most of our business through referrals from property owners and architecture firms, reputation and brand profile are often one of the selection criteria of our clients. We therefore consider that an enhanced corporate profile and increased exposure are important factors in succeeding in our industry.

As a listed company, we will strive to maintain high standards of corporate governance and continually improve our internal control, management efficiency and risk management. By improving the efficiency of our Group, we believe we can give better assurance and confidence to our clients and business partners and hence attract more business opportunities and potential clients.

We believe the Listing will allow us to enhance our market profile and recognition so that we will be more successful in attracting talent. In addition, we believe our business development plan and the Listing will potentially give rise to more career advancement opportunities and will allow us to attract and retain our employees more successfully.

Our Group will endeavour to achieve our business objectives and adopt the business strategies as set out in the section headed “Business – Business strategies and future plans” in this prospectus.

BUSINESS OBJECTIVES, FUTURE PLANS AND USE OF PROCEEDS

USE OF PROCEEDS

The estimated net proceeds of the Share Offer which we will receive, assuming an Offer Price is fixed at the low-end, mid-point and high-end of the Offer Price range stated in this prospectus (assuming that the Offer Size Adjustment Option is not exercised at all and exercised in full) after deduction of underwriting fees and commissions and estimated expenses payable by us in connection with the Share Offer are set out in the table below.

Estimated net proceeds of the Share Offer

	Offer Price of HK\$0.20 per Offer Share (low-end of Offer Price)	Offer Price of HK\$0.24 per Offer Share (mid-point of Offer Price)	Offer Price of HK\$0.28 per Offer Share (high-end of Offer Price)
Assuming the Offer Size Adjustment Option is not exercised at all	HK\$28.1 million	HK\$38.6 million	HK\$49.1 million
Assuming the Offer Size Adjustment Option is exercised in full	HK\$36.0 million	HK\$48.1 million	HK\$60.1 million

We intend to use the net proceeds of the Share Offer, after deduction of underwriting fees and commissions and estimated expenses payable by us in connection with the Share Offer and assuming that the Offer Size Adjustment Option is not exercised at all, of approximately HK\$38.6 million (based on the Offer Price of HK\$0.24 per Offer Share, being the mid-point of our indicative range of the Offer Price), for the following purposes:

- approximately HK\$11.3 million or 29.3% of the net proceeds will be used for supporting and expanding our structural engineering and geotechnical engineering team, which is currently our main area of operations, including software investment, retaining high calibre staff, mainly for employing staff to ease our increasingly long working hours our employees are experiencing and assign them to awarded projects and the new projects to be tendered by us;
- approximately HK\$11.3 million or 29.3% of the net proceeds will be used for growing and developing our civil engineering team by hiring of high calibre staff, mainly for forming a core civil engineering team for the civil engineering-heavy projects;
- approximately HK\$7.5 million or 19.4% of the net proceeds will be used for expanding our office infrastructure and BIM upgrade, which mainly involves acquiring BIM related software system, general software investment, training and empowering current staff with better office utilities;

BUSINESS OBJECTIVES, FUTURE PLANS AND USE OF PROCEEDS

- approximately HK\$6.8 million or 17.6% of the net proceeds will be used for supporting and expanding our material engineering and building repairs area of service; and
- the remaining amount of approximately HK\$1.7 million or 4.4% will be used to provide funding for our working capital and other general corporate purposes.

To the extent that the net proceeds are not immediately applied to the above purposes and to the extent permitted by applicable laws and regulations, we intend to deposit the net proceeds into short-term demand deposits and/or money market instruments. We will make an appropriate announcement if there is any change to the above proposed use of proceeds.

If the Offer Price is fixed at the high-end of the indicative range of the Offer Price, being HK\$0.28 per Offer Share and assuming that the Offer Size Adjustment Option is not exercised at all, the net proceeds we receive from the Share Offer will increase by approximately HK\$10.5 million. We intend to apply the additional net proceeds for the above purposes on a pro rata basis. If the Offer Price is set at the low-end of the indicative range of the Offer Price, being HK\$0.20 per Offer Share and assuming that the Offer Size Adjustment Option is not exercised at all, the net proceeds we receive from the Share Offer will decrease by approximately HK\$10.5 million. We intend to reduce the net proceeds for the above purposes on a pro rata basis.

If the Offer Size Adjustment Option is exercised in full, we estimate that the additional net proceeds from the offering of these additional Offer Shares to be received by us, after deducting underwriting fees and estimated expenses in connection with the Share Offer, will be approximately HK\$10.5 million, assuming that the Offer Price is fixed at the mid-point of the indicative range of the Offer Price, being HK\$0.24 per Offer Share. The additional proceeds received by us from the exercise of the Offer Size Adjustment Option will also be allocated to the above purposes on a pro rata basis.

IMPLEMENTATION PLANS

The implementation plans for each of the six-month periods until 31 March 2021 for carrying out our business strategies are set out below. The following implementation plans are formulated on the bases and assumptions set out in the paragraph headed “Bases and key assumptions” in this section and are subject to uncertainties, variables and unexpected factors. There is no assurance that the implementation plans will materialise in accordance with the timetable below or that our business objectives will be accomplished at all.

Our Directors confirm it is the characteristic of our business that human resources play a pivotal role on our operations. It is therefore the case that our implementation plans circulate around hiring, retaining and empowering our staff. However, our Directors believe that there is a major difference in management of staff in terms of (i) expansion of our existing structural and geotechnical engineering team; and (ii) growing and developing our civil engineering team to add to our comprehensive structural and geotechnical engineering consultancy service. For this reason, our management has envisaged different strategies for these two purposes.

BUSINESS OBJECTIVES, FUTURE PLANS AND USE OF PROCEEDS

For the period from the Latest Practicable Date to 30 September 2018

Business strategies	Utilisation of net proceeds from the Share Offer	Implementation activities
Grow and develop our civil engineering team	HK\$0.2 million	<ul style="list-style-type: none"> • Hire seven staff, comprising two draftsman trainees, one draftsman, two graduate engineers, one engineer and one senior engineer in the area of civil engineering
	–*	<ul style="list-style-type: none"> • New computers and software for additional staff
Expand our office infrastructure and BIM upgrade	HK\$0.1 million	<ul style="list-style-type: none"> • Renting additional office space for our enlarged teams

For the six months ending 31 March 2019

Business strategies	Utilisation of net proceeds from the Share Offer	Implementation activities
Support and expand our structural and geotechnical engineering team	HK\$0.7 million	<ul style="list-style-type: none"> • Hire eight staff, comprising two draftsmen, four engineers and two senior engineers in the area of structural engineering
	HK\$0.2 million	<ul style="list-style-type: none"> • New computers and software for additional staff
	–*	<ul style="list-style-type: none"> • Maintenance of computers and software for additional staff
Grow and develop our civil engineering team	HK\$0.3 million	<ul style="list-style-type: none"> • Hire nine staff, comprising two draftsman trainees, one draftsman, two graduate engineers, three engineers and one senior engineer in the area of civil engineering
	HK\$1.0 million	<ul style="list-style-type: none"> • Retain the new staff employed during the previous period

Note: * represents amount which is less than HK\$0.1 million.

BUSINESS OBJECTIVES, FUTURE PLANS AND USE OF PROCEEDS

Business strategies	Utilisation of net proceeds from the Share Offer	Implementation activities
	–*	<ul style="list-style-type: none"> • New computers and software for additional staff
	–	<ul style="list-style-type: none"> • Management to review the pipeline of civil engineering focused projects
Expand our office infrastructure and BIM upgrade	HK\$0.7 million	<ul style="list-style-type: none"> • Hire four technicians, comprising three engineers and one senior engineers to support our engineering teams
	–*	<ul style="list-style-type: none"> • New computers and software for additional staff
	HK\$0.3 million	<ul style="list-style-type: none"> • Renting additional office space for our enlarged teams
Support and expand our material engineering and building repairs area of service	HK\$1.4 million	<ul style="list-style-type: none"> • Hire eight staff, comprising one draftsman trainee, one draftsman, one graduate engineer, three engineers and two senior engineers in the area of material engineering and building repairs
	–*	<ul style="list-style-type: none"> • New computers and software for additional staff

Note: * represents amount which is less than HK\$0.1 million.

BUSINESS OBJECTIVES, FUTURE PLANS AND USE OF PROCEEDS

For the six months ending 30 September 2019

Business strategies	Utilisation of net proceeds from the Share Offer	Implementation activities
Support and expand our structural and geotechnical engineering team	HK\$1.4 million	<ul style="list-style-type: none"> • Retain the new staff employed during the previous period
	–*	<ul style="list-style-type: none"> • Maintenance of computers and software for additional staff
		<ul style="list-style-type: none"> – • Assess the performance and effectiveness of our newly recruited staff and consider if any fine-tuning is needed
		<ul style="list-style-type: none"> – • Implement higher standard of internal control to improve service quality
Grow and develop our civil engineering team	HK\$2.3 million	<ul style="list-style-type: none"> • Retain the new staff employed during the previous period
		<ul style="list-style-type: none"> – • Continue to assess the performance and effectiveness of our growing team and consider if any fine-tuning is needed
		<ul style="list-style-type: none"> – • Implement higher standard of internal control to improve service quality
	HK\$0.1 million	<ul style="list-style-type: none"> • Hire two technicians, comprising one graduate engineer and one senior engineer to support our engineering teams
Expand our office infrastructure and BIM upgrade	HK\$0.3 million	<ul style="list-style-type: none"> • Renting additional office space for our enlarged teams
		<ul style="list-style-type: none"> –* • New computers and software for additional staff

Note: * represents amount which is less than HK\$0.1 million.

BUSINESS OBJECTIVES, FUTURE PLANS AND USE OF PROCEEDS

Business strategies	Utilisation of net proceeds from the Share Offer	Implementation activities
	HK\$0.9 million	<ul style="list-style-type: none"> • Retain the new staff employed during the previous period
Support and expand our material engineering and building repairs area of service	HK\$1.3 million	<ul style="list-style-type: none"> • Retain the new staff employed during the previous period – • Continue to assess the performance and effectiveness of our growing team and consider if any fine-tuning is needed

For the six months ending 31 March 2020

Business strategies	Utilisation of net proceeds from the Share Offer	Implementation activities
Support and expand our structural and geotechnical engineering team	HK\$1.2 million	<ul style="list-style-type: none"> • Hire eight staff, comprising two draftsmen, four engineers and two senior engineers in the area of structural and geotechnical engineering
	HK\$1.4 million	<ul style="list-style-type: none"> • Retain the new staff employed during the previous period
	HK\$0.4 million	<ul style="list-style-type: none"> • New computers and software for additional staff
	–*	<ul style="list-style-type: none"> • Maintenance of computers and software for additional staff
	–	<ul style="list-style-type: none"> • Continue to assess the performance and effectiveness of our newly recruited staff and consider if any fine-tuning is needed
	–	<ul style="list-style-type: none"> • Implement higher standard of internal control to improve service quality

Note: * represents amount which is less than HK\$0.1 million.

BUSINESS OBJECTIVES, FUTURE PLANS AND USE OF PROCEEDS

Business strategies	Utilisation of net proceeds from the Share Offer	Implementation activities
Grow and develop our civil engineering team	HK\$2.4 million	<ul style="list-style-type: none"> • Retain the new staff employed during the previous period – • Continue to assess the performance and effectiveness of our newly recruited staff and consider if any fine-tuning is needed – • Implement higher standard of internal control to improve service quality
Expand our office infrastructure and BIM upgrade	HK\$0.5 million	<ul style="list-style-type: none"> • Renting additional office space for our enlarged teams –* • New computers and software for additional staff
	HK\$1.1 million	<ul style="list-style-type: none"> • Retain the new staff employed during the previous period
Support and expand our material engineering and building repairs area of service	HK\$1.3 million	<ul style="list-style-type: none"> • Retain the new staff employed during the previous period

Note: * represents amount which is less than HK\$0.1 million.

BUSINESS OBJECTIVES, FUTURE PLANS AND USE OF PROCEEDS

For the six months ending 30 September 2020

Business strategies	Utilisation of net proceeds from the Share Offer	Implementation activities
Support and expand our structural and geotechnical engineering team	HK\$2.9 million	<ul style="list-style-type: none"> • Retain the new staff employed during the previous period
	HK\$0.1 million	<ul style="list-style-type: none"> • Maintenance of computers and software for additional staff
	–	<ul style="list-style-type: none"> • Continue to assess the performance and effectiveness of our newly recruited staff and consider if any fine-tuning is needed
Grow and develop our civil engineering team	HK\$2.5 million	<ul style="list-style-type: none"> • Retain the new staff employed during the previous period
	–	<ul style="list-style-type: none"> • Continue to assess the performance and effectiveness of our newly recruited staff and consider if any fine-tuning is needed
Expand our office infrastructure and BIM upgrade	–*	<ul style="list-style-type: none"> • Upgrade computers and software for existing staff
	HK\$0.6 million	<ul style="list-style-type: none"> • Minor renovation for office upgrade
	HK\$1.1 million	<ul style="list-style-type: none"> • Retain the new staff employed during the previous period
Support and expand our material engineering and building repairs area of service	HK\$1.4 million	<ul style="list-style-type: none"> • Retain the new staff employed during the previous period
	–	<ul style="list-style-type: none"> • Continue to assess the performance and effectiveness of our newly recruited staff and consider if any fine-tuning is needed

Note: * represents amount which is less than HK\$0.1 million.

BUSINESS OBJECTIVES, FUTURE PLANS AND USE OF PROCEEDS

For the six months ending 31 March 2021

Business strategies	Utilisation of net proceeds from the Share Offer	Implementation activities
Support and expand our structural and geotechnical engineering team	HK\$2.9 million	• Retain the new staff employed during the previous period
	HK\$0.1 million	• Maintenance of computers and software for additional staff
	–	• Continue to assess the performance and effectiveness of our newly recruited staff and consider if any fine-tuning is needed
Grow and develop our civil engineering team	HK\$2.5 million	• Retain the new staff employed during the previous period
	–	• Continue to assess the performance and effectiveness of our newly recruited staff and consider if any fine-tuning is needed
Expand our office infrastructure and BIM upgrade	HK\$0.1 million	• Hire two technicians, comprising one graduate engineer and one engineer to support our engineering teams
	HK\$1.1 million	• Retain the new staff employed during the previous period
	HK\$0.7 million	• Renting additional office space for our enlarged teams
	–*	• New computers and software for additional staff
Support and expand our material engineering and building repairs area of service	HK\$1.4 million	• Retain the new staff employed during the previous period
	–	• Continue to assess the performance and effectiveness of our newly recruit staff and consider if any fine-tuning is needed

Note: * represents amount which is less than HK\$0.1 million.

BUSINESS OBJECTIVES, FUTURE PLANS AND USE OF PROCEEDS

Position	Number of staff to be employed and assigned to projects						
	From the Latest Practicable Date to 30 September 2018	For the six months ending 31 March 2019			For the six months ending 30 September 2019	For the six months ending 31 March 2020	Total number of staff to be employed
	<i>Number of staff to be assigned to awarded projects</i>	<i>Number of staff to be assigned to awarded projects</i>	<i>Date and expected to be awarded to us (Note 5)</i>	<i>Number of staff to be assigned to projects to be tendered by us</i>	<i>Number of staff to be assigned to projects to be tendered by us</i>	<i>Number of staff to be assigned to projects to be tendered by us</i>	
Structural and geotechnical engineering team ^(Note 1)	-	8	-	-	-	8	16
- draftsman	-	2	-	-	-	2	4
- graduate engineer	-	4	-	-	-	4	8
- engineer	-	2	-	-	-	2	4
Civil engineering team ^(Note 2)	7	-	4	5	2	-	18
- draftsman trainee	2	-	1	1	-	-	4
- draftsman	1	-	1	-	-	-	2
- graduate engineer	2	-	1	1	-	-	4
- engineer	1	-	1	2	-	-	4
- senior engineer	1	-	-	1	-	-	2
Technicians							
- graduate engineer	-	-	-	-	1	-	1
- senior engineer	-	-	-	-	1	-	1
Material engineering team ^(Note 3)	-	-	4	4	-	-	8
- draftsman trainee	-	-	1	-	-	-	1
- draftsman	-	-	1	-	-	-	1
- graduate engineer	-	-	1	-	-	-	1
- engineer	-	-	-	3	-	-	3
- senior engineer	-	-	1	1	-	-	2
Total	<u>7</u>	<u>8</u>	<u>8</u>	<u>9</u>	<u>2</u>	<u>8</u>	<u>42</u>

BUSINESS OBJECTIVES, FUTURE PLANS AND USE OF PROCEEDS

Notes:

- 1 The new staff will be assigned to our awarded projects to ease the increasingly long working hours situation as mentioned in section headed “Business – Business strategies and future plans” in this prospectus. New staff to be assigned to projects to be tendered are mainly for coping with our business expansion.
- 2 The new staff will be for forming a core civil engineering team for the civil engineering-heavy projects as mentioned in section headed “Business – Business strategies and future plans” in this prospectus. To ensure the new team can function well, they will firstly be assigned to assist in our existing projects when they join our Group in order to have better understanding of our operation.
- 3 The new staff will be mainly assigned to projects in the area of building repairs and building conservation as mentioned in section headed “Business – Business strategies and future plans” in this prospectus.
- 4 There are six technicians not included in the above table because they are mainly for supporting our office infrastructure and BIM upgrade as mentioned in section headed “Business – Business strategies and future plans” in this prospectus.
- 5 The new staff will be assigned to projects we have tendered for and are expected to be awarded to us, which our Directors have estimated based on our historical success rate and the tenders we have placed subsequent to the Track Record Period after their due and careful enquiry.

Our Directors are of the view that recruiting new staff rather than continuing the increasingly long working hours our employees are experiencing is more beneficial to our Group as a whole, mainly due to (i) our Directors’ intention to stable our staff turnover rates since our Directors are of the belief that a long-term investment on the Group’s staff will result in the personal development of each employee, thereby being able to boost the morale of our staff in general and result in a stable team of staff, of which are important assets to our Group; (ii) our Directors wish to improve the situation which our senior management are continuously tied up with operational project works instead of carrying sufficient business development activities which may hinder our Group’s growth; and (iii) our Directors belief that a more work-life-balance working environment will help attracting high-calibre work force.

The following table sets out the qualification and years of experience required for the above positions we intend to recruit:

Position	Qualifications	Years of experience
Draftsman trainee	– Secondary school graduate – Professional Certificate in 3D Rendering for Interior Design and Architecture or AutoCAD for Interior Design and Architecture	Entry level

BUSINESS OBJECTIVES, FUTURE PLANS AND USE OF PROCEEDS

Position	Qualifications	Years of experience
Draftsman	<ul style="list-style-type: none"> – Higher Certificate/Diploma in Civil Engineering or above – Diploma in Draftsmanship 	3 years or above
Graduate engineer	<ul style="list-style-type: none"> – Higher Certificate/Diploma in Civil Engineering or Building Studies or above 	Entry level
Engineer	<ul style="list-style-type: none"> – Bachelor of Engineering in Civil or Structural Engineering or above – Graduate member of HKIE 	2 years or above
Senior engineer	<ul style="list-style-type: none"> – Bachelor of Engineering in Civil or Structural Engineering or above – Member of HKIE – Registered Structural Engineer/Registered Geotechnical Engineer 	5 years or above

Our Directors are of the views that the recruitment plan is feasible given that (i) the salary that we offer in our plan is based on our industry expert's data and represents a fair market price; (ii) the recruitment plan will be implemented on a gradual basis; (iii) as part of the expansion plan, our Group will be equipped with BIM capability, which can attract some capable engineers to join us and develop along with us in this area; (iv) our Group is a large scale local consultant with years of experience in the market, of which we have an advantage in recruitment against small scale consultants; and (v) our Group have offered regular internships and graduate hires over the years, we believe we can achieve favourable outcome by increasing our hiring headcounts from graduates. According to Ipsos, there were over 6,300 graduates employed as engineers from 2012 to 2017 and that there were approximately 14,435 members in Hong Kong Institute for Engineers. In view of our recruitment plan for recruiting less than 50 candidates in a period of three years, our Directors do not foresee any practical difficulties in implementing our recruitment plan.

BUSINESS OBJECTIVES, FUTURE PLANS AND USE OF PROCEEDS

The breakdown of net proceeds for hiring staff and purchasing new computers and software, respectively are set out below:

For hiring staff:

Category	Number of headcount	Net proceeds to be used (HK\$'000)
Structural and geotechnical engineering team	16	10,426
Civil engineering team	18	11,125
BIM software support staff	6	4,956
Material engineering and building repairs	8	6,752
Total	48	33,259

For purchasing new computers and software:

Category	Quantity	Net proceeds to be used (HK\$'000)
Additional computers	46	288
Office & engineering design software	50	514
BIM software	100	147
Software maintenance package	2	356
Total		1,305

Note:

1. The rental expense of approximately HK\$2.4 million for additional office space for our to be enlarged team is excluded from the aforementioned tables.

BUSINESS OBJECTIVES, FUTURE PLANS AND USE OF PROCEEDS

In summary, the implementation plans of our Group's business objectives and strategies from the Latest Practicable Date to 31 March 2021 will be funded by the net proceeds from the Share Offer as follows:

	From the Latest Practicable Date to		For the six months ending				Total	Percentage of net proceeds %
	30 September 2018	31 March 2019	30 September 2019	31 March 2020	30 September 2020	31 March 2021		
	(HK\$ million)	(HK\$ million)	(HK\$ million)	(HK\$ million)	(HK\$ million)	(HK\$ million)	(HK\$ million)	
Support and expand our structural and geotechnical engineering team	-	0.9	1.4	3.0	3.0	3.0	11.3	29.3
Grow and develop our civil engineering team	0.2	1.3	2.4	2.4	2.5	2.5	11.3	29.3
Expand our office infrastructure and BIM upgrade	0.1	1.0	1.2	1.6	1.7	1.9	7.5	19.4
Support and expand our material engineering and building repairs area of service	-	1.4	1.3	1.3	1.4	1.4	6.8	17.6
General working capital	1.0	0.7	-	-	-	-	1.7	4.4
	<u>1.3</u>	<u>5.3</u>	<u>6.3</u>	<u>8.3</u>	<u>8.6</u>	<u>8.8</u>	<u>38.6</u>	<u>100.0</u>

BASES AND KEY ASSUMPTIONS

The implementation plans are based on the following bases and key assumptions:

- there will be no material changes in the existing applicable laws, policies or industry or regulatory treatment or in the political, fiscal, foreign trade or economic conditions in Hong Kong, the PRC, Macau and other places in which our Group operates or intends to operate;
- there will be no significant changes in the interest rates or the currency exchange rates from those currently prevailing;
- there will be no material changes in the bases or rates of taxation applicable to our Group;
- the Share Offer will be completed in accordance with and as described in the section headed "Structure and conditions of the Share Offer" in this prospectus;
- our Group will not be materially affected by the risk factors as set out under the section headed "Risk factors" in this prospectus; and
- our Group will be able to continue our operation in substantially the same way as it has been operating and there will be no disasters, natural, political or otherwise, which would materially disrupt our business or the implementation of our development plans.

SHARE CAPITAL

AUTHORISED AND ISSUED SHARE CAPITAL

The following is a description of the authorised and issued share capital immediately following completion of the Capitalisation Issue and the Share Offer, assuming the Share Offer becomes unconditional and without taking into account any Shares which may be allotted and issued upon the exercise of any options to be granted under the Share Option Scheme and the Offer Size Adjustment Option:

<i>Authorised Share Capital:</i>	<i>HK\$</i>
1,500,000,000 Shares of HK\$0.01 each	15,000,000
<i>Shares of HK\$0.01 each in issue and to be issued, fully paid or credited as fully paid:</i>	
1,000,000 Shares in issue at the date of this prospectus	10,000
671,000,000 Shares to be issued pursuant to the Capitalisation Issue	6,710,000
288,000,000 Shares to be issued pursuant to the Share Offer (excluding any Shares which may be issued under the Offer Size Adjustment Option and any Shares which may be issued pursuant to exercise of the options which may be granted under the Share Option Scheme)	2,880,000
<hr/> <u>960,000,000</u> Shares in total	<hr/> <u>9,600,000</u>

ASSUMPTIONS

The above table assumes that the Share Offer becomes unconditional.

The table takes no account of Shares which may be allotted and issued upon the exercise of the Offer Size Adjustment Option or any options which may be granted under the Share Option Scheme or of any Shares which may be allotted and issued or repurchased by our Company pursuant to the Issuing Mandate or Repurchase Mandate given to our Directors to allot and issue or repurchase Shares as described below in this section.

MINIMUM PUBLIC FLOAT

Pursuant to Rule 11.23(7) of the GEM Listing Rules, at least 25% of the total issued share capital of our Company must at the time of the Listing and at all times thereafter be held by the public. The 288,000,000 Offer Shares represent 30% of the issued share capital in hands of the public (as defined in the GEM Listing Rules) upon Listing.

SHARE CAPITAL

RANKING

The Offer Shares and the Shares that may be issued pursuant to exercise of the Offer Size Adjustment Option will rank *pari passu* in all respects with all other existing Shares in issue as mentioned in this prospectus, and in particular, will be entitled to all dividends or other distributions hereafter declared, paid or made on the Shares in respect of a record date which falls after the date of this prospectus save for entitlements under the Capitalisation Issue.

SHARE OPTION SCHEME

Our Group has conditionally adopted the Share Option Scheme. Details of the principal terms of the Share Option Scheme are summarised in the section 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.

ISSUING MANDATE

Our Directors have been granted a general unconditional mandate to allot, issue and deal with Shares with a total number of not more than the aggregate of:

- (a) 20% of the total number of Shares in issue as enlarged by the Share Offer and the Capitalisation Issue (but excluding any Shares which may be issued pursuant to the Offer Size Adjustment Option); and
- (b) the total number of the Shares repurchased by our Company (if any) pursuant to a separate mandate to repurchase Shares and described more fully below.

Our Directors may, in addition to the Shares which they are authorised to issue under the Issuing Mandate, allot, issue and deal in the Shares pursuant to a rights issue, an issue of Shares pursuant to the exercise of subscription rights attaching to any warrants or convertible securities of our Company (if any), scrip dividends or similar arrangements or the exercise of options granted under the Share Option Scheme. The total number of the Shares which our Directors are authorised to allot and issue under this Issuing Mandate will not be reduced by the allotment and issue of such Shares.

This Issuing Mandate will expire at the earliest of:

- (i) at the conclusion of our Company’s next annual general meeting; or
- (ii) upon the expiry of the period within which our Company is required by any applicable law or the Memorandum and Articles of Association to hold its next annual general meeting; or
- (iii) when varied, revoked or renewed by an ordinary resolution of our Shareholders in general meeting.

SHARE CAPITAL

For further details of the Issuing Mandate, please refer to the section headed “Statutory and general information – Information about our Company – 3. Resolutions in writing of our Shareholders passed on 27 August 2018” in this prospectus.

REPURCHASE MANDATE

Our Directors have been granted a general unconditional mandate to exercise all of the powers of our Company to repurchase Shares with an aggregate number of not more than 10% of the total number of Shares issued, as enlarged by the Share Offer and the Capitalisation Issue (but excluding any Shares of our Company which may be issued pursuant to the Offer Size Adjustment Option).

This Repurchase Mandate relates only to repurchases made on the Stock Exchange or on 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 the requirements of the GEM Listing Rules. Further information required by the Stock Exchange to be included in this prospectus regarding the repurchase of Shares is set out in the section headed “Statutory and general information – Information about our Company – 6. Securities repurchase mandate” in Appendix IV to this prospectus.

This Repurchase Mandate will expire at the earliest of:

- (i) at the conclusion of our Company’s next annual general meeting; or
- (ii) upon the expiry of the period within which our Company is required by any applicable law or the Memorandum and Articles of Association to hold its next annual general meeting; or
- (iii) when varied, revoked or renewed by an ordinary resolution of our Shareholders in general meeting.

CIRCUMSTANCES UNDER WHICH GENERAL MEETING AND CLASS MEETING ARE REQUIRED

As a matter of the Companies Law, an exempted company is not required by law to hold any general meetings or class meetings. The holding of general meeting or class meeting is prescribed for under the articles of association of a company. Accordingly, our Company will hold general meetings as prescribed for under the Memorandum and Articles of Association, a summary of which is set out in “Summary of the constitution of our Company and Cayman Islands Company Law” in Appendix III to this prospectus.

FINANCIAL INFORMATION

You should read this section in conjunction with our Group's audited consolidated financial information, including the notes thereto, as set out in the Accountants' Report included in Appendix I to this prospectus (the "Consolidated Financial Information"). This historical consolidated financial information is not necessarily indicative of the future performance of our Group. Our Group's Consolidated 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 certain forward-looking statements that reflect the current views with respect to future events and financial performance. These statements are based on assumptions and analyses made by our Group in light of our Group's experience and perception of historical trends, current conditions and expected future developments, as well as other factors our Group believes are appropriate under the circumstances. However, whether actual outcomes and developments will meet our Group's expectations and projections depend on a number of risks and uncertainties over which our Group does not have control. For further information, please refer to the section headed "Risk factors" in this prospectus.

OVERVIEW

We are a construction engineering consultant focusing on the area of comprehensive structural and geotechnical engineering in Hong Kong. Our comprehensive structural and geotechnical engineering consultancy service primarily covers: (i) structural engineering; (ii) geotechnical engineering; (iii) certain civil engineering practice areas; and (iv) material engineering, which is mainly provided in Hong Kong. We also provide some other related services such as Registered Structural Engineers, Registered Geotechnical Engineers and Authorized Persons work in relation to alterations and additions and expert services from time to time as requested by our clients.

Our revenue is generated from the service fee received from our clients. The amount of our service fee and payment schedule are set out in the service contract signed with our client. As at the Latest Practicable Date, we had approximately 215 projects in progress with a total estimated remaining contract sum of approximately HK\$63.7 million in terms of cashflow and approximately HK\$49.4 million in terms of revenue expected to be recognised, which we expect to recognise approximately HK\$23.7 million, HK\$18.1 million and HK\$7.6 million for the three years ending 31 March 2021 respectively. From 1 April 2018 to the Latest Practicable Date, we have recognised revenue of approximately HK\$24.8 million. Please refer to the section headed "Business" in this prospectus for further details of our business.

FINANCIAL INFORMATION

SUMMARY OF HISTORICAL CONSOLIDATED FINANCIAL INFORMATION

The selected financial information from our consolidated statements of profit or loss and other comprehensive income for the Track Record Period set forth below is extracted from and should be read in conjunction with the Accountants' Report included in Appendix I to this prospectus.

Consolidated statements of profit or loss and other comprehensive income

	Year ended 31 March		
	2016	2017	2018
	HK\$'000	HK\$'000	HK\$'000
Revenue	68,009	70,569	69,089
Cost of services	(36,874)	(37,459)	(38,616)
Gross profit	31,135	33,110	30,473
Other income	666	825	323
Other gains/(losses), net	(1,537)	(1,305)	(812)
Listing expenses	–	–	(11,023)
General and administrative expenses	(13,710)	(12,585)	(14,108)
Finance costs	(316)	(378)	(306)
Profit before taxation	16,238	19,667	4,547
Income tax expenses	(2,957)	(3,381)	(2,458)
Profit for the year	13,281	16,286	2,089
Other comprehensive (expenses)/income			
<i>Items that may be reclassified</i>			
<i>subsequently to profit or loss:</i>			
Exchange differences on translation of foreign operations	(65)	75	(154)
<i>Items that will not be reclassified</i>			
<i>subsequently to profit or loss</i>			
Deficit on revaluation of taxi licences	(195)	–	–
Other comprehensive (expense)/income for the year, net of tax	(260)	75	(154)
Total comprehensive income for the year attributable to equity owners of our Company	<u>13,021</u>	<u>16,361</u>	<u>1,935</u>

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BASIS OF PRESENTATION

Our Company was incorporated as an exempted company with limited liability in the Cayman Islands under the laws of the Cayman Islands on 25 August 2017. Through a corporate reorganisation as further explained in the section headed “History, Reorganisation and group structure – Reorganisation” in this prospectus (the “Reorganisation”), our Company became the holding company of the subsidiaries now comprising our Group on 20 November 2017. The consolidated statements of profit or loss and other comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows are prepared as if the current group structure had been in existence throughout the Track Record Period. The consolidated statements of financial position as at 31 March 2016, 2017 and 2018 present the assets and liabilities of the companies now comprising our Group, as if the current group structure had been in existence at those dates. The consolidated financial statements, which are presented in Hong Kong dollars, have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”), the disclosure requirements of the GEM Listing Rules and the Hong Kong Companies Ordinances. HKFRSs comprise Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations.

KEY FACTORS AFFECTING THE 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 and in the section headed “Risk factors” in this prospectus.

Market demand

Our results of operations are directly affected by our revenue which depends on the market demand for our service. Market demand is in turn significantly affected by factors including the state of economy of Hong Kong, change in Government policies relating to structural and geotechnical engineering consultancy service and the level of property development and the relevant activities in Hong Kong. During the Track Record Period, our revenue was significantly influenced by the size and number of projects undertaken by us. In addition, our projects are generally one-off projects which are not recurrent in nature. There is no guarantee that our clients will provide us with new contracts or that we will secure new clients.

Pricing of our service

The price or contract sum of our projects is generally estimated based on various factors, including the scope, complexity and specifications of project, the fee level in the market and competitive conditions, the availability of our manpower and expertise, the quotations from subconsultants, salary trend, and our previous tender records. We have to strike a balance between pricing our projects competitive enough and maintaining adequate profit margin. In relation to some of strategic projects that we wish to undertake to enhance our corporate profile,

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we may submit a more competitive price with a lower profit margin. In case of offering a price below the actual cost or a price that generates inadequate profit margin of a strategic project, the relatively low profit margin may have adverse effect on our profitability.

Fluctuations in our cost of services

The main component of our cost of services is staff costs. During the three years ended 31 March 2018, our staff costs amounted to approximately HK\$30.3 million, HK\$33.3 million and HK\$36.7 million, and accounted for approximately 82.1%, 88.8% and 94.9% of our cost of services, respectively. As a result, our profitability heavily depends on our ability to control and manage our staff costs. In addition, our contract price is generally estimated based on various factors, including the scope, complexity and specifications of project, the fee level in the market and competitive conditions, the availability of our manpower and expertise, the quotations from subconsultants, salary trend, and our previous tender records when we submit our tenders, quotations or initial proposals to our potential clients. As the actual staff costs related to a project will not be realised until the actual delivery of our service, any fluctuations in the staff costs during the project period will affect our profitability.

The following sensitivity analysis illustrates the impact of hypothetical fluctuations in staff costs on our profit before tax during the Track Record Period, assuming all other variables remain constant. According to the Ipsos Report, nominal salary indices of structural engineer in Hong Kong recorded a CAGR during the period between 2012 and 2017 of approximately 3.7%. For prudence sake, our Group adopted a hypothetical fluctuation of 4% and 8% in performing the sensitivity analysis below:

Hypothetical fluctuations of our staff costs	+/-4%	+/-8%
	<i>HK\$'000</i>	<i>HK\$'000</i>
Decrease/increase in profit before tax		
Financial year ended 31 March 2016	-/+1,210	-/+2,421
Financial year ended 31 March 2017	-/+1,331	-/+2,661
Financial year ended 31 March 2018	-/+1,466	-/+2,932

CRITICAL ACCOUNTING POLICIES AND JUDGEMENTS

The Accountants' Report in Appendix I to this prospectus sets forth certain significant accounting policies in note 2 of the Accountants' Report in Appendix I to this prospectus of which are important for understanding our financial condition and results of operations.

Some of our accounting policies involve estimates and judgements that are discussed in note 3 of the Accountants' Report in Appendix I to this prospectus. In the application of our accounting policies, our management is required to make estimates and judgements about the carrying amounts of assets and liabilities that are not readily apparent from other sources. Our estimates and judgements are based on historical experience and other factors that are considered

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to be relevant. Actual results may differ from these estimates. Our estimates and judgements are reviewed by our management on an ongoing basis. Please refer notes 2 and 3 of the Accountants' Report in Appendix I to this prospectus for details.

PRINCIPAL COMPONENTS OF RESULTS OF OPERATIONS

Revenue

Revenue represents contract revenue recognised for the provision of comprehensive structural and geotechnical engineering consultancy service to our clients, which amounted to approximately HK\$68.0 million, HK\$70.6 million and HK\$69.1 million for the three years ended 31 March 2018 respectively.

The number of projects with revenue contribution and our revenue generated from our comprehensive structural and geotechnical engineering consultancy service during the Track Record Period by project site location are set forth below:

	Year ended 31 March								
	2016			2017			2018		
	<i>Number of projects</i>	<i>HK\$'000</i>	<i>%</i>	<i>Number of projects</i>	<i>HK\$'000</i>	<i>%</i>	<i>Number of projects</i>	<i>HK\$'000</i>	<i>%</i>
Hong Kong	245	60,633	89.2	305	66,955	94.9	283	64,443	93.3
PRC, Macau and Saipan	18	7,376	10.8	15	3,614	5.1	15	4,646	6.7
Total	<u>263</u>	<u>68,009</u>	<u>100.0</u>	<u>320</u>	<u>70,569</u>	<u>100.0</u>	<u>298</u>	<u>69,089</u>	<u>100.0</u>

Our revenue is generally recognised based on the stage of completion of our projects. The stage of completion of a project is established by reference to the percentage of service cost incurred to date to the estimated total service cost for the project. The following table sets forth a breakdown of our projects based on their respective revenue recognised during the Track Record Period:

Number of projects by revenue contribution	Year ended 31 March		
	2016	2017	2018
HK\$1,000,000 or above	17	19	17
HK\$500,000 to below HK\$1,000,000	27	22	19
HK\$100,000 to below HK\$500,000	71	80	88
Below HK\$100,000	<u>148</u>	<u>199</u>	<u>174</u>
Total ⁽¹⁾	<u>263</u>	<u>320</u>	<u>298</u>

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Note:

- As certain projects commenced in a financial year and completed in another financial year, some projects contributed revenue for more than one financial year.

The following table sets forth the range and average of revenue contributed by our projects during the Track Record Period:

	Year ended 31 March		
	2016	2017	2018
Number of projects by revenue contribution	263	320	298
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Maximum revenue generated from a project	4,196	5,868	6,428
Minimum revenue generated from a project	2	1	1
Average revenue generated per project	259	221	232

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

	Year ended 31 March					
	2016		2017		2018	
	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%
1. Premises owners and developers	33,738	49.6	37,281	52.8	33,586	48.6
2. Architectural firms	15,843	23.3	15,805	22.4	16,508	23.9
3. General contractors and subcontractors	12,436	18.3	10,572	15.0	16,030	23.2
– main contractor	10,219	15.0	8,007	11.4	13,601	19.7
– subcontractor	2,217	3.3	2,565	3.6	2,429	3.5
4. Government departments, hospitals and public institutions	876	1.3	1,976	2.8	680	1.0
5. Parties requesting expert services and others	5,116	7.5	4,935	7.0	2,285	3.3
Total	<u>68,009</u>	<u>100.0</u>	<u>70,569</u>	<u>100.0</u>	<u>69,089</u>	<u>100.0</u>

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Cost of services

The following table sets forth a breakdown of our cost of services during the Track Record Period:

	Year ended 31 March		
	2016	2017	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Staff costs	30,261	33,265	36,650
Subconsulting charges	6,595	4,181	1,954
Others	18	13	12
	<u>36,874</u>	<u>37,459</u>	<u>38,616</u>
	<u>36,874</u>	<u>37,459</u>	<u>38,616</u>

The following table sets forth a breakdown of our staff costs in the cost of services, which included basic salary, allowances and benefits in kind, bonus and Mandatory Provident Fund, during the Track Record Period:

	Year ended 31 March		
	2016	2017	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Dr. Chan <i>(Note 1)</i>	1,878	1,916	2,058
Mr. Kwong <i>(Note 1)</i>	978	1,278	1,458
Professional staff	27,405	30,071	33,134
	<u>30,261</u>	<u>33,265</u>	<u>36,650</u>
	<u>30,261</u>	<u>33,265</u>	<u>36,650</u>

Note:

- for details of the total directors' remuneration of Dr. Chan and Mr. Kwong, please refer to note 10 of the Accountants' Report in Appendix I to this prospectus.

The following table sets forth the number of our professional staff and average staff costs in the cost of services for the Track Record Period:

	Year ended 31 March		
	2016	2017	2018
	Average number of professional staff	107	109
Average staff costs per professional staff (<i>HK\$'000</i>)	256	276	304

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Cost of services primarily consists of (i) staff costs; (ii) subconsulting charges; and (iii) others. During the Track Record Period, subconsulting charges mainly represented the subconsulting fees paid to our subconsultants to handle the works assigned by us. Our subconsultants usually provide AP, architectural and other ancillary service.

Staff costs mainly represent compensation and benefits provided to our professional staff involved in our projects. Others mainly included business tax in relation to service provided in the PRC.

To ensure the financial reporting system operates in accordance with the accounting policies adopted by our Group, all accounting entries for preparing our Group's monthly management accounts are handled by accountants based on relevant supporting documents, including payment invoice issued to our clients and payment invoice from our subconsultants. Application for progress billing to our clients and progress payment from our subconsultants will be reviewed and approved by our executive Directors.

Revenue recognition of a project is generally based on our management's estimation of the percentage of project completion by reference to the ratio of service cost incurred for the project handled by us to the estimated total service cost of the same project. Estimated service cost of a project is calculated by our management based on our estimated staff costs directly related to the handling of that project, the quotations provided by our subconsultants involved in the project and some other estimates from our management. In order to keep the estimation of contract costs accurate and up-to-date, our management conducts periodic review of the budget of each project by comparing the budgeted amount to the actual amount incurred.

Gross profit

Our gross profit was approximately HK\$31.1 million, HK\$33.1 million and HK\$30.5 million for the three years ended 31 March 2018 respectively, while our gross profit margin was approximately 45.8%, 46.9% and 44.1% for the same reporting periods, respectively. There is no segment reporting for our gross profit because our gross profit was only related to the provision of comprehensive structural and geotechnical engineering consultancy service during the Track Record Period.

Other income

Other income mainly represents the income from renting out two taxis, bad debts recognised in previous years and subsequently recovered and sundry income including reimbursement from clients during the Track Record Period.

Other gains/(losses), net

Other gains/(losses), net mainly represent the (i) exchange gains/(losses) arising from foreign exchange transaction in the PRC and Macau; (ii) deficit on revaluation of taxi licences charged to profit or loss; (iii) gain on disposal of taxi licences in February 2017; and (iv) allowance of trade receivables which was made for past due balances which were unlikely to be recovered from the view of our management.

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General and administrative expenses

General and administrative expenses consist primarily of staff costs not relating to the handling of our projects, staff training and welfare, depreciation, legal and professional fees, and rent and rates. The following table sets out a breakdown of our general and administrative expenses during the Track Record Period:

	Year ended 31 March		
	2016	2017	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Staff expenses and benefits	5,881	4,786	5,515
Rent and rates	2,607	2,694	2,791
Entertainment	1,090	883	851
Legal and professional fees	242	761	881
Building management fees	320	341	366
Printing and stationery	561	631	533
Travelling expenses	465	531	687
Insurance	394	413	433
Depreciation	308	296	235
Utilities	367	384	432
Others	1,475	865	1,384
	<hr/>	<hr/>	<hr/>
Total	13,710	12,585	14,108
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Staff expenses and benefits mainly represent (i) training expenses paid for our staff's professional development; and (ii) salaries, bonus, allowances and emoluments provided to our administrative staff and executive Directors. Rent and rates represent the rent paid for the properties which were used as our office during the Track Record Period. Depreciation on fixed asset is primarily related to office equipment and furniture and fixtures and motor vehicles. Legal and professional fees mainly represent legal, auditing and financial advisory services to our Group. Others mainly represent our Group's expenditures in relation to repair and maintenance, bank charges and other miscellaneous expenses.

Finance costs

Our Group's finance costs primarily comprise interest expenses incurred from bank borrowings and finance lease during the Track Record Period. Our Group mainly utilised bank borrowings in Hong Kong to ensure sufficient working capital for our business operation.

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Income tax expenses

Pursuant to the rules and regulations of the Cayman Islands and the BVI, our Group is not subject to any income tax in the Cayman Islands and the BVI. Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profit for the Track Record Period. Macau complementary tax has been provided at the rate of 12% on the estimated assessable profits arising in Macau for the Track Record Period. PRC enterprise income tax (“EIT”) is calculated at the applicable tax rates in accordance with the relevant laws and regulation in the PRC. Under the PRC Enterprise Income Tax Law (the “EIT Law”) and the Implementation Regulations of the EIT Law, the tax rate of a PRC subsidiary is 25% from 1 January 2008 onwards.

Our Group’s revenue during the Track Record Period was mainly derived in Hong Kong, and therefore our Group was mainly subject to profits tax in Hong Kong. The effective tax rates of our Group for the three years ended 31 March 2018 were approximately 18.2%, 17.2% and 54.1% respectively.

The following table sets forth the reconciliation of income tax expense and income tax payable as at the reporting dates indicated:

	As at 31 March		
	2016	2017	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Income tax payable at the beginning of the year	264	2,587	5,779
<i>Provision of tax:</i>	2,934	3,347	2,461
Hong Kong profits tax for the year	2,780	3,347	2,366
Under-provision of Hong Kong profits tax in prior year	–	–	–
Enterprise Income Tax in The PRC for the year	–	–	19
Macau complementary tax for the year	154	–	76

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	As at 31 March		
	2016	2017	2018
	HK\$'000	HK\$'000	HK\$'000
<i>Income tax paid:</i>	(611)	(155)	(8,614)
Hong Kong profits tax for the year ended 31 March 2015 <i>(Note 1)</i>	(134)	–	(87) <i>(Note 2)</i>
Provisional Hong Kong profits tax for the year ended 31 March 2016	(331)	–	–
Hong Kong profits tax for the year ended 31 March 2016 <i>(Note 1)</i>	–	–	(2,693)
Provisional Hong Kong profits tax for the year ended 31 March 2017	–	–	(3,043)
Hong Kong profits tax for the year ended 31 March 2017 <i>(Note 1)</i>	–	–	(283)
Provisional Hong Kong profits tax for the year ended 31 March 2018	–	–	(2,508)
Enterprise Income Tax in The PRC for prior year	–	(1)	–
Macao complementary tax for prior year	(146)	(154)	–
	<u>2,587</u>	<u>5,779</u>	<u>(374)</u>
Income tax payable/(receivable)	<u>2,587</u>	<u>5,779</u>	<u>(374)</u>

Notes:

1. The amount is net of the provisional tax paid in prior year.
2. The amount paid was primarily due to the additional tax assessment arising from the prior year adjustment made in the course of audit for the year ended 31 March 2016.

The comparatively higher income tax payable as at 31 March 2016, as compared with the amount as at 31 March 2015 as reflected at the beginning of the year ended 31 March 2016, was mainly attributable to the significant increase in profit before tax for the year ended 31 March 2016 as compared with the preceding financial year, together with a provisional tax effect which basically mirrored the then current year tax liability.

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The following table sets forth the key financial results of W&C Hong Kong, our principal operating subsidiary, for the three financial years prior to the Track Record Period:

	For the year ended 31 March		
	2013	2014	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(Note 1)</i>	<i>(Note 1)</i>	<i>(Note 1)</i>
Revenue	42,040	44,352	49,220
Operating expenses	(40,837)	(43,356)	(47,097)
Profit before taxation	1,351	956	2,255
Income tax expenses	(238)	(167)	(370)
Net profit margin before taxation	3.2%	2.2%	4.6%

Note:

1. The audited results were prepared by relevant local auditors, in accordance with relevant accounting standards considered appropriate by them prior to Track Record Period.

Our Directors advised that in 2013, our Group was undergoing a transition period in which Mr. Wong Kwok Ching, one of our Group's Founders, was contemplating to divest in W&C Hong Kong and retire. Our Directors confirm that part of our Group's management focus at that time had been placed in corporate continuation plans, future development plans and contingency plans, and after Mr. Wong Kwok Ching had stepped down, our then existing Directors and senior management, as part of the plans at that time, had jointly put in exceptional effort in business development and management to fill up Mr. Wong Kwok Ching's role in management. Our Directors believe that the effort at that period had led to an enhancement of our Group's market profile and a surge in number of projects in the year ended 31 March 2016. There was an increase in over 100 new projects commenced in the year ended 31 March 2016 with total contract sum of over HK\$50 million. These new projects generated revenue of over HK\$16 million for the year ended 31 March 2016. In total, there were approximately 263 projects with revenue contribution for the year ended 31 March 2016, among which approximately 17 projects with revenue contribution of HK\$1 million or above and the maximum revenue contributed by a project was approximately HK\$4.2 million. Before the Track Record Period, there were approximately 217 and 219 projects with revenue contribution and the maximum revenue contribution by a project was approximately HK\$3.4 million and HK\$2.6 million for the two years ended 31 March 2015. There were approximately nine and 11 projects with revenue contribution of HK\$1 million or above for the two years ended 31 March 2015 respectively.

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Tax implication of intra-group transactions

In our ordinary course of business, there are intra-group transactions between W&C Hong Kong and W&C Shenzhen and between W&C Hong Kong and W&C Macau. For the intra-group transactions between W&C Hong Kong and W&C Shenzhen, the projects are undertaken by W&C Hong Kong and then W&C Hong Kong would engage W&C Shenzhen for various support including computer-aided drawings etc. For the intra-group transactions between W&C Hong Kong and W&C Macau, the projects are undertaken by W&C Macau and then W&C Macau would channel the projects to W&C Hong Kong. According to our Tax Adviser, there is no transfer pricing documentation requirement and no specific transfer pricing legislation and general tax anti-avoidance provision in Macau. The aforesaid intra-group transactions between W&C Hong Kong and W&C Shenzhen are subject to the applicable transfer pricing requirements pursuant to the applicable PRC to laws and regulations.

Our Tax Adviser has performed a review on our transfer pricing arrangement and is of the view that W&C Hong Kong, W&C Macau and W&C Shenzhen were in compliance with the relevant laws and regulations on transfer pricing of their respective jurisdictions during the Track Record Period. Based on such review, which our Tax Adviser compared similar industries with similar functions under the “Transaction Net Margin Method” as compared to related parties in our intra-group transactions, our Tax Adviser is of the view that our intra-group transactions between W&C Hong Kong and W&C Shenzhen were conducted on an arm’s length basis.

Year ended 31 March 2018 compared to the year ended 31 March 2017

Revenue

Our Group’s revenue decreased by approximately HK\$1.5 million or 2.1% from approximately HK\$70.6 million for the year ended 31 March 2017 to approximately HK\$69.1 million for the year ended 31 March 2018. The aforesaid slight decrease was mainly attributable to the decrease in both number of projects and number of projects with revenue contribution of over HK\$1.0 million from 320 and 19 respectively for the year ended 31 March 2017 to 298 and 17 respectively for the year ended 31 March 2018.

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For the two years ended 31 March 2018, there were two projects that continuously generated over HK\$2.0 million in revenue for each financial year and their aggregate revenue contribution was approximately HK\$9.1 million for the year ended 31 March 2017 and approximately HK\$8.6 million for the year ended 31 March 2018. The following table sets forth the cost milestone events of the relevant projects:

Work stage	Cost milestone events	Kai Tak Project		Sha Tin Project	
		Approximate proportion of costs to total budget cost %	Event completion date	Approximate proportion of costs to total budget cost %	Event completion date
1	Upon first submission of foundation plan	5.8	November 2014	27.8	September 2016
2	Upon first submission of superstructure plan	17.6	June 2015	30.6	April 2017
3	Upon completion of foundation works including amendments of foundation plan	20.6	August 2015	23.7	July 2017
4	Upon completion of superstructure structural works including amendments of superstructure plan	51.0	On-going	16.9	On-going
5	Upon issue of occupation permit	5.0	N/A	1.0	N/A
	Total	100.0		100.0	

For the project started in 2014 in Kai Tak, it is related to new development of residential properties with superstructural works that represent the most material and time consuming part of the project. Our Directors are of the view that for the two years ended 31 March 2018, this project had significant progress in its superstructural works.

For the project started in 2016 in Sha Tin, it is related to design and construction of a medical center. The preparation of foundation and superstructural plans of which that represent the most material and time consuming part of the project due to the special requirements of medical center. During the year ended 31 March 2017, this project was in the preparation and submission stage of those building plans, including foundation plans and superstructural plans. The foundation works were carried out and completed in the year ended 31 March 2018.

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Cost of services

Our cost of services increased by approximately HK\$1.2 million or 3.1% from approximately HK\$37.5 million for the year ended 31 March 2017 to approximately HK\$38.6 million for the year ended 31 March 2018. The slight increase was mainly attributable to an increase in staff costs of approximately HK\$3.4 million. The aforesaid changes were mainly attributable to the increase in number of professional staff and the general increase in salary. The average staff costs per professional staff increased from approximately HK\$276,000 for the year ended 31 March 2017 to approximately HK\$304,000 for the year ended 31 March 2018.

Gross profit and gross profit margin

Our gross profit decreased by approximately HK\$2.6 million or 8.0% from approximately HK\$33.1 million for the year ended 31 March 2017 to approximately HK\$30.5 million for the year ended 31 March 2018, while our gross profit margin remained relatively stable at approximately 46.9% and approximately 44.1% for the two years ended 31 March 2018 respectively. The decrease in gross profit was mainly due to the slight increase in cost of services as mentioned in the above paragraph while our revenue slightly decreased in the year ended 31 March 2018.

Other income

Our other income decreased from approximately HK\$825,000 for the year ended 31 March 2017 to approximately HK\$323,000 for the year ended 31 March 2018. Such decrease was primarily due to the cessation of renting out the two taxis which were disposed in February 2017.

Other gains/(losses), net

Our other losses decreased from approximately HK\$1.3 million for the year ended 31 March 2017 to approximately HK\$812,000 for the year ended 31 March 2018. Such decrease was mainly due to the decrease in allowance of trade receivables of approximately HK\$1.3 million and a gain on disposal of taxi licences of approximately HK\$874,000 for the year ended 31 March 2017 as compared to the previous year.

General and administrative expenses

Our general and administrative expenses increased slightly by approximately HK\$1.5 million or 12.1% from approximately HK\$12.6 million for the year ended 31 March 2017 to approximately HK\$14.1 million for the year ended 31 March 2018. Such increase was mainly due to the (i) increase in staff expenses and benefits of approximately HK\$729,000 due to the annual increase in salary and the employment of a finance manager and a financial controller in October 2017 and June 2017 respectively; (ii) increase in legal and professional fees of

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approximately HK\$120,000 mainly caused by the expenses in relation to the setup of WAC (HK) (BVI), WAC (Macau) (BVI) and our Company in 2017 of approximately HK\$104,000; and (iii) increase in other miscellaneous expenses of approximately HK\$519,000 for the year ended 31 March 2018.

Finance costs

Our finance costs decreased from approximately HK\$378,000 for the year ended 31 March 2017 to approximately HK\$306,000 for the year ended 31 March 2018. Such decrease was mainly due to the decrease in interest expense related to the finance leases for the two taxis and respective taxi licences which were disposed in February 2017. Such effect was partly offset by the slight increase in interest expense for bank borrowing of approximately HK\$127,000 for the year ended 31 March 2018.

Listing expenses

The Listing expense in relation to the Listing of approximately HK\$11.0 million represented the amount paid to professional parties and charged to profit or loss for the preparation of Listing in the year ended 31 March 2018.

Income tax expenses

The effective tax rates for the two years ended 31 March 2018 were approximately 17.2% and 54.1% respectively. The effective tax rate for the year ended 31 March 2017 was slightly higher than the statutory profit tax rate of 16.5% in Hong Kong mainly due to the loss incurred by W&C Shenzhen and W&C Macau. The effective tax rate for the year ended 31 March 2018 was higher than the statutory profit tax rate of 16.5% in Hong Kong and that of the year ended 31 March 2017 due to the non-deductible Listing expense charged to our consolidated statements of profit or loss and other comprehensive income.

Profit for the year

Our Group's profit for the year ended 31 March 2018 was approximately HK\$2.1 million, representing a decrease of approximately HK\$14.2 million or 87.2% as compared to the year ended 31 March 2017, mainly due to the combined effect of (i) a decrease in gross profit of approximately HK\$2.6 million mainly contributed by slight increase in cost of services resulted from the increase in the number of professional staff and the general increase in salary while our revenue slightly decreased in the year ended 31 March 2018; (ii) the increase in general and administrative expenses of approximately HK\$1.5 million as mentioned in paragraph headed "General and administrative expenses" in this section; and (iii) the Listing expenses of approximately HK\$11.0 million incurred for the year ended 31 March 2018.

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Year ended 31 March 2017 compared to year ended 31 March 2016

Revenue

Our Group's revenue increased slightly by approximately HK\$2.6 million or 3.8% from approximately HK\$68.0 million for the year ended 31 March 2016 to approximately HK\$70.6 million for the year ended 31 March 2017. The aforesaid increase was mainly attributable to the increase in number of projects from 263 for the year ended 31 March 2016 to 320 for the year ended 31 March 2017, offsetting by the decrease in the average project revenue on a year-on-year basis.

Cost of services

Our cost of services slightly increased by approximately HK\$585,000 or 1.6% from approximately HK\$36.9 million for the year ended 31 March 2016 to approximately HK\$37.5 million for the year ended 31 March 2017. The increase was mainly attributable to the net effect of (i) a decrease in our subconsulting charges of approximately HK\$2.4 million due to fewer works required our subconsultants to handle; and (ii) an increase in staff costs of approximately HK\$3.0 million arising from the general increase in salary of our professional staff. The average staff costs per professional staff increased from approximately HK\$256,000 for the year ended 31 March 2016 to approximately HK\$276,000 for the year ended 31 March 2017.

Gross profit and gross profit margin

Due to our revenue growth, our gross profit increased by approximately HK\$2.0 million or 6.3% from approximately HK\$31.1 million for the year ended 31 March 2016 to approximately HK\$33.1 million for the year ended 31 March 2017, and our gross profit margin remained stable and just increased slightly from approximately 45.8% to 46.9%.

Other income

Our other income increased by approximately HK\$159,000 or 23.9% from approximately HK\$666,000 for the year ended 31 March 2016 to approximately HK\$825,000 for the year ended 31 March 2017. Such increase was due to the increase in recovery of bad debts recognised in the year ended 31 March 2016 of approximately HK\$105,000 and the increase in income of approximately HK\$68,000 arising from renting out two taxis which were disposed in February 2017.

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General and administrative expenses

Our general and administrative expenses decreased by approximately HK\$1.1 million or 8.2% from approximately HK\$13.7 million for the year ended 31 March 2016 to approximately HK\$12.6 million for the year ended 31 March 2017. Such decrease was mainly due to the decrease in staff cost of approximately HK\$1.1 million mainly arising from the resignation of Mr. Wong Kwok Ching who held a senior position in W&C Hong Kong in January 2016 and the salary reduction of W&C Macau which was due to the decreased amount of work handled by the respective staff.

Income tax expenses

The effective tax rates for the year ended 31 March 2017 decreased to approximately 17.2% from approximately 18.2% for the year ended 31 March 2016. The effective tax rates for the two years ended 31 March 2017 were higher than the statutory profits tax rate of 16.5% in Hong Kong primarily attributable to the loss made by W&C Shenzhen.

Profit for the year

Our Group's profit for the year ended 31 March 2017 was approximately HK\$16.3 million, representing an increase of approximately HK\$3.0 million or 22.6% as compared to the year ended 31 March 2016, mainly due to the net effect of (i) our revenue growth of approximately HK\$2.6 million; and (ii) the slight increase in gross profit margin from approximately 45.8% for the year ended 31 March 2016 to approximately 46.9% for the year ended 31 March 2017, as detailed above.

LIQUIDITY AND CAPITAL RESOURCES

Our Group had met its liquidity requirements principally through a combination of internal resources and advances from our Controlling Shareholders during the Track Record Period. Our Group's principal uses of cash have been, and are expected to continue to be, operational costs and investing activities. Our Directors believe that in the long term, our Group's operation will be funded by internally generated cash flows and, if necessary, additional equity financing and/or bank borrowings.

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Cash Flows

The following table sets forth the cash flows for the Track Record Period indicated:

	Year ended 31 March		
	2016	2017	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Net cash generated from operating activities	8,960	12,363	3,581
Net cash (used in)/generated from investing activities	(2,040)	13,067	(75)
Net cash (used in)/generated from financing activities	<u>(10,212)</u>	<u>(22,073)</u>	<u>3,827</u>
Net (decrease)/increase in cash equivalents	(3,292)	3,357	7,333
Effects of exchange rate changes	(49)	101	(185)
Cash and cash equivalents at the beginning of the year	<u>(632)</u>	<u>(3,973)</u>	<u>(515)</u>
Cash and cash equivalents at the end of the year	<u><u>(3,973)</u></u>	<u><u>(515)</u></u>	<u><u>6,633</u></u>
Cash and cash equivalents at the end of the year, represented by			
– Bank balances and cash	164	609	6,633
– Bank overdrafts	<u>(4,137)</u>	<u>(1,124)</u>	<u>–</u>
	<u><u>(3,973)</u></u>	<u><u>(515)</u></u>	<u><u>6,633</u></u>

Net cash generated from operating activities

Our cash inflow from operating activities is primarily generated from the provision of service and our cash outflow for operating activities mainly include (i) staff costs paid to our professional staff who are responsible for handling our projects; (ii) subconsulting charges; and (iii) administrative expenses. Our cash flows from operating activities are affected by a number of factors, which mainly include the progress of projects and the settlement of trade receivables by our clients and trade payables by our Group.

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For the year ended 31 March 2018, we had net cash generated from operating activities of approximately HK\$3.6 million, primarily as a result of profit before taxation of approximately HK\$4.5 million, adjusted for (i) the Listing expense of approximately HK\$11.0 million; (ii) finance costs of approximately HK\$306,000; (iii) depreciation of approximately HK\$235,000; (iv) an decrease in trade and other receivables of approximately HK\$426,000; (v) an increase in trade and other payables of approximately HK\$2.3 million; partially offset by the decrease in amounts due to customers for contract work of approximately HK\$5.5 million and income tax paid of approximately HK\$8.6 million. Further explanations of fluctuations for the aforesaid items from the consolidated statements of financial position are set out in the section headed “Financial information – Analysis of various items from the consolidated statements of financial position” in this prospectus.

For the year ended 31 March 2017, we had net cash generated from operating activities of approximately HK\$12.4 million, primarily as a result of profit before taxation of approximately HK\$19.7 million, adjusted for (i) gain on disposal of taxi licences of approximately HK\$874,000, finance costs of approximately HK\$378,000 and depreciation of approximately HK\$296,000; (ii) an increase in trade and other receivables of approximately HK\$6.0 million; and (iii) an increase in amounts due from customers for contract work of approximately HK\$1.2 million; partly offset by the increase in amounts due to customers for contract work of approximately HK\$850,000. Further explanations of fluctuations for the aforesaid items from the consolidated statements of financial position are set out in the section headed “Financial information – Analysis of various items from the consolidated statements of financial position” in this prospectus.

For the year ended 31 March 2016, we had net cash generated from operating activities of approximately HK\$9.0 million, primarily as a result of profit before taxation of approximately HK\$16.2 million, adjusted for (i) deficit on revaluation of taxi licences charged to profit or loss of approximately HK\$1.2 million, finance costs of approximately HK\$316,000 and depreciation of HK\$308,000; (ii) an increase in trade and other receivables of approximately HK\$5.2 million; (iii) an increase in amounts due from customers for contract work of approximately HK\$1.7 million; (iv) a decrease in amounts due to customers for contract work of approximately HK\$1.3 million; and (v) the income tax paid of approximately HK\$611,000. Further explanations of fluctuations for the aforesaid items from the consolidated statements of financial position are set out in the section headed “Financial information – Analysis of various items from the consolidated statements of financial position” in this prospectus.

Net cash (used in)/generated from investing activities

For the year ended 31 March 2018, we had net cash used in investing activities of approximately HK\$75,000, which was mainly attributable to the purchase of furniture and fixtures and office equipment of approximately HK\$75,000.

For the year ended 31 March 2017, we had net cash generated from investing activities of approximately HK\$13.1 million, which was mainly attributable to proceeds from disposal of two taxi licences of approximately HK\$13.2 million, offsetting by the purchase of furniture and fixtures and office equipment of approximately HK\$273,000.

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For the year ended 31 March 2016, we had net cash used in investing activities of approximately HK\$2.0 million, which was mainly attributable to the purchase of a taxi licence of approximately HK\$1.4 million.

Net cash (used in)/generated from financing activities

For the year ended 31 March 2018, we had net cash generated from financing activities of approximately HK\$3.8 million, which was mainly attributable to (i) the issue of new shares of our Company of approximately HK\$15.0 million; and (ii) net bank loan raised of approximately HK\$11.7 million; offsetting by (iii) the payment of Listing expense of approximately HK\$14.3 million; (iv) the advances from Controlling Shareholders of approximately HK\$3.7 million; and (v) the repayment of bank loans of approximately HK\$4.9 million.

For the year ended 31 March 2017, we had net cash used in financing activities of approximately HK\$22.1 million, which was mainly attributable to (i) repayment of obligations under finance leases arising from disposal of two taxis and respective licences in February 2017 of approximately HK\$10.3 million; and (ii) dividends paid to shareholders of W&C Hong Kong and W&C Macau of approximately HK\$13.2 million.

For the year ended 31 March 2016, we had net cash used in financing activities of approximately HK\$10.2 million, which was due to the dividends paid to shareholders of W&C Hong Kong and W&C Macau of approximately HK\$10.0 million.

Cash and cash equivalents at the end of the reporting period

Our Group recorded net bank overdrafts of approximately HK\$4.0 million and HK\$515,000 as at 31 March 2016 and 2017, respectively. The net bank overdrafts positions occurred in the Track Record Period were mainly caused by the prolonged trade receivables settlement cycle and our Group generally offered no credit terms to our clients and the high dividend paid. Excluding the dividend paid to the then shareholders of W&C Hong Kong and W&C Macau of approximately HK\$10.0 million and HK\$13.2 million for the two years ended 31 March 2017, the net adjusted cash and cash equivalent would be approximately HK\$6.0 million and HK\$12.7 million respectively. Since the Company currently does not have a dividend policy, the liquidity risk of the Group could be managed by adjusting the dividend payout ratio and only declare dividend when there are sufficient cash and cash equivalents.

As our Group currently offers no credit period to our customers in general, our Directors are of the view that under the current arrangement of no defined credit period on the invoices, the clients may not view such invoices as requiring immediate settlement since it is not explicitly written on the invoices. As such, in order to improve the liquidity position of our Group, we intend to standardise the credit terms of 30 days to clients before Listing to provide a clearly stated payment deadline on the invoices for our clients to follow and increase the frequency of follow-up actions as stated in section “Business – Credit risk and cash flow management” to recover overdue debts. As part of the enhanced internal control measures that we subsequently implemented in November 2017, our Group has strengthened the debt collection

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process by designating respective accounting supervisor, associate director and executive Director to closely monitor the payment process. Excluding the proceed from the issue of new shares of our Company of approximately HK\$15.0 million and the Listing expenses of approximately HK\$11.0 million for the year ended 31 March 2018, our Group would have recorded net cash position of approximately HK\$2.6 million. For more information about our follow-up actions to recover the overdue debts, please refer to the section headed “Business – Credit risk and cash flow management” in this prospectus. Due to the consultancy business model of our Group, the majority of cost of services is staff salary, which is highly predictable and recurring. As long as our Group is able to monitor its cash position to meet with the predictable recurring expenses, the mismatch in timing on incurring costs and timing in receiving payment from clients can be managed with sufficient working capital and cash reserve. Our Directors do not expect to continue to record net bank overdrafts position (excluding net proceeds of the Share Offer) going forward.

The following sensitivity and tipping point analyses illustrate the changes in our cash and cash equivalents, without considering the cash from the bank overdrafts, by adjusting the trade receivables turnover days on the actual financial results, with all other variables held constant, as at the dates indicated:

Change in trade receivables' turnover days	For the year ended/As at 31 March								
	2016			2017			2018		
	Turnover days	Trade Receivables HK\$'000	Cash and cash equivalents HK\$'000	Turnover days	Trade Receivables HK\$'000	Cash and cash equivalents HK\$'000	Turnover days	Trade Receivables HK\$'000	Cash and cash equivalents HK\$'000
Increase by 90 days	164	49,905	(37,512)	190	57,008	(35,316)	206	55,761	(27,438)
Increase by 60 days	134	38,725	(26,332)	160	45,408	(23,716)	176	44,404	(16,081)
Increase by 30 days	104	27,546	(15,153)	130	33,807	(12,115)	146	33,047	(4,724)
Actual	74	16,366	(3,973)	100	22,207	(515)	116	21,690	6,633
Decrease by 30 days	44	5,186	7,207	70	10,607	11,085	86	10,333	17,990
Decrease by 60 days	14	-	12,393	40	-	21,692	56	-	28,323
Decrease by 90 days	(16)	-	12,393	10	-	21,692	26	-	28,323

Based on the foregoing analysis, in order for our cash and cash equivalents as at 31 March 2016, 2017 and 2018 to be depleted, our trade receivables turnover days would have to change to approximately 63.2 days, 98.4 days and 133.5 days from the actual turnover days for the three years ended 31 March 2018 respectively.

ANALYSIS OF VARIOUS ITEMS FROM THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Property, plant and equipment

Our Group's property, plant and equipment mainly consist of (i) office equipment with net carrying value of approximately HK\$280,000; and (ii) furniture and fixtures with net carrying value of approximately HK\$332,000 as at 31 March 2018.

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Taxi licences

Our Group's taxi licences consist of two taxi licences purchased in 2014 and 2015 respectively. The taxi licences were subsequently sold to a company held by Dr. Chan at a consideration of approximately HK\$6.7 million and HK\$6.6 million in February 2017 respectively. The transaction was conducted based on the market value of the two taxi licences as at the date of disposal. Please refer to note 15 of the Accountants' Report in Appendix I to this prospectus for details.

Trade and other receivables

Our trade and other receivables mainly consist of (i) trade debtors relating to our provision of service; and (ii) deposits and prepayments relating to the prepayment of professional indemnity insurance, medical and labour insurance for our staff and rent. In general, our Group is entitled to make progress billing to the client pursuant to the schedule of the contract which is normally linked to milestones of the project, such as completion of submission and obtaining approval on the plans. The following table sets out the breakdown of trade and other receivables as at each reporting date:

	As at 31 March		
	2016	2017	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade receivables	16,644	24,611	24,922
Less: Allowance for doubtful debts	<u>(278)</u>	<u>(2,404)</u>	<u>(3,232)</u>
	16,366	22,207	21,690
Deposits, prepayments and other receivables	<u>435</u>	<u>1,263</u>	<u>4,183</u>
Trade and other receivables	<u><u>16,801</u></u>	<u><u>23,470</u></u>	<u><u>25,873</u></u>

The trade receivables increased from approximately HK\$16.4 million as at 31 March 2016 to approximately HK\$22.2 million as at 31 March 2017 and decreased slightly to approximately HK\$21.7 million as at 31 March 2018. The increase in balance as at 31 March 2017 was mainly due to the prolonged payment cycle of some of our clients, such as Client A and Client B.

The following table sets forth the turnover days of trade receivables (calculated as the average of beginning and ending total trade receivables for the year divided by revenue for the year and multiplied by the number of days in the year, i.e. 365 days) for the financial year indicated:

	Year ended 31 March		
	2016	2017	2018
Trade receivables turnover days	<u><u>73.8</u></u>	<u><u>99.8</u></u>	<u><u>116.0</u></u>

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As our projects operates on a non-recurring and project-by-project basis, our total amount of billing during the Track Record Period may fluctuate subject to the size and the progress of our projects at a given time thereby affecting our trade receivables balance as at the respective year or period end date and also the trade receivables turnover days during the Track Record Period.

Our trade receivables turnover days were approximately 73.8 days, 99.8 days and 116.0 days for the three years ended 31 March 2018 respectively. The increase in trade receivables turnover days from approximately 73.8 days for the year ended 31 March 2016 to approximately 99.8 days for the year ended 31 March 2017 and further to approximately 116.0 days for the year ended 31 March 2018 was mainly attributable to the prolonged payment cycles of some of our clients, such as Client A and Client B, who have no history of material default in payment to our Group. Our Directors believe that our trade receivables turnover days are relatively long during the Track Record Period, mainly due to (i) some of our major projects are from our major customers who are large-scale project owners or contractors and may need to carry out a longer internal and formal approval process to settle our invoices; (ii) during the Track Record Period, there were a number of outliers where, due to project issues, payment was delayed, but our Directors believe that they are still recoverable; and (iii) for maintaining good client relationship, our Group adopted enhanced internal control measures in November 2017 as mentioned in the section headed “Business – Credit Risk and Cash Flow Management” in this prospectus which our Group takes progressive follow-up action to recover overdue debts.

Our Directors determine specific allowance for doubtful debts on a case-by-case basis. During the Track Record Period, we did not experience any difficulty in collecting our trade receivables which caused a significant adverse impact on our business operation. In the event that we notice any events or changes in circumstances which indicate the balances may not be collectible such as the client has any financial or liquidity problem which may result in difficulty in settling the outstanding payment, the disagreement on variation order between us and client etc., relevant allowance of trade receivables would be made. During the Track Record Period, allowance of trade receivables of approximately HK\$297,000, HK\$2.1 million and HK\$840,000 was made respectively.

Our Group generally offers no credit period to our clients. Subject to our executive Director’s approval, we may grant credit period to some of our clients on a case-by-case basis. The following table illustrates the ageing analysis of the trade receivables, based on invoice dates, as of the end of each reporting date:

	As at 31 March		
	2016	2017	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Within 30 days	5,673	5,891	5,196
31 to 60 days	3,537	3,677	4,437
61 to 90 days	1,798	2,036	780
91 to 180 days	3,004	5,481	4,903
Over 180 days	2,354	5,122	6,374
	<u>16,366</u>	<u>22,207</u>	<u>21,690</u>

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The following table illustrates the ageing analysis of the trade receivables, based on due dates, as of the end of each reporting date:

	At 31 March			Subsequent settlement of trade receivables as at 31 March 2018 up to the Latest Practicable Date
	2016	2017	2018	
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Neither past due nor impaired	3,253	2,652	1,804	870
Less than 30 days past due	4,122	5,546	6,185	5,725
More than 30 days but less than 90 days past due	3,730	4,633	2,703	2,305
More than 90 days but less than 180 days past due	3,327	4,647	5,928	3,803
More than 180 days past due	1,934	4,729	5,070	4,025
– More than 180 days but less than 210 days past due	1,006	1,110	819	614
– More than 210 days but less than 240 days past due	403	613	705	348
– More than 240 days but less than 270 days past due	69	715	1,777	1,737
– More than 270 days but less than 365 days past due	262	532	850	629
– More than 365 days past due	194	1,759	919	697
	<u>16,366</u>	<u>22,207</u>	<u>21,690</u>	<u>16,728</u>

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As at 31 March 2016, 2017 and 2018, our trade receivables of approximately HK\$13.1 million, HK\$19.6 million and HK\$19.9 million were past due but not impaired respectively. For those trade receivables over 90 days past due and not impaired of approximately HK\$11.0 million as at 31 March 2018, which arose from approximately 53 clients including public housing provider, Hong Kong listed property developers and private architectural firms, approximately HK\$7.8 million was subsequently settled as at Latest Practicable Date. For the remaining balances of approximately HK\$3.2 million, which was related to over 20 clients, a majority of the balances was contributed by five clients, including Client A, Client B, two private architectural firms and a public housing provider in Hong Kong. The following table sets forth an analysis of the outstanding trade receivables over 90 days past due as at the Latest Practicable Date of the abovementioned five clients:

Client <i>(Note 1)</i>	Approximate overdue days as at 31 March 2018	Approximate outstanding trade receivables over 90 days past due as at 30 June 2018 (HK\$'000)	Subsequent settlement up to Latest Practicable Date (HK\$'000)	Remarks
Client B		1,049	257	To the best knowledge of our Directors after due enquiry, it was mainly due to miscommunication among Client B's internal departments, which delayed Client B's internal approval process.
	157 days	510	204	
	148 days	37	37	
	121 days	479	16	
	91 days	23	–	

Client B has proposed and agreed with us to settle the outstanding balance by monthly instalments of approximately HK\$128,275 starting from July 2018 until February 2019, with the remaining HK\$22,380 to be settled in March 2019.

Given that Client B has approximately 13 years of business relationship with us and considering its status and profile, our Directors consider that the outstanding amount will be recovered within a reasonable period of time.

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Client <i>(Note 1)</i>	Approximate overdue days as at 31 March 2018	Approximate outstanding trade receivables over 90 days past due as at 30 June 2018 (HK\$'000)	Subsequent settlement up to Latest Practicable Date (HK\$'000)	Remarks
A private architectural firm A	253 days 123 days	855 270 585	270 270 –	To the best knowledge of our Directors after due enquiry, it was mainly due to the prolonged settlement cycle of the client's respective customer which is a university. As advised by our Directors, the client will settle the outstanding balance once they have received the payment from its respective customer. As advised by our Directors, the client is in on-going constructive discussion with our Directors regarding project status and settlement. Our Group will take further actions to seek recovery if needed.
A private architectural firm B	182 days	430	430	To the best knowledge of our Directors after due enquiry, it was mainly due to extra time required to confirm if additional works and services are required for the project before the settlement. Our Directors believe that it is only a matter of time for the project (even with additional works and services) to be fully completed. As advised by our Directors, the client has confirmed no further works are needed and settled the amount in full in July 2018.

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Client <i>(Note 1)</i>	Approximate overdue days as at 31 March 2018	Approximate outstanding trade receivables over 90 days past due as at 30 June 2018 <i>(HK\$'000)</i>	Subsequent settlement up to Latest Practicable Date <i>(HK\$'000)</i>	Remarks
Client A		375	–	To the best knowledge of our Directors after due enquiry, it was mainly due to the unexpected delay in the construction progress and the client has requested to settle the outstanding amount at a later date which is expected to be shortly after October 2018.
	213 days	225	–	
	205 days	150	–	
Public housing provider in Hong Kong	255 days	368	368	To the best knowledge of our Directors after due enquiry, it was mainly due to prolonged internal approval process of the client to confirm if additional works are required for the project before settlement. As advised by our Directors, the client is in constructive discussion with our Directors regarding project status and confirmed no further queries on our works in July 2018. As at the Latest Practicable Date, the amount has been fully settled.
Total of the five clients		3,077		

Note:

- Client A and Client B are our five largest clients during the Track Record Period. For further information including their revenue contribution and years of business relationship, please refer to the section headed “Business – Our clients” in this prospectus.

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As our Group has continuous business cooperation with these clients and has kept following up and discussing with them, our Directors believe that no allowance for doubtful debt is necessary for these balances as at 31 March 2018. Our contract team and accounting team would closely monitor the collection of our trade receivables with an aim to collect payment from our clients as early as possible after issue of our invoices. However, in order to maintain good business relationship with our clients, we usually allow some flexibility for certain clients for the settlement of trade receivables after assessing various factors, including the status of business relationship, client's size and background, credit history, financial condition and past reputation on a case-by-case basis. After the Track Record Period, in addition to closely monitoring the trade receivables aging record and following up on the outstanding invoices such as making phone calls and visiting the clients by our Directors or respective staff, our Group would also issue written reminders in some cases to clients once the trade receivable has been outstanding over 90 days as our escalated effort in amount recovery.

The amount of approximately HK\$16.7 million, or 77.1% of the trade receivables as at 31 March 2018 had subsequently been settled as at the Latest Practicable Date. Trade receivables that were past due but not impaired relate to a number of our clients who have no default payment record with our Group. Based on our past experience, our Directors believe that no allowance for doubtful debts is necessary for these balances as there has not been any sign of significant adverse change in credit strength of our clients.

Movements in our Group's allowance for doubtful debts in relation to trade receivables are as follows:

	Year ended 31 March		
	2016	2017	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
At beginning of the year	–	278	2,404
Allowance provided during the year	297	2,126	840
Exchange adjustment	(19)	–	(12)
	<u> </u>	<u> </u>	<u> </u>
At end of the year	<u> </u> <u> </u> 278	<u> </u> <u> </u> 2,404	<u> </u> <u> </u> 3,232

The allowance provided for the three years ended 31 March 2018 were related to one, nine and 12 clients, respectively. Our Directors confirm that follow-up actions were taken such as making phone calls and visiting the clients. Having considered our relationships with these clients and future business opportunities and the fact that the allowance amount is not material which only represents approximately 0.4%, 3.0% and 1.2% of our revenue for the three years ended 31 March 2018 respectively, our Directors decided to make such impairment. For the allowance of approximately HK\$2.1 million provided for the year ended 31 March 2017, a majority of the impairment of approximately HK\$1.3 million was made in respect of a client which the payment was overdue for over 210 days. As advised by our Directors, after repeated discussions with the client and based on the reason that they, as architect, were still in

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negotiation with the relevant premises owner with respect to the project, our Directors considered that it was prudent to make such impairment. Further, another impairment of approximately HK\$0.5 million was made for the year ended 31 March 2017 in respect of another client which a major portion of payment was overdue for over 210 days. As advised by our Directors, delays occurred in obtaining relevant approvals due to the architect's work for the project, based on such reason our Directors made the impairment for the sake of prudence. For the allowance of approximately HK\$0.8 million provided for the year ended 31 March 2018, impairments of approximately (a) HK\$0.3 million, (b) HK\$0.2 million, (c) HK\$0.1 million and (d) HK\$0.1 million were made in respect of four clients and a majority of which was overdue for over 270 days. As advised by our Directors, the respective reasons for making the allowances were: (a) after repeated discussions with the client, there was still no solid conclusion on the overdue amount during the final settlement stage of the project; (b) and (c) after repeated discussions with the clients and based on the reason that they, as architects, were still in negotiations with the premises owners with respect to the projects; and (d) the client encountered a technical issue which caused an inevitable delay to the project, our Directors considered that it was prudent to make such impairments.

Amounts due from/(to) customers for contract work

Our revenue from projects is generally recognised based on the stage of completion of the projects. The stage of completion is recognised by reference to service costs incurred. There is normally a timing difference between the project progress (in terms of percentage of project completion) recorded by us and the time of progress billing of our projects. Our Group recognise amounts due from customers for contract work when the sum of the service costs incurred for a project and the respective recognised profit (less recognised loss) is greater than the amount of progress billings of the project. On the other hand, our Group records amounts due to customers for contract work when the sum of the service costs incurred for a project and the respective recognised profit (less recognised loss) is less than the amount of progress billings of the project. Our Group generally makes progress billing to the customer pursuant to the payment schedule of the contract which is normally linked to milestones of the project. The following table sets forth the amounts due from/(to) customers for contract work as at each reporting date:

	As at 31 March		
	2016	2017	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Amounts due from customers for contract work	10,104	11,292	12,150
Amounts due to customers for contract work	6,627	7,477	1,986

Approximately HK\$3.9 million or 32.2% of the amounts due from customers for contract work as at 31 March 2018 had been subsequently billed to our customers as at the Latest Practicable Date. The total subsequent billing from 1 April 2018 to the Latest Practicable Date of the thirteen major projects as disclosed in table below was approximately HK\$2.3 million,

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representing approximately 37.5% of the relevant total amount due from customer for contract work as at 31 March 2018. There were no subsequent billing from 1 April 2018 up to the Latest Practicable Date for Projects 5, 6, 10 and 13 mainly due to (i) the period between one payment milestone to the next is longer than expected; and (ii) project delay.

The following breakdown sets forth the details of our projects which relate to a majority of our amount due from customers for contract work as at 31 March 2018:

Project	Amount due from customer for contract work as at 31 March 2018 <i>HK\$'000</i> (A)	Contract sum <i>HK\$'000</i>	Estimated completion date	Revenue	Subsequent	Subsequent settlement of trade receivables from 1 April 2018 to Latest Practicable Date <i>HK\$'000</i>	Amount due from/(to) customer for contract work as at 30 June 2018 <i>HK\$'000</i> (A+B-C)
				recognised from 1 April 2018 to 30 June 2018 <i>HK\$'000</i> (B)	billing from 1 April 2018 to 30 June 2018 <i>HK\$'000</i> (C)		
1	809	2,942	(Note 1)	502	256	476	1,055
2	701	3,401	January 2021	692	389	694	1,004
3	667	1,166	January 2019	190	334	492	523
4	592	2,509	(Note 1)	175	148	175	619
5	550	13,750	January 2020	768	126	2,770	1,192
6	410	3,514	February 2018	-	-	79	410
7	404	2,746	(Note 1)	200	58	359	546
8	365	4,131	June 2020	636	182	764	819
9	364	514	(Note 1)	15	-	-	379
10	338	10,706	September 2019	317	52	104	603
11	330	5,106	May 2021	588	869	1,620	49
12	306	1,743	(Note 1)	124	430	733	-
13	275	2,040	(Note 1)	35	-	136	310

Notes:

1. Our Directors believe that the estimated completion dates are subject to change due to the uncertainty in client's project planning, which the Group may not be able to control.
2. 30 June 2018 is the latest practicable date for determining our Group's indebtedness.

The amounts due from/(to) customers for contract work are normally affected by (i) the amount of works handled by our Group at the time close to the end of each reporting period by reference to the service costs incurred for and the budgeted costs of the projects; and (ii) the timing of progress billing for the project, which can vary from period to period. The change in amounts due from/(to) customers for contract work during the Track Record Period was primarily attributable to the timing difference between the revenue recognised and the progress billings of our projects.

FINANCIAL INFORMATION

Amounts due to Controlling Shareholders

	At 31 March		
	2016	2017	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Amounts due to Controlling Shareholders			
– Dr. Chan	2,894	2,796	261
– Mr. Kwong	1,362	1,316	128
	4,256	4,112	389
	4,256	4,112	389

The outstanding balances with these related parties are non-trade in nature, interest-free, unsecured and repayable on demand and will be settled prior to Listing.

Trade and other payables

Our trade and other payables are principally related to (i) the works performed by subconsultants for our projects; (ii) advance received from a client for carrying out a project; and (iii) accrual of staff's remuneration and professional service fees. The following table sets out the breakdown of trade and other payables as at each reporting date:

	At 31 March		
	2016	2017	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade payables	1,870	1,624	1,023
Accrued expenses	2,627	2,625	5,845
Other payables	489	465	455
	4,986	4,714	7,323
	4,986	4,714	7,323

As our service is carried out on a project-by-project basis, our cost of services may fluctuate due to the size and the progress of our projects at a given time thereby affecting our trade payables balance as at the end of each reporting period.

Trade payables decreased from approximately HK\$1.9 million as at 31 March 2016 to approximately HK\$1.6 million as at 31 March 2017 and further to approximately HK\$1.0 million as at 31 March 2018. Such decreasing trend was mainly related to the decrease in subconsulting charges during the Track Record Period.

FINANCIAL INFORMATION

The following table sets out the turnover days of trade payables (calculated as the average of beginning and ending trade payable balances for the year, divided by total subconsulting charges for the year, multiplied by the number of days in the year, i.e. 365 days) for the year indicated:

	Year ended 31 March		
	2016	2017	2018
Trade payables turnover days	110.3	152.5	247.2

Our Group's trade payables turnover days increased from approximately 110.3 days for year ended 31 March 2016 to approximately 152.5 days for the year ended 31 March 2017 and further to approximately 247.2 days for the year ended 31 March 2018. The increase was mainly attributable to the prolonged payment cycles of some of our clients, resulting in postponed payments to some of our subconsultants and the significant decrease in the subconsulting charges, which is the denominator in calculating the trade payables turnover days, over the Track Record Period. As usually agreed in our subconsultancy agreements, we shall pay the relevant subconsulting fee in accordance with (i) the milestone progress of the project which is in line with our progress billing to our clients; and (ii) the trade receivables settlement progress of the respective clients.

The following table illustrates the ageing analysis of the trade payables, based on the invoice dates, as of the end of each reporting date:

	At 31 March		
	2016	2017	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Within 30 days	703	961	318
31–60 days	665	222	189
61–90 days	199	279	113
Over 90 days	303	162	403
	1,870	1,624	1,023

A substantial portion of trade payables as at 31 March 2016 and 2017 were aged within 60 days and a relatively large portion of trade payables as at 31 March 2018 were aged within 30 days and over 90 days. Approximately 97.8% of the trade payables as at 31 March 2018 had been subsequently settled as at Latest Practicable Date.

FINANCIAL INFORMATION

NET CURRENT ASSETS

	As at 31 March			As at 30 June
	2016	2017	2018	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i> (unaudited)
Current assets				
Trade and other receivables	16,801	23,470	25,873	19,380
Amounts due from customers for contract work	10,104	11,292	12,150	14,877
Tax recoverable	–	–	374	899
Bank balances and cash	164	609	6,633	9,550
	<u>27,069</u>	<u>35,371</u>	<u>45,030</u>	<u>44,706</u>
Current liabilities				
Trade and other payables	4,986	4,714	7,323	7,210
Amounts due to customers for contract work	6,627	7,477	1,986	1,884
Amounts due to controlling shareholders	4,256	4,112	389	389
Bank borrowings	4,570	3,118	8,875	7,466
Obligations under finance lease	337	–	–	–
Income tax payable	2,587	5,779	–	–
	<u>23,363</u>	<u>25,200</u>	<u>18,573</u>	<u>16,949</u>
Net current assets	<u><u>3,706</u></u>	<u><u>10,171</u></u>	<u><u>26,457</u></u>	<u><u>27,757</u></u>

As at 30 June 2018, being the latest practicable date for determining our Group's indebtedness, we had net current assets of approximately HK\$27.8 million. The key components of our current assets as at 30 June 2018 included trade and other receivables of approximately HK\$19.4 million and bank balances and cash of approximately HK\$9.6 million. The key components of our current liabilities included trade and other payables of approximately HK\$7.2 million, amounts due to customers for contract work of approximately HK\$1.9 million and bank borrowings of approximately HK\$7.5 million. The net current asset increased slightly by approximately HK\$1.3 million mainly due to the net effect of (i) the increase in bank balances and cash of approximately HK\$2.9 million; (ii) the increase in amounts due from customers for contract work of approximately HK\$2.7 million; (iii) the decrease in trade and other receivables of approximately HK\$6.5 million; and (iv) the decrease of bank borrowings of approximately HK\$1.4 million.

FINANCIAL INFORMATION

As at 31 March 2018, we had net current assets of approximately HK\$26.5 million. The key components of our current assets as at 31 March 2018 included trade and other receivables of approximately HK\$25.9 million, amounts due from customers for contract work of approximately HK\$12.2 million, and bank balances and cash of approximately HK\$6.6 million. The key components of our current liabilities included trade and other payables of approximately HK\$7.3 million, amounts due to customers for contract work of approximately HK\$2.0 million and bank borrowings of approximately HK\$8.9 million. The increase in net current assets by approximately HK\$16.3 million or 160.1% as compared to that as at 31 March 2017 was mainly attributable to the effect of (i) an increase in trade and other receivables of approximately HK\$2.4 million resulting from the prolonged payment cycles of some of our clients; (ii) an increase in bank balances and cash of approximately HK\$6.0 million mainly due to the proceeds from the Pre-IPO Investment; and (iii) decrease in income tax payable of approximately HK\$5.8 million due to our tax paid in the year ended 31 March 2018.

Our net current assets increased by approximately 174.4% from approximately HK\$3.7 million as at 31 March 2016 to approximately HK\$10.2 million as at 31 March 2017. The increase was mainly due to (i) an increase in trade and other receivables of approximately HK\$6.7 million as a result of the prolonged payment cycles of some of our clients; and (ii) an increase in amounts due from customers for contract work of approximately HK\$1.2 million. Such effect was partly offset by the increase in current liabilities of approximately HK\$1.8 million mainly caused by the increase in income tax payable.

INDEBTEDNESS AND CONTINGENT LIABILITIES

Bank borrowings

The following table sets out our bank borrowings as at the reporting dates indicated:

	As at 31 March			As at 30 June
	2016	2017	2018	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
				(unaudited)
Bank loans	433	1,994	8,875	7,466
Bank overdrafts <i>(Note 1)</i>	4,137	1,124	–	–
	<u>4,570</u>	<u>3,118</u>	<u>8,875</u>	<u>7,466</u>

Note:

- Bank overdrafts were used in the Track Record Period as our Directors considered that it allows flexibility in managing our liquidity.

FINANCIAL INFORMATION

	As at 31 March			As at
	2016	2017	2018	30 June
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i> (unaudited)
Carrying amounts repayable (based on scheduled repayable terms):				
– Within one year	349	863	5,570	4,395
– More than one year, but not more than two years	84	766	3,305	3,071
– More than two years, but not more than five years	–	365	–	–
	433	1,994	8,875	7,466
Less: Amounts due shown under current liabilities:				
– due within one year	(349)	(863)	(5,570)	(4,395)
– due after one year but contain a repayable on demand clause	(84)	(1,131)	(3,305)	(3,071)
	–	–	–	–
Amounts shown under non-current liabilities	–	–	–	–

Note:

1. All bank and borrowings contain a repayment on demand clause and are shown under current liabilities. The amounts due are presented based on scheduled repayment dates set out in the loan agreements.

The fixed rate bank borrowings as at 31 March 2016, 2017, 2018 and 30 June 2018 carried interest at the rate of 2.64% to 6%, 2.52% to 6% and 2.52% to 4% and 2.52% to 4.52% per annum, respectively.

The bank overdrafts as at 31 March 2016 and 2017 carried interest at 5.75% per annum, and 0.5% per annum over the prime lending rate or 0.5% per annum over the overnight Hong Kong Interbank Offered Rate, whichever is higher.

FINANCIAL INFORMATION

The bank overdrafts are secured by the personal guarantee given by Dr. Chan and Mr. Kwong, our Controlling Shareholders, which will be released following our early settlement of the respective bank borrowings in full or replaced by cooperate guarantee.

As at 31 March 2016, 2017, 2018 and 30 June 2018, term loans of approximately HK\$433,000, HK\$2.0 million, HK\$5.9 million and HK\$4.5 million respectively were secured by the guarantee given by Hong Kong Mortgage Corporation Limited and personal guarantees by Dr. Chan and Mr. Kwong, our Controlling Shareholders, which will be released following our early settlement of the respective bank borrowings in full or replaced by cooperate guarantee.

As at the close of business on 30 June 2018, being the latest practicable date on which such information was available to us, our Group's unutilised bank facilities were HK\$11.0 million.

Obligations under finance lease

The following table set out our obligations under finance lease as at dates indicated:

	As at 31 March			As at 30 June
	2016	2017	2018	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
				(unaudited)
Analysed for reporting purpose				
as:				
– Current liabilities	337	–	–	–
– Non-current liabilities	9,986	–	–	–
	<u>10,323</u>	<u>–</u>	<u>–</u>	<u>–</u>

There were two taxis and the respective taxi licences were held under finance leases. The lease terms were of the period of three to 25 years. The leases were on a fixed repayment basis and no arrangements have been entered into for contingent rental payments. The above finance leases carried interest at the rate of 2.1% to 2.15% per annum for the year ended 31 March 2016. The obligations under finance lease were repaid after the disposal of the two taxis and the respective licences in February 2017.

FINANCIAL INFORMATION

Operating lease commitments

Our Group leases office premises and photocopiers through non-cancellable operating leases. These operating leases do not contain provisions for contingent lease rentals.

The following table set out our total future minimum lease payments under non-cancellable operating leases are payable as at dates indicated:

	As at 31 March			As at
	2016	2017	2018	30 June
	HK\$'000	HK\$'000	HK\$'000	2018
				HK\$'000
				(unaudited)
Within one year	2,722	1,886	2,630	2,837
In the second to fifth years inclusive	1,849	726	3,994	4,068
	<u>4,571</u>	<u>2,612</u>	<u>6,624</u>	<u>6,905</u>

Except as disclosed above and apart from intra-group liabilities and normal trade payables, we did not have, at the closure of business on 30 June 2018, any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances or acceptance credits, debentures, mortgages, charges, finance lease commitments, guarantees or other material contingent liabilities. Our Directors confirm that (i) there had not been any material change in our indebtedness and contingent liabilities since 30 June 2018 and up to the Latest Practicable Date; and (ii) our Group did not have any material external debt financing plans as at the Latest Practicable Date.

WORKING CAPITAL

Our Directors confirm that, taking into consideration the financial resources presently available to us, including bank borrowings and other internal resources, and the estimated net proceeds of the Share Offer, we have sufficient working capital for our present requirements for at least the next 12 months commencing on the date of this document.

FINANCIAL INFORMATION

CAPITAL EXPENDITURE

Our capital expenditure primarily comprises furniture and fixtures and leasehold improvements. Our capital expenditure was funded by internal resources during the Track Record Period. The following table sets forth our Group's capital expenditure during the Track Record Period:

	Year ended 31 March			Three months ended
	2016	2017	2018	30 June 2018
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Property, plant and equipment	690	273	75	14

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

Our Group has not entered into any off-balance sheet transactions or arrangements as at Latest Practicable Date.

CAPITAL MANAGEMENT AND FINANCIAL RISK MANAGEMENT

Capital management

Our Group actively and regularly reviews and manages our capital structure in order to maintain a balance between the higher shareholder's 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. Our Group monitors our capital structure on the basis of the gearing ratio.

Financial risk management

Our Group is or may be exposed to currency risk, credit risk and liquidity risk in the normal course of business. Further details on our financial risk management policies and practices are set out in the sub-section headed "Notes to the historical financial information – 24. Financial risk management objectives and policies and fair value of financial instruments" in Appendix I to this prospectus.

FINANCIAL INFORMATION

DIVIDENDS

For the two years ended 31 March 2017, the subsidiaries of our Group declared and paid interim dividends of approximately HK\$10.0 million and HK\$13.2 million respectively. No dividends were declared by our Group after 31 March 2017 and up to the Latest Practicable Date. Our Company currently does not have a dividend policy and may distribute dividends by way of cash or by other means that our Directors consider appropriate. A decision to declare and pay any dividend would require the approval of our Directors and will be at their discretion. In addition, any final dividend for a financial year will be subject to Shareholders' approval.

There will be no assurance that our Company will be able to declare or distribute any dividend in the amount set out in any plan of the Board or at all. The dividend distribution record in the past may not be used as a reference or basis to determine the level of dividends that may be declared or paid by the Board in the future. Subsequent to the Listing, our Group does not have any pre-determined dividend distribution ratio and the recommendation or declaration of the payment of dividend will be considered by our Directors after taking into account our operations, earnings, financial condition, cash requirements and availability, capital expenditure and future development requirements and other factors as it may deem relevant at such time.

DISTRIBUTABLE RESERVES

Our Company was incorporated on 25 August 2017, and the distributable reserves as at 31 March 2018 were approximately HK\$3.9 million.

UNAUDITED PRO FORMA ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

Please see the section headed "Unaudited Pro Forma Financial Information" in Appendix II to this prospectus for our unaudited pro forma adjusted net tangible assets.

DISCLOSURE UNDER CHAPTER 17 OF THE GEM LISTING RULES

We confirm that as at the Latest Practicable Date, there were no circumstances which would give rise to a disclosure requirement under Rules 17.15 to 17.21 of the GEM Listing Rules.

RELATED PARTY TRANSACTIONS

During the Track Record Period, our Group entered into certain related party transactions including certain connected transactions, details of which are set out in the section headed "Notes to the historical financial information – 28. Material related party transactions" in Appendix I to this prospectus. Our Directors confirm that these related party transactions were conducted on normal commercial terms and they would not distort our track record results or make our historical results not reflective of our future performance.

FINANCIAL INFORMATION

MATERIAL ADVERSE CHANGE

Due to (i) the professional fees of approximately HK\$30.5 million estimated to be incurred in connection with the Listing, of which approximately HK\$6.9 million will be recognised in our consolidated statement of profit or loss and other comprehensive income for the year ending 31 March 2019; and (ii) the expected significant increase in staff costs included in cost of services for the year ending 31 March 2019, our Directors are of the view that there would be a material adverse change in our financial results for the year ending 31 March 2019. Save for the above, our Directors confirm that there has been no material adverse change in the operation, financial or trading position or prospects of our Group since 31 March 2018 (being the date to which the latest audited consolidated financial statements of our Group were prepared) and up to the date of this document, and there is no event since 31 March 2018 and up to the date of this prospectus which would materially affect the information shown in the Accountants' Report set out in Appendix I to this prospectus.

OTHER KEY FINANCIAL RATIOS

	As at/For the year ended 31 March		
	2016	2017	2018
Current ratio <i>(Note 1)</i>	1.2 times	1.4 times	2.4 times
Gearing ratio <i>(Note 2)</i>	245.8%	65.8%	33.2%
Debt to equity ratio <i>(Note 3)</i>	243.7%	60.3%	9.4%
Interest coverage <i>(Note 4)</i>	52.4 times	53.0 times	15.9 times
Return on total assets <i>(Note 5)</i>	32.3%	45.0%	4.5%
Return on equity <i>(Note 6)</i>	170.5%	148.3%	7.5%
Net profit margin <i>(Note 7)</i>	19.5%	23.1%	3.0%

Notes:

1. Current ratio is calculated based on the total current assets divided by the total current liabilities as at the end of each reporting period during the Track Record Period.
2. Gearing ratio is calculated based on total debts divided by the total equity as at the end of each reporting period and multiplied by 100%. Total debts include amount due to Controlling Shareholders and interest-bearing debts.
3. Debt to equity ratio is calculated by the net debt divided by the total equity as at the end of each reporting period and multiplied by 100%. Net debt is calculated as total debts less cash and cash equivalents. Total debts included amount due to Controlling Shareholders and interest-bearing debts.
4. Interest coverage is calculated by the profit before interest and tax divided by the interest expenses for each reporting period during the Track Record Period.
5. Return on total assets is calculated by the profit for each reporting period divided by the total assets as at the end of each reporting period and multiplied by 100%.
6. Return on equity is calculated by the profit for each reporting period divided by the total equity as at the end of each reporting period and multiplied by 100%.
7. Net profit margin is calculated by the profit for each reporting period divided by the revenue for each reporting period and multiplied by 100%.

FINANCIAL INFORMATION

Current ratio

Our current ratio increased from approximately 1.2 times as at 31 March 2016 to approximately 1.4 times as at 31 March 2017. Such increase was mainly due to the increase in current assets, particularly the increase in trade receivables of approximately HK\$5.8 million or 35.7% arising from the prolonged payment cycles of some of our clients, outpacing the increase in current liabilities as at 31 March 2017. Our current ratio further increased from approximately 1.4 times as at 31 March 2017 to approximately 2.4 times as at 31 March 2018. The increase was mainly due to (i) the increase in bank balances and cash of approximately HK\$6.0 million mainly arising from the proceeds of Pre-IPO Investment; and (ii) the decrease in current liabilities of approximately 26.3% as at 31 March 2018 mainly due to the decrease in amounts due to customers for contract work and the income tax payable.

Gearing ratio

Our gearing ratio decreased from approximately 245.8% as at 31 March 2016 to approximately 65.8% as at 31 March 2017 mainly attributable to the decrease in obligation under finance lease which was terminated after the disposal of two taxi licences in February 2017 and accounted for approximately 53.9% of the total debts as at 31 March 2016. Our gearing ratio further decreased from approximately 65.8% as at 31 March 2017 to approximately 33.2% as at 31 March 2018. Such decrease was primarily due to the increase in total equity of approximately 154.3% mainly caused by the proceeds of Pre-IPO Investment, which outpaced the increase in total debts of approximately 28.1% arising primarily from the increase in bank borrowings of approximately HK\$5.8 million as at 31 March 2018.

Debt to equity ratio

Our debt to equity ratio as at 31 March 2016, 2017 and 2018 decreased from approximately 243.7% to approximately 60.3% and further decreased to approximately 9.4%, mainly due to the same reason as described in the above paragraph headed “Other key financial ratios – Gearing ratio” in this section.

Interest coverage

Our interest coverage increased from approximately 52.4 times for the year ended 31 March 2016 to approximately 53.0 times for the year ended 31 March 2017. The increase was mainly due to the decrease in interest expenses incurred from finance lease as a result of the disposal of the two taxi licences held under finance lease in February 2017. Our interest coverage decreased from approximately 53.0 times for the year ended 31 March 2017 to approximately 15.9 times for the year ended 31 March 2018 was mainly due to the relatively low profit before interest and tax arising from the non-recurring Listing expenses of approximately HK\$11.0 million and the slight decrease in gross profit due to the same reasons as described in the paragraphs headed “Year ended 31 March 2018 compared to the year ended 31 March 2017 – Gross profit and gross profit margin”.

FINANCIAL INFORMATION

Return on total assets

Our return on total assets was approximately 32.3%, 45.0% and 4.5% over the Track Record Period. Our return on total assets increased from approximately 32.3% for the year ended 31 March 2016 to approximately 45.0% for the year ended 31 March 2017 mainly due to the increase in profit for the year of approximately HK\$3.0 million or 22.6% arising from our revenue growth and the decrease total assets mainly as a result of the disposal of two taxi licences in February 2017, partly offset by the increase in trade receivables of approximately HK\$5.8 million as at 31 March 2017. Our return on total assets decreased from approximately 45.0% for the year ended 31 March 2017 to approximately 4.5% for the year ended 31 March 2018 primarily attributable to (i) the increase in total assets of approximately 28.5% as a result of the increase in bank balances and cash from the issue of new shares of our Company in August 2017; and (ii) the decrease in net profit mainly due to the incurrence of the one-time Listing expense of approximately HK\$11.0 million.

Return on equity

Our return on equity was approximately 170.5%, 148.3% and 7.5% over the Track Record Period. Our return on equity decreased from approximately 170.5% for the year ended 31 March 2016 to approximately 148.3% for the year ended 31 March 2017 primarily attributable to the increase in equity of approximate 41.0% for the year ended 31 March 2016 outpacing the increase in profit for the year of approximately 22.6% for the same reporting period. Our return on equity decreased from approximately 148.3% for the year ended 31 March 2017 to approximately 7.5% for the year ended 31 March 2018 mainly due to (i) the issue of new shares of our Company in August 2017; and (ii) the decrease in net profit mainly due to the incurrence of the one-time Listing expense of approximately HK\$11.0 million.

Net profit margin

Our net profit margin was approximately 19.5%, 23.1% and 3.0% over the Track Record Period. Our net profit margin increased from approximately 19.5% for the year ended 31 March 2016 to approximately 23.1% for the year ended 31 March 2017 mainly due to the increase in revenue of approximately HK\$2.6 million or 3.8% and the decrease in staff expenses of approximately HK\$1.1 million arising from the resignation of Mr. Wong Kwok Ching who held a senior position in W&C Hong Kong in January 2016 and the salary reduction of W&C Macau which was due to the decreased amount of work handled by the respective staff. Our net profit margin further decreased from approximately 23.1% for the year ended 31 March 2017 to approximately 3.0% for the year ended 31 March 2018 primarily attributable to the Listing expense of approximately HK\$11.0 million occurred in the year ended 31 March 2018.

UNDERWRITING

PUBLIC OFFER UNDERWRITERS

Sole Global Coordinator

Alpha Financial Group Limited

Joint Bookrunners

Alpha Financial Group Limited

Great Wall Securities Limited

ChaoShang Securities Limited

Co-lead Managers

Alpha Financial Group Limited

Great Wall Securities Limited

ChaoShang Securities Limited

Pacific Foundation Securities Limited

AFG Securities Limited

Co-managers

Bluemount Securities Limited

China-Hong Kong Link Securities Company Limited

Grand Partners Securities Limited

Run Investment Services Limited

I Win Securities Limited

UNDERWRITING ARRANGEMENTS AND EXPENSES

Public Offer

Public Offer Underwriting Agreement

Pursuant to the Public Offer Underwriting Agreement, our Company is initially offering for subscription of 28,800,000 Public Offer Shares at the Offer Price under the Public Offer, on and subject to the terms and conditions set forth in this prospectus and the Application Forms. The Public Offer Underwriters have agreed on and subject to the terms and conditions in the Public Offer Underwriting Agreement, to procure subscribers for, or failing which they shall subscribe for, the Public Offer Shares.

The Public Offer Underwriting Agreement is subject to various conditions, which include, but without limitation, the Listing Department granting listing of, and permission to deal in, our Shares in issue and to be issued as mentioned in this prospectus. In addition, the Public Offer Underwriting Agreement is conditional on and subject to the Placing Underwriting Agreement having been executed, becoming unconditional and not having been terminated.

UNDERWRITING

Grounds for termination

The respective obligations of the Public Offer Underwriters to subscribe for, or procure subscribers for, the Public Offer Shares under the Public Offer Underwriting Agreement are subject to termination, if, at any time prior to 8:00 a.m. on the Listing Date:

- (i) there has been a material breach of any of the representations, warranties, undertakings or provisions of either the Public Offer Underwriting Agreement or the Placing Agreement by any of our Company, our executive Directors and our Controlling Shareholders, or
- (ii) any statement (save and except those statement of the Sponsor, Sole Global Coordinator and any of the Public Offer Underwriters contained in the post hearing information pack, this prospectus, the Application Forms or the formal notice of our Company or any announcements in the agreed form issued by our Company in connection with the Public Offer (including any supplement or amendment thereto) was, has or may become untrue, incorrect or misleading in any material respect, or any forecasts, expressions of opinion, intention or expectation expressed in this prospectus, the Application Forms or the formal notice of our Company are not, in all material respects, fair and honest and made on reasonable grounds or, where appropriate, based on reasonable assumptions, when taken as a whole; or
- (iii) any event, act or omission which gives or is likely to give rise to any liability of any of our Company, our executive Directors and our Controlling Shareholders pursuant to the indemnities given by them under the Public Offer Underwriting Agreement or the Placing Agreement, as applicable; or
- (iv) any breach of any of the obligations of any of our Company, our executive Directors and our Controlling Shareholders under the Public Offer Underwriting Agreement or the Placing Agreement, as applicable; or
- (v) any of the reporting accountants of our Company, or any of the legal counsels or consultants of our Company has withdrawn its respective consent to the issue of this prospectus with the inclusion of its reports, letters, summaries of valuations and/or legal opinions (as the case may be) and references to its name included in the form and context in which it respectively appears; or
- (vi) approval in principle from the Stock Exchange granting the listing of, and permission to deal in, the Offer Shares, including any additional Shares issued pursuant to the exercise of the Offer Size Adjustment Option, the Shares in issue and any Shares which may be issued upon the Capitalisation Issue and upon the exercise of any options which may be granted under the Share Option Scheme, is refused or not granted, on or before the listing approval date, or if granted, the approval is subsequently withdrawn, qualified or withheld; or

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- (vii) our Company withdraws any of this prospectus, the Application Forms or the listing application in respect of the Share Offer; or
- (viii) save as disclosed in this prospectus, any material potential litigation, legal proceeding, legal reaction, claim or disputes being threatened or instigated against any member of the Group or any Director, or any Director 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 the commencement by any governmental, political or regulatory body of any action against any executive Director in his or her capacity as such or an announcement by any governmental, political or regulatory body that it intends to take any such action; or
- (ix) any of the representations, warranties and undertakings given pursuant to the Public Offer Underwriting Agreement given by our Company or our Controlling Shareholders under the Public Offer Underwriting Agreement or the Placing Agreement, as applicable, is (or would when repeated be) untrue, incorrect or misleading in any respect; or
- (x) any person (other than any of the Public Offer Underwriters) has withdrawn or sought to withdraw its consent to being named in any of this prospectus, the Application Forms and the formal notice of our Company or to the issue of any of this prospectus, the Application Forms and the formal notice of our Company; or
- (xi) there will have developed, occurred, happened or come into effect any change or development involving a prospective change or development, or any event or series of events, matters or circumstances likely to result in or representing a change or development, or prospective change or development, concerning or relating to:
 - (a) any local, national, regional or international financial, political, economic, legal, military, industrial, fiscal, regulatory, currency or market conditions (including, without limitation, conditions in stock and bond markets, money and foreign exchange markets and interbank markets, a 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 devaluation of the Hong Kong dollars or the Renminbi against any foreign currencies) in or affecting Hong Kong, the PRC, the United States, the United Kingdom, Japan, the European Union (or any member thereof), BVI or the Cayman Islands or any other jurisdiction the Sole Global Coordinator (for itself and on behalf of the Public Offer Underwriters) considers relevant (each a “**Relevant Jurisdiction**”); or
 - (b) any new law or regulation or any change in any existing law or regulation, or any change in the interpretation or application thereof by any court or other competent authority in or affecting any other Relevant Jurisdiction; or
 - (c) any deterioration of the condition of the financial markets in any Relevant Jurisdiction or generally in the international equity securities or other financial markets; or

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- (d) (A) any event or series of events in the nature of force majeure (including, without limitation, acts of government, economic sanctions, strikes or lockouts (whether or not covered by insurance), riots, fire, explosion, flooding, civil commotion, acts of war, acts of terrorism (whether or not responsibility has been claimed), acts of God, epidemic, outbreak of infectious disease or epidemics, including, but not limited to, Severe Acute Respiratory Syndrome and H1N1 or swine or avian influenza or such related/mutated forms of accident or interruption or delay in transportation), or (B) any local, national, regional or international outbreak or escalation of hostilities (whether or not war is or has been declared) or other declaration of a national or international state of emergency or calamity or crisis, in the case of either (A) or (B), in or affecting any Relevant Jurisdiction; or
- (e) (A) any suspension or limitation on trading in shares or securities generally on the Stock Exchange, the New York Stock Exchange, the NASDAQ Global Market, the Tokyo Stock Exchange, the London Stock Exchange or any PRC stock markets or (B) a general moratorium on commercial banking activities in any Relevant Jurisdiction, declared by the relevant authorities, or a material disruption in commercial banking activities or foreign exchange trading or securities settlement or clearance services, in the case of either (A) or (B), in or affecting any Relevant Jurisdiction; or
- (f) any taxation or exchange controls, currency exchange rates or foreign investment regulations in any Relevant Jurisdiction adversely affecting an investment in the Shares; or
- (g) any litigation or claim being threatened or instigated against any member of the Group or any Director, any of the chairman or chief executive officer of our Company vacating his office, any executive Director 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 the commencement by any governmental, political, regulatory body of any action against any executive Director in his or her capacity as such or an announcement by any governmental, political, regulatory body that it intends to take any such action; or
- (h) any contravention by any member of the Group of the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Companies Law, any of the GEM Listing Rules or any applicable law or regulation; or
- (i) a prohibition on our Company for whatever reason from allotting or selling the Offer Shares (including the additional Shares that may be allotted and issued by our Company upon the exercise of the Offer Size Adjustment Option) pursuant to the terms of the Share Offer; or

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- (j) non-compliance of this prospectus (or any other documents used in connection with the contemplated subscription and sale of the Offer Shares) or any aspect of the Share Offer with the GEM Listing Rules or any other applicable law or regulation; or
- (k) the issue or requirement to issue by our Company of a supplementary prospectus, Application Forms, pursuant to the Companies Ordinance or the GEM Listing Rules in circumstances where the matter to be disclosed is, in the opinion of the Sole Global Coordinator (for itself and on behalf of the Public Offer Underwriters), materially adverse to the marketing for or implementation of the Share Offer; or
- (l) any change or prospective change, or a materialisation of, any of the risks set out in the section headed “Risk Factors” in this prospectus; or
- (m) any demand by creditors for repayment of indebtedness or a petition is presented for the winding-up or liquidation of any member of the Group or any member of the 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 the Group or a provisional liquidator, receiver or manager is appointed over all or part of the assets or undertaking of any member of the Group or anything analogous thereto occurs in respect of any member of the Group; or
- (n) any change in respect of the business, assets, liabilities, conditions, business affairs, prospects, profits, losses or the financial or trading position or performance or management of our Company or any member of the Group; or
- (o) any matter that has arisen or has been discovered which would, had it arisen immediately before the date of this prospectus, not having been disclosed in this prospectus, constitute an omission therefrom;

and which, with respect to any of sub-paragraphs (a) through (o) above, in the sole and absolute opinion of the Sole Global Coordinator (for itself and on behalf of the Public Offer Underwriters):

- (A) is, will be or may have any material adverse effect or any development involving a prospective material adverse effect, in or affecting the business, general affairs, management, prospects, assets and liabilities, financial position (including, but not limited to, revenue and net profits), shareholders’ equity or results of operations of the Group Companies, taken as a whole or be materially adverse to any present or prospective shareholder of our Company in its capacity as such; or

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- (B) has, will have or may have a material adverse effect on the success of the Share Offer or the level of Offer Shares being applied for or accepted or subscribed for or purchased or the distribution of Offer Shares and/or make it impracticable, inadvisable or inexpedient for any material part of the Public Offer Underwriting Agreement, the Placing Agreement, the Public Offer or the Share Offer to be performed or implemented as envisaged; or
- (C) makes or may make it impracticable, inadvisable or inexpedient to proceed with or to market the Public Offer and/or the Share Offer or the delivery of the Offer Shares on the terms and in the manner contemplated by this prospectus, the Application Forms, the formal notice of our Company; or
- (D) would have the effect of making any part of the Public Offer Underwriting Agreement (including underwriting) incapable of performance in accordance with its terms or which prevents the processing of applications and/or payments pursuant to the Share Offer or pursuant to the underwriting thereof,

then the Sole Global Coordinator, in its sole and absolute discretion, may, for itself and on behalf of the Public Offer Underwriters, upon giving notice to our Company, our executive Directors and our Controlling Shareholders made pursuant to the Public Offer Underwriting Agreement on or prior to 8:00 a.m. on the Listing Date (with a copy of such notice to the other Public Offer Underwriters), terminate the Public Offer Underwriting Agreement with immediate effect.

UNDERTAKINGS GIVEN TO THE STOCK EXCHANGE PURSUANT TO THE GEM LISTING RULES

Undertaking by our Company

Pursuant to Rule 17.29 of the GEM 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 commencement of dealing), except in certain circumstances prescribed by Rule 17.29 of the GEM Listing Rules.

Undertaking by our Controlling Shareholders

Pursuant to Rule 13.16A(1) of the GEM Listing Rules, each of our Controlling Shareholders has undertaken to the Stock Exchange and to our Company that except pursuant to the Share Offer, it will not and will procure that the relevant registered holder(s) will not: (a) in the period commencing on the date by reference to which disclosure of its shareholding in our Company is made in this prospectus and ending on the date which is six months from the date on which dealings in the Shares commence on the Stock Exchange, dispose of, nor enter into

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any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares in respect of which it is shown by this prospectus to be the beneficial owner; and (b) in the period of six months commencing on the date on which the period referred to in the paragraph (a) above expires, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares referred to in the paragraph (a) above if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, it would cease to be a group of Controlling Shareholder of our Company. Pursuant to Rule 13.19 of the GEM Listing Rules, each of our Controlling Shareholder has undertaken to the Stock Exchange and to our Company that, within the period commencing on the date by reference to which disclosure of its shareholding in our Company is made in this prospectus and ending on the date which is 12 months from the date on which dealings in the Shares commence on the Stock Exchange, it will: (i) when it pledges or charges any Shares beneficially owned by it in favour of an authorised institution pursuant to Rule of the GEM Listing Rules, immediately inform our Company of such pledge or charge together with the number of Shares so pledged or charged; and (ii) when it receives indications, either verbal or written, from the pledgee or chargee that any of the pledged or charged Shares will be disposed of, immediately inform our Company of such indications.

UNDERTAKINGS PURSUANT TO THE PUBLIC OFFER UNDERWRITING AGREEMENT

Undertaking by our Company

Except pursuant to the Capitalisation Issue, the Share Option Scheme and the Share Offer, during the period commencing on the date of this prospectus and ending on, and including, the date that is six months after the Listing Date (the “**First Six-Month Period**”), our Company has undertaken to each of the Sole Global Coordinator, the Joint Bookrunners, the Co-lead Managers, the Co-managers, the Public Offer Underwriters and the Sponsor not to, and to procure each other member of our Group not to, without the prior written consent of the Sole Global Coordinator (such consent not to be unreasonably withheld or delayed) and the Sponsor and unless in compliance with the requirements of the GEM Listing Rules:

- (i) offer, allot, issue or sell, or agree to allot, issue or sell, hedge, grant or agree to grant any option, right or warrant over, or otherwise dispose of (or enter into any transaction which is designed to, or might reasonably be expected to, result in the disposition (whether by actual disposition or effective economic disposition due to cash settlement or otherwise) by our Company or any of its affiliates), either directly or indirectly, conditionally or unconditionally, any Shares (or any interest in any Shares or any voting or other right attaching to any Shares) or any securities convertible into or exchangeable for such Shares (or any interest in any Shares or any voting or other right attaching to any Shares); or

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- (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of subscription or ownership of Shares (or any interest in any Shares or any voting or other right attaching to any Shares) or such securities; or
- (iii) enter into any transaction with the same economic effect as any transaction specified in (i) or (ii) above; or
- (iv) offer or agree to do any of the foregoing transactions and publicly disclose any intention to effect such transaction, in each case, whether any of the transactions specified in (i), (ii) or (iii) 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 aforesaid period).

In the event of our Company doing any of the foregoing by virtue of the aforesaid exceptions or during the six-month period commencing from the expiry of the First Six-Month Period (the “**Second Six-Month Period**”), it will take all reasonable steps to ensure that such action will not create a disorderly or false market in any of the Shares or other securities of our Company.

Undertaking by our Controlling Shareholders

Each of our Controlling Shareholders has also undertaken to each of our Company, the Sole Global Coordinator, the Joint Bookrunners, the Co-lead Managers, the Co-managers, the Public Offer Underwriters and the Sponsor that, (i) save as pursuant to the Share Offer; or (ii) permitted under the GEM Listing Rules, without the prior written consent of the Sole Global Coordinator (such consent not to be unreasonably withheld or delayed) and the Sponsor:

- (i) he/it will not, at any time during the First Six-Month Period, (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 purchase, grant or purchase 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, as applicable), 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 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), or (iii) enter into 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 effect any transaction specified in (i), (ii) or (iii) above, in each case, whether any of the transactions

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specified in (i), (ii) or (iii) 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 aforesaid period);

- (ii) he/it will not, during the Second Six-Month Period, enter into any of the transactions specified in (i), (ii) or (iii) above or offer to or agree to or announce any intention to effect 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 GEM Listing Rules) of our Company; and

- (iii) without prejudice to the undertakings as referred to in paragraphs (1) and (2) above, during the period commencing on the date by reference to which disclosure of its direct or indirect shareholding in our Company is made in this prospectus and ending on the date which is 12 months from the Listing Date, it shall:
 - (a) when he/it pledges or charges or otherwise create any rights of encumbrances over any Shares or other securities of our Company beneficially owned by it in favour of an authorised institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)) pursuant to Rule 13.18(1) of the GEM Listing Rules, immediately inform our Company, the Sponsor, the Sole Global Coordinator and the Joint Bookrunners of such pledge or charge or creation of the rights of encumbrances together with the number of the securities so pledged or charged and all other information as may be reasonably requested by our Company, the Sponsor, the Sole Global Coordinator and/or the Joint Bookrunners; and

 - (b) subsequent to the pledge or charge or creation of rights or encumbrances over the Shares (or interest therein) or other shares or interests as mentioned in subparagraph (i) above, when it receives any indications, either verbal or written, from the pledgee or chargee that any of the pledged or charged or encumbered securities as referred to in sub-paragraph (i) above will be disposed of, immediately inform our Company of such indications, and inform the Sponsor, the Sole Global Coordinator and the Joint Bookrunners as soon as practicable thereafter (taking into account the requirements of applicable laws, rules and regulations) of such indications.

PLACING

Placing Underwriting Agreement

In connection with the Placing, it is expected that our Company and Controlling Shareholders will enter into the Placing Underwriting Agreement with, among others, the Placing Underwriters, on terms and conditions that are substantially similar to the Public Offer Underwriting Agreement as described above and on the additional terms described below.

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Under the Placing Underwriting Agreement, subject to the conditions set forth therein, the Placing Underwriters are expected to procure subscribers and purchasers to subscribe for or purchase, or failing which they shall subscribe for or purchase, the 259,200,000 Placing Shares initially being offered pursuant to the Placing. It is expected that the Placing Underwriting Agreement may be terminated on similar grounds as the Public Offer Underwriting Agreement. Potential investors shall be reminded that in the event that the Placing Underwriting Agreement is not entered into, the Share Offer will not proceed. The Placing Underwriting Agreement is conditional on and subject to the Public Offer Underwriting Agreement having been executed, becoming unconditional and not having been terminated. It is expected that pursuant to the Placing Underwriting Agreement, our Company and Controlling Shareholders will make similar undertakings as those given pursuant to the Public Offer Underwriting Agreement as described in the paragraph headed “Undertakings” in this section.

Our Company is expected to grant to the Sole Global Coordinator the Offer Size Adjustment Option exercisable by the Sole Global Coordinator (for itself and on behalf of the Placing Underwriters) at any time before 6:00 p.m. on the business day before the date of announcement of the results of application and the basis of the Public Offer Shares or otherwise it will lapse, to require our Company to allot and issue up to an aggregate of 43,200,000 additional Placing Shares, representing 15% of the Offer Shares, at the Offer Price per Offer Share under the Share Offer, solely to cover over allocations, if any, in the Placing.

Commission and expenses

The Public Offer Underwriters will receive an underwriting commission of 9.0% of the aggregate Offer Price payable for the Public Offer Shares in accordance with the terms of the Public Offer Underwriting Agreement, out of which the Public Offer Underwriters may pay any sub-underwriting commission in connection with the Share Offer. Based on the Offer Price of HK\$0.24 per Offer Share (being the mid-point of the indicative range of the Offer Price), the aggregate commission and fees payable to the Underwriters, together with Stock Exchange listing fees, SFC transaction levy, Stock Exchange trading fees, legal and other professional fees and printing and other expenses relating to the Share Offer, are estimated to amount to approximately HK\$30.5 million in total (assuming the Offer Size Adjustment Option is not exercised). We will also pay for all expenses in connection with any exercise of the Offer Size Adjustment Option.

SPONSOR’S AND UNDERWRITERS’ INTEREST IN OUR COMPANY

The Sponsor will receive a documentation fee. The Underwriters will receive an underwriting commission. Particulars of these underwriting commission and expenses are set forth under the paragraph headed “Placing – Commission and expenses” in this section.

We have appointed Ample Capital Limited as our compliance adviser pursuant to Rule 6A.19 of the GEM Listing Rules for the period commencing on the Listing Date and ending on the date on which we comply with Rule 18.03 of the GEM Listing Rules in respect of our financial results for the second full financial year commencing after the Listing Date.

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Save as disclosed above, none of the Sponsor and the Underwriters is interested legally or beneficially in shares of any members of our Group or has any right or option (whether legally enforceable or not) to subscribe for or purchase or to nominate persons to subscribe for or purchase securities in any members of our Group or has any interest in the Share Offer.

The Sponsor satisfies the independence criteria applicable to sponsor set out in Rule 6A.07 of the GEM Listing Rules.

MINIMUM PUBLIC FLOAT

Our Directors will ensure that there will be a minimum 25% of the total issued Shares held in public hands in accordance with Rule 11.23 of the GEM Listing Rules after completion of the Share Offer.

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

DETERMINING THE OFFER PRICE

The Offer Price is expected to be fixed by the Price Determination Agreement to be entered into between Alpha (for itself and on behalf of the Underwriters) and our Company on or before the Price Determination Date, when the market demand for the Offer Shares will be ascertained. The Price Determination Date is currently expected to be on or around Monday, 10 September 2018.

Prospective investors should be aware that the Offer Price to be determined on or before the Price Determination Date may be, but not expected to be, lowered than the indicative Offer Price range as stated in this prospectus. The Offer Price will not be more than HK\$0.28 per Offer Share and is expected to be not less than HK\$0.20 per Offer Share. The Offer Price will fall within the Offer Price range as stated in this prospectus unless otherwise announced, not later than the morning of the last day for lodging applications under the Public Offer.

Alpha (for itself and on behalf of the Underwriters) may, where they consider appropriate, based on the level of interest expressed by prospective professional, institutional and private investors during a book-building process, and with the consent of our Company, reduce the number of the Offer Shares and/or the indicative Offer Price range below that stated in this prospectus at any time prior to the Price Determination Date, which is expected to be on or around Monday, 10 September 2018. In such a case, our Company will, as soon as practicable following the decision to make such reduction, cause to be published on the website of the Stock Exchange at www.hkexnews.hk and our Company's website at www.wcce.hk an announcement of such change on or before the Price Determination Date. In addition, we will:

- (i) issue a supplemental prospectus updating investors of the reduction in the indicative offer price together with an update of all financial and other information in connection with such change;
- (ii) extend the period under which the offer was open for acceptance to allow potential investors sufficient time to consider their subscriptions or reconsider their existing subscriptions; and
- (iii) give potential investors who had applied for the Offer Shares the right to withdraw their applications given the change in circumstances.

Upon issue of such an announcement and supplemental prospectus, the revised indicative Offer Price range and/or number of Offer Shares will be final and conclusive and the Offer Price, if agreed upon by the Sole Global Coordinator (for itself and on behalf of the Underwriters) and our Company will be fixed within such revised range. Such an announcement and supplemental prospectus will also include confirmation or revision, as appropriate, of the working capital statement and the Share Offer statistics as currently set out in this prospectus, and any other financial information which may change materially as a result of such reduction.

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

Before submitting applications for Public Offer Shares, applicants should have regard to the possibility that any announcement of a reduction in the indicative Offer Price range and/or number of Offer Shares may not be made until Price Determination Date.

Applicants who have submitted their applications for Public Offer Shares before such announcement is made may subsequently withdraw their applications in the event that such announcement is subsequently made. In the absence of any such announcement so published, the number of Offer Shares will not be reduced and/or the Offer Price, if agreed upon by the Sole Global Coordinator (for themselves and on behalf of the Underwriters) and our Company will under no circumstances be set outside the offer price range as stated in this prospectus.

If, for any reason, the Offer Price is not agreed between us and Alpha (for itself and on behalf of the Underwriters) on or before Wednesday, 12 September 2018, the Share Offer will not proceed and will lapse.

Announcement of the final Offer Price, together with the level of indication of interests in the Placing and the level of applications in the Public Offer and the basis of allocation of the Public Offer Shares is expected to be published on or before Friday, 14 September 2018.

PRICE PAYABLE ON APPLICATION

The Offer Price will not be more than HK\$0.28 per Offer Share and is expected to be not less than HK\$0.20 per Offer Share. Applicants under the Public Offer should pay, on application, the maximum Offer Price of HK\$0.28 per Offer Share plus 1% brokerage, 0.005% Stock Exchange trading fee and 0.0027% SFC transaction levy, amounting to a total of HK\$2,828.22 per board lot of 10,000 Offer Shares.

If the Offer Price, as finally determined in the manner described above, is lower than the maximum Offer Price of HK\$0.28 per Offer Share, appropriate refund payments (including the related brokerage, the Stock Exchange trading fee and the SFC transaction levy attributable to the excess application monies) will be made to applicants, without interest.

Further details are set out in the section headed “How to apply for Public Offer Shares” in this prospectus.

CONDITIONS OF THE SHARE OFFER

Acceptance of all applications for the Offer Shares is conditional upon, among others, the satisfaction of all of the following conditions:

1. Listing

The Listing Department granting the approval of the listing of, and permission to deal in, the Shares in issue and the Shares to be issued pursuant to the Share Offer and the Capitalisation Issue and Shares which fall to be allotted and issued upon the exercise of the

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

Offer Size Adjustment Option and upon the exercise of any options which may be granted under the Share Option Scheme (and such listing and permission not subsequently being revoked prior to the commencement of dealings in the Shares on the Stock Exchange).

2. Underwriting Agreements

The obligations of the Underwriters under the Underwriting Agreements becoming and remaining unconditional (including, if relevant, as a result of a waiver of any condition(s)) and such obligations not being terminated in accordance with the terms of the Underwriting Agreements.

3. Price determination

The Offer Price having been determined and the execution of the Price Determination Agreement on or before the Price Determination Date or such later date as may be agreed by our Company and the Sole Global Coordinator (for itself and on behalf of the Underwriters).

If any of the conditions is not fulfilled or waived on or before the times specified above, the Share Offer will lapse and the application money will be returned to the applicants, without interest. The terms on which the application money will be returned to the applicants are set out in the section headed “How to apply for Public Offer Shares – 13. Despatch/collection of share certificates and refund monies” in this prospectus.

THE SHARE OFFER

The Share Offer comprises the Placing and the Public Offer. A total of initially 288,000,000 Offer Shares (subject to Offer Size Adjustment Option) will be made available under the Share Offer, of which 259,200,000 Placing Shares (subject to reallocation and the Offer Size Adjustment Option), representing 90% of the Offer Shares, will initially be conditionally placed with selected professional, institutional and private investors under the Placing. The remaining 28,800,000 Public Offer Shares (subject to reallocation), representing 10% of the Offer Shares, will initially be offered to members of the public in Hong Kong under the Public Offer. The Public Offer is open to all members of the public in Hong Kong as well as to institutional and professional investors. The Public Offer Underwriters have agreed to underwrite the Public Offer Shares under the terms of the Public Offer Underwriting Agreement. The Placing Underwriters will underwrite the Placing Shares pursuant to the terms of the Placing Underwriting Agreement. Further details of the underwriting are set out in the section headed “Underwriting” in this prospectus.

Investors may apply for Offer Shares under the Public Offer or indicate an interest for Offer Shares under the Placing, but may not do both.

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

The Placing

Our Company is expected to offer initially 259,200,000 Placing Shares (subject to reallocation and the Offer Size Adjustment Option) at the Offer Price under the Placing. The number of Placing Shares expected to be initially available for application under the Placing represents 90% of the total number of Offer Shares being initially offered under the Share Offer. The Placing is expected to be fully underwritten by the Placing Underwriters subject to the Offer Price being agreed on or before the Price Determination Date.

It is expected that the Placing Underwriters or selling agents nominated by them, on behalf of our Company, will conditionally place the Placing Shares at the Offer Price with selected professional, institutional and private investors. Professional and institutional 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. Private investors applying through banks or other institutions who sought the Placing Shares in the Placing may also be allocated the Placing Shares.

Allocation of the Placing Shares will be based on a number of factors, including the level and timing of demand and whether or not it is expected that the relevant investor is likely to acquire further Shares and/or hold or sell its Shares after the Listing. Such allocation is intended to result in a distribution of the Placing Shares on a basis which would lead to the establishment of a solid shareholder base to the benefit of our Company and its shareholders as a whole. Investors to whom Placing Shares are offered will be required to undertake not to apply for Shares under the Public Offer.

Our Company, our Directors, the Sponsor and the Joint Bookrunners (for themselves and on behalf of the Underwriters) are required to take reasonable steps to identify and reject applications under the Public Offer from investors who receive Shares under the Placing, and to identify and reject indications of interest in the Placing from investors who receive Shares under the Public Offer.

The Placing is expected to be subject to the conditions as stated in the paragraph headed “Conditions of the Share Offer” in this section.

The Public Offer

Our Company is initially offering 28,800,000 Public Offer Shares for subscription (subject to reallocation) by members of the public in Hong Kong under the Public Offer, representing 10% of the total number of Offer Shares offered under the Share Offer. The Public Offer is fully underwritten by the Public Offer Underwriters subject to the Offer Price being agreed on or before the Price Determination Date. Applicants for the Public Offer Shares are required on application to pay the maximum Offer Price of HK\$0.28 per Share plus 1% brokerage, 0.005% Stock Exchange trading fee and 0.0027% SFC transaction levy.

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

The Public Offer is open to all members of the public in Hong Kong as well as to institutional and professional investor. An applicant for Shares under the Public Offer will be required to give an undertaking and confirmation in the application submitted by him/her/it that he/she/it has not applied for nor taken up any Shares under the Placing nor otherwise participated in the Placing. Applicants should note that if such undertaking and/or confirmation given by an applicant is breached and/or is untrue (as the case may be), such applicant's application under the Public Offer is liable to be rejected.

Multiple applications or suspected multiple applications and any application made for more than 100% of the Shares initially comprised in the Public Offer (i.e. 28,800,000 Public Offer Shares) are liable to be rejected.

Allocation of the Public Offer Shares to investors under the Public Offer will be based solely on the level of valid applications received under the Public Offer. When there is over-subscription under the Public Offer, allocation of the Public Offer Shares may involve balloting, which would mean that some applicants may be allotted more Public Offer Shares than others who have applied for the same number of the Public Offer Shares, and those applicants who are not successful in the ballot may not receive any Public Offer Shares.

RE-ALLOCATION OF THE OFFER SHARES BETWEEN PLACING AND PUBLIC OFFER

The allocation of the Offer Shares between the Placing and the Public Offer is subject to reallocation on the following basis:

- (a) In the event that the Placing Shares are fully subscribed or oversubscribed under the Placing:
 - (i) if the Public Offer Shares are undersubscribed, Alpha (for itself and on behalf of the Underwriters), at its absolute discretion, may reallocate all or any of the unsubscribed Public Offer Shares from the Public Offer to the Placing;
 - (ii) if the Public Offer Shares are fully subscribed or oversubscribed and the number of Shares validly applied for under the Public Offer represents less than 15 times the number of Shares initially available for subscription under the Public Offer, then up to 28,800,000 Shares may be reallocated to the Public Offer from the Placing at the discretion of the Sole Global Coordinator, so that the total number of Shares available for subscription under the Public Offer will be increased to 57,600,000 Shares, representing 20% of the total number of Offer Shares initially available for subscription under the Share Offer (before any exercise of the Offer Size Adjustment Option);
 - (iii) if the number of Shares validly applied for under the Public Offer represents 15 times or more but less than 50 times the number of Shares initially available for subscription under the Public Offer, then Shares will be reallocated to the Public

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Offer from the Placing, so that the total number of Shares available for subscription under the Public Offer will be increased to 86,400,000 Shares, representing 30% of the number of the Offer Shares initially available for subscription under the Share Offer;

- (iv) if the number of Shares validly applied for under the Public Offer represents 50 times or more but less than 100 times the number of Shares initially available for subscription under the Public Offer, then Shares will be reallocated to the Public Offer from the Placing, so that the number of Shares available for subscription under the Public Offer will be increased to 115,200,000 Shares, representing 40% of the number of the Offer Shares initially available for subscription under the Share Offer; and
 - (v) if the number of Shares validly applied for under the Public Offer represents 100 times or more the number of Shares initially available for subscription under the Public Offer, then Shares will be reallocated to the Public Offer from the Placing, so that the number of Shares available for subscription under the Public Offer will be increased to 144,000,000 Shares, representing 50% of the number of the Offer Shares initially available for subscription under the Share Offer.
- (b) In the event that the Placing Shares are undersubscribed under the Placing:
- (i) if the Public Offer Shares are undersubscribed, the Share Offer shall not proceed unless fully underwritten by the Underwriters pursuant to the Underwriting Agreements; and
 - (ii) if the Public Offer Shares are fully subscribed or oversubscribed irrespective of the number of times, then up to 28,800,000 Shares may be reallocated to the Public Offer from the Placing, so that the total number of Shares available for subscription under the Public Offer will be increased to 57,600,000 Shares, representing 20% of the total number of Offer Shares initially available for subscription under the Share Offer (before any exercise of the Offer Size Adjustment Option).

In all cases save for (a)(i) and (b)(i) above, the number of Offer Shares allocated to the Placing will be correspondingly reduced.

The Offer Shares to be offered in the Public Offer and the Placing may, in certain circumstances, be reallocated as between these offerings at the discretion of Alpha (for itself and on behalf of the Underwriters). In accordance with the requirements set out in Guidance Letter HKEx-GL91-18, if such reallocation is done other than pursuant to paragraph (a)(iii), (a)(iv) or (a)(v) above, Alpha (for itself and on behalf of the Underwriters) may, at its discretion, reallocate the Offer Shares initially allocated for the Placing to the Public Offer to satisfy valid applications under the Public Offer, provided that the maximum total number of Offer Shares that may be allocated to the Public Offer following such reallocation shall be not more than

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

double the initial allocation to the Public Offer i.e. 57,600,000 Offer Shares, representing 20% of the number of the Offer Shares initially available for subscription under the Share Offer.

Details of any reallocation of the Offer Shares between the Public Offer and the Placing will be disclosed in the allotment results announcement of the Share Offer, which is expected to be published on Friday, 14 September 2018.

OFFER SIZE ADJUSTMENT OPTION

Our Company has granted the Offer Size Adjustment Option to the Placing Underwriters, exercisable by Alpha (for itself and on behalf of the Placing Underwriters) at any time before 5:00 p.m. on the business day immediately before the date of the announcement of the results of allocations and the basis of allocation of the Public Offer Shares, to require our Company to allot and issue up to an aggregate of 43,200,000 additional Placing Shares, representing 15% of the number of the Offer Shares initially being offered under the Share Offer, on the same terms as those applicable to the Share Offer. The Offer Size Adjustment Option will not be used for price stabilisation purposes in the secondary market after listing of the Shares on the Stock Exchange and is not subject to the Securities and Future (Price Stabilizing) Rules of the SFO. Any such additional Shares may be issued to cover any excess demand in the Placing and in the event that the Offer Size Adjustment Option is exercised, Alpha (for itself and on behalf of the Placing Underwriters) may decide to whom and proportions in which the additional Shares will be allotted. If the Offer Size Adjustment Option is exercised in full, the additional 43,200,000 Shares and the total Offer Shares (inclusive of the shares of the Offer Size Adjustment Option) will represent approximately 4.3% and 33.0% of our Company's enlarged share capital immediately after completion of the Share Offer and the exercise of the Offer Size Adjustment Option. The additional net proceeds received from the exercise of the Offer Size Adjustment Option will be allocated pro rata in accordance to the allocations as disclosed in the section headed "Business objectives, future plans and use of proceeds".

Our Company will disclose in the announcement of the results of allocations and the basis of allocation of the Public Offer Shares whether, and to what extent, the Offer Size Adjustment Option has been exercised. In the event that the Offer Size Adjustment Option has not been exercised by Alpha (for itself and on behalf of the Placing Underwriters) our Company will confirm in such announcement that the Offer Size Adjustment Option has lapsed and cannot be exercised at any future date.

HOW TO APPLY FOR PUBLIC OFFER SHARES

1. HOW TO APPLY

If you apply for Public Offer Shares, then you may not apply for or indicate an interest for Placing Shares.

To apply for Public Offer Shares, you may:

- use a **WHITE** or **YELLOW** Application Form; or
- electronically cause 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 Sponsor, the Sole Global Coordinator 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 Public 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 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, the Sponsor and the Sole Global Coordinator may accept or reject it at its discretion and on any conditions it thinks fit, including evidence of the attorney's authority.

The number of joint applicants may not exceed four.

HOW TO APPLY FOR PUBLIC OFFER SHARES

Unless permitted by the GEM Listing Rules, you cannot apply for any Public 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 GEM Listing Rules) of any of the above;
- a connected person (as defined in the GEM Listing Rules) of our Company or will become a connected person of our Company immediately upon completion of the Share Offer; or
- have been allocated or have applied for any Offer Shares or otherwise participate in the Placing.

3. APPLYING FOR PUBLIC OFFER SHARES

Which application channel to use

For Public Offer Shares to be issued in your own name, use a **WHITE** Application Form.

For Public Offer Shares to be issued in the name of HKSCC Nominees and deposited directly into CCASS to be credited to your or a designated 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 this Prospectus and Application Forms

You can collect a **WHITE** Application Form and a prospectus during normal business hours from 9:00 a.m. on Friday, 31 August 2018 until 12:00 noon on Wednesday, 5 September 2018 from:

- (i) any of the following offices of the Public Offer Underwriters:

Alpha Financial Group Limited

Room A, 17/F
Fortune House
61 Connaught Road Central
Hong Kong

Great Wall Securities Limited

17/F
No 148 Electric Road
North Point
Hong Kong

HOW TO APPLY FOR PUBLIC OFFER SHARES

ChaoShang Securities Limited

Rooms 4001–4002, 40/F
China Resources Building
26 Harbour Road
Wan Chai
Hong Kong

Pacific Foundation Securities Limited

11th Floor
New World Tower II
16–18 Queen’s Road Central
Hong Kong

AFG Securities Limited

Room B, 17/F
Fortune House
61 Connaught Road Central
Central
Hong Kong

Bluemount Securities Limited

Room 2403–05
Jubilee Centre
18 Fenwick Street
Wan Chai
Hong Kong

China-Hong Kong Link Securities Company Limited

19/F
80 Gloucester Road
Wanchai
Hong Kong

Grand Partners Securities Limited

9/F
Connaught Harbourfront House
35-36 Connaught Road West
Hong Kong

Run Investment Services Limited

Room 08, 24/F
Dominion Centre
No. 43–59 Queen’s Road East
Wan Chai
Hong Kong

HOW TO APPLY FOR PUBLIC OFFER SHARES

I Win Securities Limited

Room 1916
Hong Kong Plaza
188 Connaught Road West
Sai Wan
Hong Kong

- (ii) any of the following branches of the receiving bank, Industrial and Commercial Bank of China (Asia) Limited:

District	Branch Name	Address
Hong Kong Island	Wanchai Road Branch	G/F Times Media Centre, No. 133 Wan Chai Road, Hong Kong
	Causeway Bay Branch	Shop A on G/F, 1/F, Hennessy Apartments, 488 & 490 Hennessy Road, Hong Kong
Kowloon	Tsimshatsui East Branch	Shop B, G/F, Railway Plaza, 39 Chatham Road South, Tsimshatsui, Kowloon
	Mongkok Branch	G/F, Belgian Bank Building, 721–725 Nathan Road, Mongkok, Kowloon
New Territories	Sha Tsui Road Branch	Shop 4, G/F Chung On Building, 297–313 Sha Tsui Road, Tsuen Wan, New Territories

You can collect a **YELLOW** Application Form and a prospectus during normal business hours from 9:00 a.m. on Friday, 31 August 2018 until 12:00 noon on Wednesday, 5 September 2018 from the Depository Counter of HKSCC at 1/F., One & Two Exchange Square, 8 Connaught Place, Central, Hong Kong or from your stockbroker who may have such Application Form and the prospectus available.

HOW TO APPLY FOR PUBLIC OFFER SHARES

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 "ICBC (Asia) Nominee Limited – WAC Holdings 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, 31 August 2018 – 9:00 a.m. to 5:00 p.m.
Saturday, 1 September 2018 – 9:00 a.m. to 1:00 p.m.
Monday, 3 September 2018 – 9:00 a.m. to 5:00 p.m.
Tuesday, 4 September 2018 – 9:00 a.m. to 5:00 p.m.
Wednesday, 5 September 2018 – 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 September 2018, the last application day or such later time as described in the paragraph headed "9. Effect of bad weather on the opening of the application lists" in this section.

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 among other things, you (and if you are joint applicants, each of you jointly and severally) for yourself or as an agent or a nominee on behalf of each person whom you act:

- (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 Public 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, 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 Share Offer in this prospectus;

HOW TO APPLY FOR PUBLIC OFFER SHARES

- (vi) **agree** that none of our Company, the Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Co-lead Managers, the Co-managers, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Share Offer 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 Placing nor participated in the Placing;
- (viii) **agree** to disclose to our Company, our Hong Kong Branch Share Registrar, the receiving bank, the Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Co-lead Managers, the Co-managers, 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 Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Co-lead Managers, the Co-managers 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;
- (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 Public 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 Public 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 Public Offer Shares applied for, or any lesser number allocated to you under the application;

HOW TO APPLY FOR PUBLIC OFFER SHARES

- (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 Public Offer Shares allocated to you, and our Company and/or its agents to send any share certificate(s) and/or any refund cheque(s) 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 are eligible to collect the share certificate(s) and/or refund cheque(s) 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, the Sponsor 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 Public 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 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 refer to the **YELLOW** Application Form for details.

5. APPLYING BY GIVING ELECTRONIC APPLICATION INSTRUCTIONS TO HKSCC VIA CCASS

General

CCASS Participants may give **electronic application instructions** to apply for the Public 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.

HOW TO APPLY FOR PUBLIC OFFER SHARES

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.

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 Public 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 Sponsor, 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 Public 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 Public 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;

HOW TO APPLY FOR PUBLIC OFFER SHARES

- **agree** to accept the Public 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 Placing;
- (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, the Sponsor 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 Public 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 Public Offer Shares allocated to you and to send share certificate(s) and/or refund monies under the arrangements separately agreed between us and HKSCC;
- **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 Sponsor, the Sole Global Coordinator, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Share Offer, 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, our Hong Kong Branch Share Registrar, receiving bank, the Sponsor, the Sole Global Coordinator, the Underwriters and/or its respective advisers and agents;

HOW TO APPLY FOR PUBLIC OFFER SHARES

- **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 Public 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 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 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 Public 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 on behalf of each of our Shareholders, with each CCASS Participant giving **electronic application instructions**) to observe and comply with the Companies (Winding Up and Miscellaneous Provisions) Ordinance, Companies 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.

HOW TO APPLY FOR PUBLIC OFFER SHARES

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 Public 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 10,000 Public Offer Shares. Instructions for more than 10,000 Public 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 Public Offer Shares will be considered and any such application is liable to be rejected.

Time for inputting electronic application instructions

CCASS Clearing/Custodian Participants can input **electronic application instructions** at the following times on the following dates:

Friday, 31 August 2018	– 9:00 a.m. to 8:30 p.m.
Saturday, 1 September 2018	– 8:00 a.m. to 1:00 p.m.
Monday, 3 September 2018	– 8:00 a.m. to 8:30 p.m.
Tuesday, 4 September 2018	– 8:00 a.m. to 8:30 p.m.
Wednesday, 5 September 2018	– 8:00 a.m. to 12:00 noon

HOW TO APPLY FOR PUBLIC OFFER SHARES

Note: The times in this sub-section are subject to change as HKSCC may determine from time to time with prior notification to CCASS Cleaning/Custodian Participants and/or CCASS Investor Participants.

CCASS Investor Participants can input **electronic application instructions** from 9:00 a.m. on Friday, 31 August 2018 until 12:00 noon on Wednesday, 5 September 2018 (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 September 2018, the last application day or such later time as described in the paragraph headed “9. 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 Public Offer Shares applied for by HKSCC Nominees will be automatically reduced by the number of Public 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 Public 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 Sponsor, Sole Global Coordinator, the Joint Bookrunners, the Co-lead Managers, the Co-managers, 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.

HOW TO APPLY FOR PUBLIC OFFER SHARES

6. WARNING FOR ELECTRONIC APPLICATIONS

The subscription of the Public Offer Shares by giving **electronic application instructions** to HKSCC is only a facility provided to CCASS Participants. Such facility is 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 Sponsor, Sole Global Coordinator, the Joint Bookrunners, the Co-lead Managers, the Co-managers and the Underwriters take no responsibility for such applications and provide no assurance that any CCASS Participant will be allotted any Public 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. In the event that 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 September 2018.

7. HOW MANY APPLICATIONS CAN YOU MAKE

Multiple applications for the Public 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, 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 dealings 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.

HOW TO APPLY FOR PUBLIC OFFER SHARES

“Statutory control” means you:

- control the composition of the board of directors of the company;
- control more than half of the voting power of the company; or
- hold more than half of the issued share capital of the company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

8. HOW MUCH ARE THE PUBLIC 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 in respect of a minimum of 10,000 Public Offer Shares. Each application or **electronic application instructions** in respect of more than 10,000 Public Offer Shares must be in one of the numbers set out in the table in the Application Form.

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 refer to the section headed “Structure and Conditions of the Share Offer” in this prospectus.

9. 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 September 2018. 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.

HOW TO APPLY FOR PUBLIC OFFER SHARES

If the application lists do not open and close on Wednesday, 5 September 2018 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.

10. PUBLICATION OF RESULTS

Our Company expects to announce the Offer Price, the level of indication of interest in the Placing, the level of applications in the Public Offer and the basis of allocation of the Public Offer Shares on Friday, 14 September 2018 on our Company’s website at www.wcce.hk and the website of the Stock Exchange at www.hkexnews.hk.

The results of allocations and the Hong Kong identity card/passport/Hong Kong business registration numbers of successful applicants under the 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.wcce.hk and the Stock Exchange’s website at www.hkexnews.hk by no later than 8:00 a.m. on Friday, 14 September 2018;
- from the designated results of allocations website at www.tricor.com.hk/ipo/result with a “search by ID” function on a 24-hour basis from 8:00 a.m. on Friday, 14 September 2018 to 12:00 midnight on Thursday, 20 September 2018;
- by telephone enquiry line by calling (852) 3691 8488 between 9:00 a.m. and 6:00 p.m. from Friday, 14 September 2018 to Wednesday, 19 September 2018 (excluding Saturday and Sunday);
- in the special allocation results booklets which will be available for inspection during opening hours from Friday, 14 September 2018 to Tuesday, 18 September 2018 at all the designated receiving bank branches on a business day.

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 Public Offer Shares if the conditions of the Share Offer are satisfied and the Share Offer is not otherwise terminated. Further details are contained in the section headed “Structure and Conditions of the Share Offer” 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.

HOW TO APPLY FOR PUBLIC OFFER SHARES

11. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOTTED PUBLIC OFFER SHARES

You should note the following situations in which the Public 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, 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 its agents exercise their discretion to reject your application:

Our Company, the Sponsor, 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.

HOW TO APPLY FOR PUBLIC OFFER SHARES

(iii) If the allotment of Public Offer Shares is void:

The allotment of Public Offer Shares will be void if the Listing Committee 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 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;
- 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) Public Offer Shares and Placing Shares;
- your Application Form is not completed in accordance with the stated instructions;
- 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 100% of the Public Offer Shares initially available for subscription under the Public Offer.

12. 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\$0.28 per Offer Share (excluding brokerage, SFC transaction levy and the Stock Exchange trading Fee thereon), or if the conditions of the Public Offer set out in the section headed "Structure and conditions of the Share Offer – The Share Offer – The Public Offer" in this prospectus are not fulfilled 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.

HOW TO APPLY FOR PUBLIC OFFER SHARES

Any refund of your application monies will be made on or around Friday, 14 September 2018.

13. DESPATCH/COLLECTION OF SHARE CERTIFICATES AND REFUND MONIES

You will receive one share certificate for all Public Offer Shares allotted to you under the 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 Public Offer Shares allotted to you (for **YELLOW** Application Forms, share certificates will be deposited into CCASS as described below); and
- 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 Public 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 in the event 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 September 2018. The right is reserved to retain any share certificate(s) and any surplus application monies pending clearance of cheque(s) or banker s cashier order(s).

Share certificates will only become valid certificates of title at 8:00 a.m. on Monday, 17 September 2018 provided that the Share Offer 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 prior to the receipt of share certificates or the share certificates becoming valid do so at their own risk.

HOW TO APPLY FOR PUBLIC OFFER SHARES

Personal Collection

(i) If you apply using a WHITE Application Form

If you apply for 1,000,000 Public Offer Shares or more and have provided all information required by your Application Form, you may collect your refund cheque(s) (where applicable) and/or share certificate(s) (where applicable) from the Hong Kong Branch Share Registrar, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong from 9:00 a.m. to 1:00 p.m. on Friday, 14 September 2018 or such other date as notified by our Company as the date of collection/despatch of share certificates, refund cheques payment instructions. If you are an individual who are eligible for personal collection, you must not authorise any other person to make collection on your behalf. If you are a corporate applicant which is eligible for personal collection, you must attend by your authorised representative bearing a letter of authorisation from your corporation stamped with your corporation's chop. Both individuals and authorised representatives (if applicable) must produce, at the time of collection, evidence of identity acceptable to the Hong Kong Branch Share Registrar.

If you do not collect your refund cheque(s) (where applicable) and/or share certificate(s) (where applicable) personally within the time specified for collection, they will be sent to the address as specified on your Application Form promptly thereafter by ordinary post and at your own risk.

If you apply for less than 1,000,000 Public Offer Shares, your refund cheque(s) (where applicable) and/or share certificate(s) (where applicable) will be sent to the address on your Application Form on or before Friday, 14 September 2018, by ordinary post and at your own risk.

(ii) If you apply using a YELLOW Application Form

If you apply for 1,000,000 Public Offer Shares or more and have provided all information required by your Application Form, you may collect your refund cheque(s) (where applicable) from the Hong Kong Branch Share Registrar, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Friday, 14 September 2018 or such other date as notified by our Company as the date of collection/despatch of share certificates, refund cheques payment instructions. If you are an individual who are eligible for personal collection, you must not authorise any other person to make collection on your behalf. If you are a corporate applicant which is eligible for personal collection, you must attend by your authorised representative bearing a letter of authorisation from your corporation stamped with your corporation's chop. Both individuals and authorised representatives (if applicable) must produce, at the time of collection, evidence of identity acceptable to the Hong Kong Branch Share Registrar.

HOW TO APPLY FOR PUBLIC OFFER SHARES

If you do not collect your refund cheque(s) (where applicable) personally within the time specified for collection, they will be sent to the address as specified on your Application Form promptly thereafter by ordinary post and at your own risk.

If you apply for less than 1,000,000 Public Offer Shares, your refund cheque(s) (where applicable) will be sent to the address on your Application Form on or before Friday, 14 September 2018, 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 September 2018, 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 Public Offer Shares credited to your designated CCASS participant's stock account (other than CCASS Investor Participant), you can check the number of Public Offer Shares allotted to you with that CCASS participant.

- **If you apply as a CCASS Investor Participant**

Our Company will publish the results of CCASS Investor Participants applications together with the results of the Public Offer in the manner described in the paragraph headed "10. 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 September 2018 or any other date as determined by HKSCC or HKSCC Nominees. Immediately after the credit of the Public 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 via electronic application instructions to HKSCC

Allocation of Public Offer Shares

For the purposes of allocating Public 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.

HOW TO APPLY FOR PUBLIC OFFER SHARES

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 September 2018, 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 Public Offer in the manner specified in the paragraph headed "10. Publication of results" above on Friday, 14 September 2018. You should check the announcement published by our Company and report any discrepancies to HKSCC before 5:00 p.m. on Friday, 14 September 2018 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 Public 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 Public 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 September 2018. Immediately following the credit of the Public 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 Public 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 September 2018.

HOW TO APPLY FOR PUBLIC OFFER SHARES

14. 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 GEM 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 stockbrokers or other professional advisers 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-45, for the purposes of incorporation in this prospectus, received from the Company's reporting accountants, Wellink CPA Limited, Certified Public Accountants, Hong Kong.

Wellink CPA Limited

滙聯會計師事務所有限公司

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF WAC HOLDINGS LIMITED AND AMPLE CAPITAL LIMITED

Introduction

We report on the historical financial information of WAC Holdings Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages I-4 to I-45, which comprises the consolidated statements of financial position of the Group as at 31 March 2016, 2017 and 2018, statement of financial position of the Company as at 31 March 2018, and the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows, for each of the years ended 31 March 2016, 2017 and 2018 (the "Track Record Period") 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-4 to I-45 forms an integral part of this report, which has been prepared for inclusion in the prospectus dated 31 August 2018 (the "Prospectus") in connection with the initial listing of shares of the Company on the GEM of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of 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 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 (the "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 give 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 of the Company, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the Group's consolidated financial position as at 31 March 2016, 2017 and 2018, of the Company's financial position as at 31 March 2018 and of the Group's consolidated financial performance and the Group's consolidated cash flows for the Track Record Period 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 GEM of the Stock Exchange and the Companies (Winding Up and Miscellaneous Provisions) Ordinance***Adjustments***

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-4 have been made.

Dividends

We refer to note 12 to the Historical Financial Information which contains information about the dividends paid by the companies now comprising the Group in respect of the Track Record Period.

No historical financial statements for the Company

No statutory financial statements have been prepared for the Company since the date of its incorporation.

WELLINK CPA LIMITED*Certified Public Accountants***Chan Yan Ting**

Practising Certificate number P06380

Hong Kong

31 August 2018

HISTORICAL FINANCIAL INFORMATION OF THE GROUP**Preparation of Historical Financial Information**

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, have been prepared in accordance with the accounting policies which conform with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA and were audited by Wellink CPA Limited in accordance with Hong Kong Standards on Auditing issued by the HKICPA ("Underlying Financial Statements").

The Historical Financial Information is presented in Hong Kong dollars ("HK\$") and all values are rounded to the nearest thousand (HK\$'000) except when otherwise indicated.

Consolidated statements of profit or loss and other comprehensive income

	Notes	Year ended 31 March		
		2016 HK\$'000	2017 HK\$'000	2018 HK\$'000
Revenue	4	68,009	70,569	69,089
Cost of services		<u>(36,874)</u>	<u>(37,459)</u>	<u>(38,616)</u>
Gross profit		31,135	33,110	30,473
Other income	5	666	825	323
Other gains/(losses), net	6	(1,537)	(1,305)	(812)
Listing expenses		–	–	(11,023)
General and administrative expenses		(13,710)	(12,585)	(14,108)
Finance costs	7	<u>(316)</u>	<u>(378)</u>	<u>(306)</u>
Profit before taxation	8	16,238	19,667	4,547
Income tax expense	9	<u>(2,957)</u>	<u>(3,381)</u>	<u>(2,458)</u>
Profit for the year		<u>13,281</u>	<u>16,286</u>	<u>2,089</u>
Other comprehensive (expenses)/income				
<i>Items that may be reclassified subsequently to profit or loss:</i>				
Exchange differences on translation of foreign operations		(65)	75	(154)
<i>Items that will not be reclassified subsequently to profit or loss:</i>				
Deficit on revaluation of taxi licences		<u>(195)</u>	<u>–</u>	<u>–</u>
Other comprehensive (expenses)/income for the year, net of tax		<u>(260)</u>	<u>75</u>	<u>(154)</u>
Total comprehensive income for the year attributable to equity owners of the Company		<u>13,021</u>	<u>16,361</u>	<u>1,935</u>

Consolidated statements of financial position

	Notes	At 31 March		
		2016 HK\$'000	2017 HK\$'000	2018 HK\$'000
Non-current assets				
Property, plant and equipment	14	896	741	612
Deposits paid		708	–	782
Taxi licences	15	12,360	–	–
Deferred tax assets	9d	105	71	74
		<u>14,069</u>	<u>812</u>	<u>1,468</u>
Current assets				
Trade and other receivables	16	16,801	23,470	25,873
Amounts due from customers for contract work	17	10,104	11,292	12,150
Income tax recoverable	9c	–	–	374
Bank balances and cash	18	164	609	6,633
		<u>27,069</u>	<u>35,371</u>	<u>45,030</u>
Current liabilities				
Trade and other payables	19	4,986	4,714	7,323
Amounts due to customers for contract work	17	6,627	7,477	1,986
Amounts due to controlling shareholders	28c	4,256	4,112	389
Bank borrowings	20	4,570	3,118	8,875
Obligations under finance lease	21	337	–	–
Income tax payable	9c	2,587	5,779	–
		<u>23,363</u>	<u>25,200</u>	<u>18,573</u>
Net current assets		<u>3,706</u>	<u>10,171</u>	<u>26,457</u>
Total assets less current liabilities		<u>17,775</u>	<u>10,983</u>	<u>27,925</u>
Non-current liabilities				
Obligations under finance lease	21	9,986	–	–
NET ASSETS		<u>7,789</u>	<u>10,983</u>	<u>27,925</u>
CAPITAL AND RESERVES				
Share capital	22	647	647	10
Reserves		7,142	10,336	27,915
Equity attributable to owners of the Company		<u>7,789</u>	<u>10,983</u>	<u>27,925</u>

Statement of financial position

	<i>Notes</i>	At 31 March 2018 HK\$'000
ASSETS		
Non-current assets		
Investment in subsidiaries		—*
Current assets		
Other receivables		3,633
Amount due from a subsidiary		376
		4,009
Current liabilities		
Other payables		(108)
Amount due to a subsidiary		(25)
		(133)
Net assets		3,876
EQUITY		
Share capital	22(b)	10
Share premium	22(d)	14,997
Accumulated losses		(11,131)
Total equity		3,876

* Less than HK\$1,000.

Consolidated statements of changes in equity

	Share capital	Share premium	Merger reserves	Legal reserves	Revaluation reserves	Translation reserves	Retained earnings	Total
Notes	HK\$'000 (Note a)	HK\$'000	HK\$'000 (Note b)	HK\$'000 (Note c)	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2015	647	-	-	49	195	220	3,622	4,733
Profit for the year	-	-	-	-	-	-	13,281	13,281
Other comprehensive expenses	-	-	-	-	(195)	(65)	-	(260)
Total comprehensive (expense)/income	-	-	-	-	(195)	(65)	13,281	13,021
Interim dividend (note 12)	-	-	-	-	-	-	(9,965)	(9,965)
At 31 March 2016 and 1 April 2016	<u>647</u>	<u>-</u>	<u>-</u>	<u>49</u>	<u>-</u>	<u>155</u>	<u>6,938</u>	<u>7,789</u>
Profit for the year	-	-	-	-	-	-	16,286	16,286
Other comprehensive income	-	-	-	-	-	75	-	75
Total comprehensive income	-	-	-	-	-	75	16,286	16,361
Interim dividend (note 12)	-	-	-	-	-	-	(13,167)	(13,167)
At 31 March 2017 and 1 April 2017	<u>647</u>	<u>-</u>	<u>-</u>	<u>49</u>	<u>-</u>	<u>230</u>	<u>10,057</u>	<u>10,983</u>
Profit for the year	-	-	-	-	-	-	2,089	2,089
Other comprehensive expenses	-	-	-	-	-	(154)	-	(154)
Total comprehensive (expenses)/income	-	-	-	-	-	(154)	2,089	1,935
Arising from reorganisation	(647)	-	647	-	-	-	-	-
Issue of new shares of the Company (note 22(b)&(d))	10	14,997	-	-	-	-	-	15,007
At 31 March 2018	<u>10</u>	<u>14,997</u>	<u>647</u>	<u>49</u>	<u>-</u>	<u>76</u>	<u>12,146</u>	<u>27,925</u>

Notes:

- (a) (i) The share capital of the Group at 31 March 2016 and 2017 represents the aggregate share capital of Wong & Cheng Consulting Engineers (Macau) Limited (“W&C Macau”) and Wong & Cheng Consulting Engineers Limited (“W&C Hong Kong”).
- (ii) The share capital of the Group at 31 March 2018 represents the share capital of the Company pursuant to group reorganisation as detailed in note 1 to the Historical Financial Information.
- (b) Merger reserves represent the reserves that arose pursuant to the group reorganisation as detailed in note 1 to the Historical Financial Information.
- (c) In accordance with the Article 377 of the Commercial Code of Macau Special Administrative Region, the subsidiary registered in Macau Special Administrative Region is required to transfer part of its profits of each accounting period of not less than 25% to legal reserve, until the amount reaches half of its registered share capital.

Consolidated statements of cash flows

	Year ended 31 March		
	2016 HK\$'000	2017 HK\$'000	2018 HK\$'000
Operating activities			
Profit before taxation	16,238	19,667	4,547
Adjustments for:			
Listing expenses	–	–	11,023
Finance costs	316	378	306
Depreciation	308	296	235
Deficit on revaluation of taxi licences charged to profit or loss	1,235	–	–
Gain on disposal of taxi licences	–	(874)	–
Loss on written off of property, plant and equipment	8	–	–
	<u>18,105</u>	<u>19,467</u>	<u>16,111</u>
Operating cash flows before changes in working capital	18,105	19,467	16,111
Changes in working capital:			
(Increase) in amounts due from customers for contract work	(1,695)	(1,188)	(858)
(Decrease)/increase in amounts due to customers for contract work	(1,266)	850	(5,491)
(Increase)/decrease in trade and other receivables	(5,214)	(5,961)	426
(Decrease)/increase in trade and other payables	(43)	(272)	2,313
	<u>9,887</u>	<u>12,896</u>	<u>12,501</u>
Cash generated from operations	9,887	12,896	12,501
Income tax paid	(611)	(155)	(8,614)
Interest paid	(316)	(378)	(306)
	<u>8,960</u>	<u>12,363</u>	<u>3,581</u>
Net cash generated from operating activities	8,960	12,363	3,581

	Year ended 31 March		
	2016 <i>HK\$'000</i>	2017 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Cash flows from investing activities			
Purchase of property, plant and equipment	(690)	(273)	(75)
Proceed from disposal of property, plant and equipment	–	106	–
Purchase of taxi licence	(1,350)	–	–
Proceed from disposal of taxi licences	–	13,234	–
Net cash (used in)/generated from investing activities	<u>(2,040)</u>	<u>13,067</u>	<u>(75)</u>
Cash flows from financing activities			
Issue of new shares of the Company	–	–	15,007
New bank loans raised	–	2,400	11,735
Repayment of bank loans	(1,190)	(839)	(4,854)
Repayment of obligations under finance lease	(247)	(10,323)	–
Advances from controlling shareholders	1,190	(144)	(3,723)
Dividends paid to the then shareholders of W&C Hong Kong and W&C Macau	(9,965)	(13,167)	–
Payment of listing expenses	–	–	(14,338)
Net cash (used in)/generated from financing activities	<u>(10,212)</u>	<u>(22,073)</u>	<u>3,827</u>
Net (decrease)/increase cash and cash equivalents	(3,292)	3,357	7,333
Cash and cash equivalents at beginning of the year	(632)	(3,973)	(515)
Effect of foreign exchange rate changes	(49)	101	(185)
Cash and cash equivalents at end of the year	<u>(3,973)</u>	<u>(515)</u>	<u>6,633</u>
Analysis of cash and cash equivalents consist of			
Bank balances and cash	164	609	6,633
Bank overdrafts	(4,137)	(1,124)	–
	<u>(3,973)</u>	<u>(515)</u>	<u>6,633</u>

NOTES TO THE HISTORICAL FINANCIAL INFORMATION**1. BASIS OF PREPARATION AND PRESENTATION OF HISTORICAL FINANCIAL INFORMATION**

WAC Holdings Limited (the “Company”) was incorporated in the Cayman Islands on 25 August 2017 as an exempted company with limited liability. The registered address of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The principal place of business of the Company is located at 9/F., No. 9 Wing Hong Street, Cheung Sha Wan, Kowloon, Hong Kong.

The Company is an investment holding company and has not carried on any business since the date of its incorporation save for the group reorganisation below. The Company and its subsidiaries (together, the “Group”) are principally engaged in the provision of comprehensive structural and geotechnical engineering consultancy services.

The Group’s businesses were conducted principally through W&C Hong Kong, 黃鄭建築科技開發(深圳)有限公司 (“W&C Shenzhen”) and W&C Macau during the Track Record Period.

To rationalise the corporate structure in preparation of the listing of the Company’s shares on the GEM of the Stock Exchange, the Group underwent the reorganisation (the “Reorganisation”) as detailed in the section headed “History, Reorganisation and Corporate Structure” in the Prospectus. Upon completion of the Reorganisation, the Company would become the holding company of the Group. All the companies now comprising the Group that took part in the Reorganisation were controlled by Dr. Chan Yin Nin (“Dr. Chan”) and Mr. Kwong Po Lam (“Mr. Kwong”) (together, the “Controlling Shareholders”).

As the companies now comprising the Group were controlled by the same Controlling Shareholders both before and after the Reorganisation and the control is not transitory, there was a continuation of the risks and benefits to the Controlling Shareholders and therefore, the Reorganisation is considered to be a combination of entities and business under common control. The Historical Financial Information has been prepared using the principles of merger accounting in accordance with Accounting Guideline 5 “Merger Accounting for Common Control Combinations” (“AG5”) issued by the HKICPA and there was no change in the economic substance of the business of the Group. Accordingly, the Historical Financial Information has been prepared as if the Reorganisation had been completed as at the beginning of the Track Record Period with the group structure remained unchanged throughout the Track Record Period. The assets and liabilities of the combining companies are recorded using their respective book values from the perspective of the Controlling Shareholders.

In applying AG5, the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows of the Group for the Track Record Period as set out in this report include the consolidated results of operations of the companies comprising the Group (or where the companies were incorporated at a date later than 1 April 2015, for the period from the date of incorporation to 31 March 2018) as if the current group structure had been in existence and remained unchanged throughout the Track Record Period. The consolidated statements of financial position of the Group as at 31 March 2016, 2017 and 2018 as set out in this report have been prepared to present the state of affairs of the companies comprising the Group as at respective dates as if the Reorganisation had occurred as at the respective dates.

All material intra-group balances and transactions have been eliminated in full in preparing the Historical Financial Information.

As at the date of this report, no statutory financial statements have been prepared for the Company and certain subsidiaries as described below, 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 their respective jurisdiction of incorporation. The financial statements of the subsidiary of the Group for which there are statutory requirements were prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA.

As at the date of this report, the Company has direct or indirect interests in the following subsidiaries, all of which are private companies:

Name of company	Place of incorporation/ establishment	Date of incorporation/ establishment	Registered capital	Paid up capital	Proportion of ownership interest		Principal activities	Name of statutory auditors
					Group's effective interest	Held by the Company		
WAC (Hong Kong) Limited	British Virgin Islands ("BVI")	29 August 2017	US\$1	US\$1	100%	100%	Investment holding	Note 1
WAC (Macau) Limited	BVI	29 August 2017	US\$1	US\$1	100%	100%	Investment holding	Note 1
W&C Hong Kong	Hong Kong	19 June 1987	HK\$550,000	HK\$550,000	100%	–	Provision of comprehensive structural and geotechnical engineering consultancy services	Wellink CPA Limited
W&C Shenzhen	The People's Republic of China ("PRC")	2 November 2001	HK\$1,000,000	HK\$1,000,000	100%	–	Provision of computer-aided drawings and design of construction and back office support	Note 1
W&C Macau	Macau	14 June 2002	MOP100,000	MOP100,000	100%	–	Provision of comprehensive structural and geotechnical engineering consultancy services	Note 1

Notes:

1. No statutory financial statements have been prepared for these entities as they either have not carried on any business since the date of incorporation or which are not subject to statutory audit requirements under the relevant rules and regulations in their respective jurisdiction of incorporation.

Except for W&C Shenzhen and W&C Macau have adopted 31 December as their financial year end date, all companies now comprising the Group have adopted 31 March as their financial year end date.

The Historical Financial Information has been prepared in accordance with all applicable HKFRSs which in collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the HKICPA. Further details of the significant accounting policies adopted are set out in note 2.

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 Track Record Period, except for any new standards or interpretations that are not yet effective for the Track Record Period. The revised and new accounting standards and interpretations issued but not yet effective for the Track Record Period are set out in note 30.

The Historical Financial Information also complies with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the GEM of the Stock Exchange and the disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622).

The accounting policies set out below have been applied consistently to all periods presented in the Historical Financial Information.

2. SIGNIFICANT ACCOUNTING POLICIES**(a) Basis of measurement and use of estimates and judgements**

The measurement basis used in the preparation of the Historical Financial Information is the historical cost basis, except for taxi licences.

The preparation of 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 are discussed in note 3.

(b) Business combinations under common control

The Historical Financial Information incorporate the financial statement items of the combining entities or business in which the common control combination occurs as if they had been consolidated from the date when the combining entities or businesses first came under the control of the controlling party. The net assets of the combining entities or business are consolidated using the existing book values from the controlling party's perspective. No amount is recognised with respect to goodwill or any excess of acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over its cost at the time of common control combination, to the extent of the contribution of the controlling party's interest.

The consolidated statements of profit or loss and other comprehensive income include the results of each of the combining entities or business from the earliest date presented or since the date when combining entities or business first came under common control, where this is a shorter period, regardless of the date of common control combination.

Intra-group transactions, balances and unrealised gains on transactions between the combining entities or business are eliminated. Unrealised losses are eliminated but considered as an impairment indicator of the asset transferred. Accounting policies of combining entities or business have been changed where necessary to ensure consistency with the policies adopted by the Group.

Transaction costs, including professional fees, registration fees, cost of furnishing information to shareholders, costs or losses incurred in combining operations of the previously separate businesses, etc., incurred in relation to the common control combination that is to be accounted for by using merger accounting are recognised as an expense in the period in which they are incurred.

(c) 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.

(d) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any provisions for impairment losses. Cost represents the purchase price and any directly attributable costs of bringing the asset to working condition for its intended use. Subsequent expenditure is capitalised when it is probable that future economic benefits will flow to the enterprise and the cost of the item can be measured reliably. All other subsequent expenditure, such as repairs and maintenance and overhaul costs, is recognised as an expense in the period in which it is incurred.

Depreciation is calculated to write off the cost of property, plant and equipment over their estimated useful lives, on the straight-line basis, at the following annual rates:

Furniture and fixtures	20%
Office equipment	20%
Motor vehicles	30%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Assets acquired under finance lease arrangements are depreciated over their expected useful lives on the same basis as owned assets.

The gain or loss arising from the retirement or disposal of property, plant and equipment, representing the difference between the net disposal proceeds and the carrying amount of the asset, is recognised in the profit or loss.

(e) Taxi licences

Taxi licences, which represent freely-transferable licences to provide taxi transportation services in Hong Kong, are stated in the statements of financial position at open market value to be assessed at least annually by the directors and/or independent qualified valuers, less accumulated impairment losses, if any. Changes arising on the revaluation of Taxi licences are generally recognised in other comprehensive income and accumulated in Taxi licences revaluation reserve, except that (i) when a deficit arises on revaluation, it will be charged to the profit or loss, if and to the extent that it exceeds the amount held in the reserve in respect of that same licence immediately prior to the revaluation; and (ii) when a surplus arises on revaluation, it will be credited to the profit or loss, if and to the extent that a deficit on revaluation in respect of that same licence had previously been charged to the profit or loss.

The directors consider that the Taxi licences have indefinite useful lives. In addition, there is an open market for Taxi licences and the Group does not foresee any indicators that the residual value of each licence will be less than its prevailing market price. Accordingly, Taxi licences are not amortised. The useful life of Taxi licence is subject to annual assessment to determine whether events and circumstances continue to support an indefinite useful life for such asset.

On disposal of Taxi licences, the related portion of surpluses previously taken to the Taxi licences revaluation reserve is transferred to retained profits and is shown as a movement in reserves.

(f) 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) 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.

(g) Impairment of assets**(i) Impairment of trade and other receivables**

Trade and other 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, the 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 receivables 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 receivables 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.

(h) Trade and other receivables

Trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment. An allowance for impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the allowance is the difference between the receivables' carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate computed at initial recognition. The amount of the allowance is recognised in profit or loss.

Impairment losses are reversed in subsequent periods and recognised in profit or loss when an increase in the receivables' recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the receivables at the date the impairment is reversed shall not exceed what the amortised cost would have been had the impairment not been recognised.

(i) 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.

(j) Trade and other payables

Trade and other payables are stated initially at their fair value and subsequently measured at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

(k) Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents represent cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term highly liquid investments which are readily convertible into known amounts of cash and subject to an insignificant risk of change in value. Bank overdrafts which 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.

(l) Employee benefits

(i) Short term employee benefits

Salaries, annual bonuses, paid annual leave and the cost of non-monetary benefits are accrued in the reporting period 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.

(ii) Retirement benefits

Contributions to defined contribution retirement plans are recognised as an expense in profit or loss as incurred.

The Group operates a Mandatory Provident Fund Scheme ("the MPF scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF scheme is a defined contribution retirement plan administered by independent trustees. Under the MPF scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK\$25,000 prior to June 2014 or HK\$30,000. Contributions to the plan vest immediately.

The entity within the Group in the PRC participates in PRC local retirement schemes organised by relevant government authorities for its employees in the PRC and contributes to these schemes based on certain percentage of the salaries of the employees on a monthly basis, up to a maximum fixed monetary amount, as stipulated by the relevant government authorities. The government authorities undertake to assume the retirement contribution obligations payable to all existing and future retired employees under these schemes. Contributions to these schemes vest immediately.

The entity within the Group in Macau also participates in a central social security scheme operated by the Macao Special Administrative Region Government. The subsidiary operating in Macau is required to make contributions for its employees who are registered as residents to the central social security scheme. Contributions to this scheme vest immediately.

(m) 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.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available. Additional income taxes that arise from the distribution of dividends are recognised when the liability to pay the related dividends is recognised.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

- in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or
- in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:
 - the same taxable entity; or
 - different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

(n) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a present 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 expenditures 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 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 is remote.

(o) 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.

Revenue from provision for comprehensive structural and geotechnical engineering consultancy service is recognised on the percentage of completion method, measured based on the proportion that contract costs incurred from work performed to date relative to the estimated total contract costs, as further explained in the accounting policy in (p) below.

Interest income is recognised on a time-proportion basis using the effective interest method.

Rental income is recognised on a straight-line basis over the lease term.

(p) Contracts of comprehensive structural and geotechnical engineering consultancy service

Where the outcome of a contract of comprehensive structural and geotechnical engineering consultancy service can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the end of the reporting period, measured based on the proportion that contract costs incurred for work performed to date relative to the estimated total contract costs. Variations in contract work, claims and incentive payments (if any) are included to the extent that the amount can be measured reliably and its receipt is considered probable.

Where the outcome of a contract of comprehensive structural and geotechnical engineering consultancy service cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Where contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is shown as "Amounts due from customers for contract work". For contracts where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is shown as "Amounts due to customers for contract work". Amounts received before the related work is performed are included in the consolidated statements of financial position as a liability and are shown as "Advances received from customers" under "Trade and other payables". Amounts billed for work performed but not yet paid by the customers are included in the consolidated statements of financial position under "Trade and other receivables".

(q) Translation of foreign currencies

Foreign currency transactions during the periods 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 each 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.

(r) Borrowing costs

Borrowing costs are expensed in the period in which they are incurred.

(s) Related parties

A related party is a person or entity that is related to the Group.

(A) 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 Company or of a parent of the Company.

(B) An entity is related to the Group if any of the following conditions applies:

- (i) the entity and the Company 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. If the Group is itself such a plan, the sponsoring employers are also related to the Group;
- (vi) the entity is controlled or jointly controlled by a person identified in (A);
- (vii) a person identified in (A)(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); and
- (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Company or to a parent of the Company.

(t) 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 chief operating decision maker 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.

3. CRITICAL ACCOUNTING JUDGEMENTS IN APPLYING THE GROUP'S ACCOUNTING POLICIES

In the process of applying the Group's accounting policies, management have made the following accounting judgements.

Estimated outcome of comprehensive structural and geotechnical engineering consultancy contracts

The Group recognises contract revenue and cost of a engineering consulting contract according to the management's estimation of the progress and outcome of the project. Estimated revenue is determined in accordance with the terms set out in the relevant contracts or, in case of variation orders, based on contract terms or other forms of agreements. Estimated contract cost, which mainly comprises direct labour cost and subcontracting charges, is variable and estimated by the management on the basis of estimated cost of direct labour and subcontracting charges from time to time based on quotations provided by the major subcontractors/suppliers/vendors involved and the experience of the management. Notwithstanding that management frequent reviews and revises the estimates of both estimated revenue and costs for the engineering consulting 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 estimates and this will affect the revenue and profit recognised.

Impairment loss on trade receivables

The policy for making impairment loss on trade and other receivables of the Group is based on the evaluation of collectability and ageing analysis of accounts and on management's judgement. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including the current creditworthiness and the past collection history of each debtor. If the financial conditions of debtors of the Group were to deteriorate, resulting in an impairment of their ability to make payments, additional impairment loss may be required. As at 31 March 2016, 2017 and 2018, the carrying amounts of the trade receivables were approximately HK\$16,366,000, HK\$22,207,000 and HK\$21,690,000 respectively while the carrying amount of prepayments, deposits and other receivables were approximately HK\$435,000, HK\$1,263,000 and HK\$4,183,000 respectively. More details are given in note 16.

Useful lives and impairment of property and equipment

Property and equipment are stated at cost less accumulated depreciation and identified impairment losses. The estimation of useful lives impacts the level of annual depreciation expenses recorded. Property and equipment are evaluated for possible impairment on specific asset basis or in groups of similar assets, as applicable. This process requires management's estimate of future cash flows generated by each asset or group of assets. For any instance where this evaluation process indicates impairment, the relevant asset's carrying amount is written down to the recoverable amount and the amount of the write-down is charged against the consolidated statement of profit or loss. Where the actual future cash flows are less than expected, a material impairment loss may arise. As at 31 March 2016, 2017 and 2018, the carrying amounts of property and equipment were approximately HK\$896,000, HK\$741,000 and HK\$612,000 respectively. No impairment had been recognised during the Track Record Period.

4. REVENUE AND SEGMENT INFORMATION

(a) Revenue

The principal activities of the Group are provision of comprehensive structural and geotechnical engineering consultancy services mainly in Hong Kong.

	Year ended 31 March		
	2016	2017	2018
	HK\$'000	HK\$'000	HK\$'000
Provision of comprehensive structural and geotechnical engineering consultancy services	68,009	70,569	69,089

(b) Segment reporting

The Group currently operates in one single operating segment which is comprehensive structural and geotechnical engineering consultancy services. For the purpose of resources allocation and performance assessment, the chief operating decision maker ("CODM") (i.e. the directors of the Company) reviews the overall results and financial position of the Group as a whole prepared in accordance with accounting policies which conform to HKFRSs.

Geographical information

Almost all of the Group's external revenue during the Track Record Period is derived from services rendered in Hong Kong, the place of domicile of the Group's principal operating entities. Since almost all of the non-current assets employed by the Group are located in Hong Kong, no geographical information is presented accordingly.

Information about major customers

Revenue from external customers individually contributing 10% or more of the Group's total revenue is as follows:

	Year ended 31 March		
	2016	2017	2018
	HK\$'000	HK\$'000	HK\$'000
Customer A	7,031	—*	—*
Customer B	— [#]	8,415	8,035

* Revenue from Customer A was less than 10% of the Group's total revenue for the year ended 31 March 2017 and 2018.

[#] Revenue from Customer B was less than 10% of the Group's total revenue for the year ended 31 March 2016.

5. OTHER INCOME

	Year ended 31 March		
	2016 HK\$'000	2017 HK\$'000	2018 HK\$'000
Bad debts written back	103	208	67
Car rental income	411	479	–
Sundry income	152	138	256
	<u>666</u>	<u>825</u>	<u>323</u>

6. OTHER GAINS/(LOSSES), NET

	Year ended 31 March		
	2016 HK\$'000	2017 HK\$'000	2018 HK\$'000
Exchange gains/(losses), net	3	(53)	28
Deficit on revaluation of taxi licences charged to profit or loss	(1,235)	–	–
Gain on disposal of taxi licences	–	874	–
Loss on written off of property, plant and equipment	(8)	–	–
Allowance of trade receivables	(297)	(2,126)	(840)
	<u>(1,537)</u>	<u>(1,305)</u>	<u>(812)</u>

7. FINANCE COSTS

	Year ended 31 March		
	2016 HK\$'000	2017 HK\$'000	2018 HK\$'000
Interest on bank borrowings	151	179	306
Interest on obligations under finance lease	165	199	–
	<u>316</u>	<u>378</u>	<u>306</u>

8. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

	Year ended 31 March		
	2016 HK\$'000	2017 HK\$'000	2018 HK\$'000
(a) Staff costs			
Directors' remuneration (<i>note 10</i>)	4,204	4,278	4,616
Salaries, wages and other benefits	30,358	31,853	35,793
Contributions to defined contribution retirement plan, excluding those of directors	1,604	1,363	1,368
	<u>36,166</u>	<u>37,494</u>	<u>41,777</u>
Total staff costs	36,166	37,494	41,777
Less: Amount included in general and administrative expenses	(5,905)	(4,229)	(5,127)
	<u>(5,905)</u>	<u>(4,229)</u>	<u>(5,127)</u>
Total staff costs included in cost of services	<u>30,261</u>	<u>33,265</u>	<u>36,650</u>
(b) Other items			
Auditor's remuneration	180	500	500
Exchange (gains)/losses	(3)	53	(28)
Depreciation of property, plant and equipment	308	296	235
Allowance of trade receivables	297	2,126	840
Loss on written off of property, plant and equipment	8	–	–
Operating lease charges for office premises	2,500	2,595	2,706
	<u>2,500</u>	<u>2,595</u>	<u>2,706</u>

9. INCOME TAX

Pursuant to the rules and regulations of the Cayman Islands and the BVI, the Group is not subject to any income tax in the Cayman Islands and the BVI. Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits arising in Hong Kong. Macau Complementary Tax is calculated at 12% of the estimated assessable profits arising in Macau. PRC enterprise income tax is calculated at 25% of the estimated assessable profits arising in the PRC.

(a) **Income tax in the consolidated statements of profit or loss and other comprehensive income represents:**

	Year ended 31 March		
	2016 HK\$'000	2017 HK\$'000	2018 HK\$'000
Current tax			
– Hong Kong Profits Tax Provision for the year	2,780	3,347	2,366
– Enterprise Income Tax in The PRC Provision for the year	–	–	19
– Macau Complementary Tax Provision for the year	154	–	76
	<u>2,934</u>	<u>3,347</u>	<u>2,461</u>
Deferred taxation			
Origination and reversal of temporary differences	23	34	(3)
	<u>2,957</u>	<u>3,381</u>	<u>2,458</u>

(b) **Reconciliation between income tax expenses and accounting profit before taxation at applicable tax rates:**

	Year ended 31 March		
	2016 HK\$'000	2017 HK\$'000	2018 HK\$'000
Profit before taxation	<u>16,238</u>	<u>19,667</u>	<u>4,547</u>
Notional tax on profit before taxation, calculated at the tax rate applicable to the respective tax jurisdictions	2,548	3,231	683
Tax effect of non-deductible expenses	204	182	1,819
Tax effect of non-taxable income	(37)	(144)	(71)
Tax effect of tax losses not recognised	344	106	34
Effect of tax reduction in			
Hong Kong Profits Tax	(20)	–	–
Others	(82)	6	(7)
Actual tax expense	<u>2,957</u>	<u>3,381</u>	<u>2,458</u>

(c) **Income tax in the consolidated statements of financial position represents:**(i) *Current taxation*

	At 31 March		
	2016 HK\$'000	2017 HK\$'000	2018 HK\$'000
Provision for Hong Kong Profits			
Tax for the year	3,043	3,347	2,366
Provisional Profits Tax paid	(331)	–	(2,509)
Provision for corporate income tax in other jurisdiction	–	–	95
Balance of Profits Tax provision relating to prior years	(125)	2,432	(326)
	<u>2,587</u>	<u>5,779</u>	<u>(374)</u>

(ii) *Reconciliation to the consolidated statements of financial position*

	At 31 March		
	2016 HK\$'000	2017 HK\$'000	2018 HK\$'000
Tax recoverable	<u>–</u>	<u>–</u>	<u>374</u>
Tax payable	<u>2,587</u>	<u>5,779</u>	<u>–</u>

(d) **Deferred tax assets recognised:**

The components of deferred tax assets recognised in the consolidated statements of financial position and the movements during the years are as follows:

Deferred tax assets arising from:	Depreciation allowances in excess of related depreciation HK\$'000	Total HK\$'000
At 1 April 2015	128	128
Debited to profit or loss	(23)	(23)
At 31 March 2016 and 1 April 2016	105	105
Debited to profit or loss	(34)	(34)
At 31 March 2017 and 1 April 2017	71	71
Credited to profit or loss	3	3
At 31 March 2018	<u>74</u>	<u>74</u>

10. DIRECTORS' REMUNERATION

The Directors' remuneration during the Track Record Period is as follows:

	Directors' fee <i>HK\$'000</i>	Salaries, allowances and benefits in kind <i>HK\$'000</i>	Discretionary bonus <i>HK\$'000</i>	Contributions to defined contribution retirement plan <i>HK\$'000</i>	Total <i>HK\$'000</i>
Year ended 31 March 2016					
Executive directors					
Dr. Chan Yin Nin	–	2,473	–	18	2,491
Mr. Kwong Po Lam	–	1,695	–	18	1,713
	–	4,168	–	36	4,204
Year ended 31 March 2017					
Executive directors					
Dr. Chan Yin Nin	–	2,512	–	18	2,530
Mr. Kwong Po Lam	–	1,730	–	18	1,748
	–	4,242	–	36	4,278
Year ended 31 March 2018					
Executive directors					
Dr. Chan Yin Nin	–	2,651	–	18	2,669
Mr. Kwong Po Lam	–	1,929	–	18	1,947
	–	4,580	–	36	4,616

Notes:

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 Track Record Period. No director waived or agreed to waive any emoluments during the Track Record Period.

11. INDIVIDUALS WITH HIGHEST EMOLUMENTS

The five highest paid individuals of the Group for the years ended 31 March 2016, 2017 and 2018 and for each of the included 2 directors of the Company, whose emoluments are disclosed in note 10. Details of the emoluments paid to the remaining 3 highest paid individuals for the years ended 31 March 2016, 2017 and 2018 are as follows:

	Year ended 31 March		
	2016 HK\$'000	2017 HK\$'000	2018 HK\$'000
Salaries, allowance and benefits in kind	2,663	2,705	2,859
Discretionary bonus (<i>Note</i>)	–	–	–
Contributions to defined contribution retirement plan	54	54	54
	<u>2,717</u>	<u>2,759</u>	<u>2,913</u>

Note: Discretionary bonus is determined by the directors of the Company by reference to the individual performance and contribution to the Group.

The emoluments of the above 3 individuals with the highest emoluments are within the following bands:

	Year ended 31 March		
	2016 <i>Number of individuals</i>	2017 <i>Number of individuals</i>	2018 <i>Number of individuals</i>
Nil to HK\$500,000	–	–	–
HK\$500,001 to HK\$1,000,000	2	2	2
HK\$1,000,001 to HK\$1,500,000	1	1	1

No emoluments were paid or payable by the Group to these employees as an inducement to join or upon joining the Group or as compensation for loss of office during the Track Record Period.

12. DIVIDENDS**Dividends declared by W&C Hong Kong and W&C Macau**

The following dividends were declared and paid by W&C Hong Kong and W&C Macau to its then shareholders during the Track Record Period.

	Year ended 31 March		
	2016 HK\$'000	2017 HK\$'000	2018 HK\$'000
Interim dividend declared by			
W&C Hong Kong	8,800	13,167	–
W&C Macau	1,165	–	–
	<u>9,965</u>	<u>13,167</u>	<u>–</u>

Other than disclosed above, no dividend was paid or declared by the Company since its incorporation, or by other group entities during the Track Record Period.

13. EARNINGS PER SHARE

Earnings per share information is not presented as its inclusion for the purpose of this report is not considered meaningful due to the Reorganisation and the preparation of the results of the Group for the Track Record Period on a consolidated basis as disclosed in note 1.

14. PROPERTY, PLANT AND EQUIPMENT

	Furniture and fixtures <i>HK\$'000</i>	Office equipment <i>HK\$'000</i>	Motor vehicles <i>HK\$'000</i>	Total <i>HK\$'000</i>
Cost				
At 1 April 2015	1,345	414	245	2,004
Additions	294	146	250	690
Written-off	–	(56)	–	(56)
Exchange adjustment	(14)	(8)	–	(22)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2016	1,625	496	495	2,616
Additions	128	145	–	273
Disposal	–	–	(495)	(495)
Exchange adjustment	(30)	(10)	–	(40)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2017	1,723	631	–	2,354
Additions	26	49	–	75
Exchange adjustment	60	16	–	76
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2018	<u>1,809</u>	<u>696</u>	<u>–</u>	<u>2,505</u>
Accumulated depreciation				
At 1 April 2015	1,138	181	147	1,466
Charge for the year	85	75	148	308
Eliminated on written off	–	(48)	–	(48)
Exchange adjustment	(5)	(1)	–	(6)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2016	1,218	207	295	1,720
Charge for the year	110	92	94	296
Written back on disposals	–	–	(389)	(389)
Exchange adjustment	(10)	(4)	–	(14)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2017	1,318	295	–	1,613
Charge for the year	125	110	–	235
Exchange adjustment	34	11	–	45
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2018	<u>1,477</u>	<u>416</u>	<u>–</u>	<u>1,893</u>
Net carrying value				
At 31 March 2016	<u>407</u>	<u>289</u>	<u>200</u>	<u>896</u>
At 31 March 2017	<u>405</u>	<u>336</u>	<u>–</u>	<u>741</u>
At 31 March 2018	<u>332</u>	<u>280</u>	<u>–</u>	<u>612</u>

15. TAXI LICENCES

	At 31 March		
	2016 HK\$'000	2017 HK\$'000	2018 HK\$'000
At the beginning of the year	6,940	12,360	–
Addition	6,850	–	–
Deficit on revaluation for the year charged to profit or loss	(1,235)	–	–
Deficit on revaluation of taxi licences	(195)	–	–
Disposal	–	(12,360)	–
	<u> </u>	<u> </u>	<u> </u>
At the end of the year	<u>12,360</u>	<u>–</u>	<u>–</u>

Taxi licences are regarded as having indefinite useful lives as there is no foreseeable limit to the period over which these assets are expected to generate net cash flows to the Group.

At 31 March 2016, taxi licences with an aggregate carrying amount of HK\$12,360,000 were pledged as security for the Group's banking facilities.

(i) Fair value hierarchy

The following table presents the fair value of the Group's Taxi licences measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, Fair Value Measurement. The level into which a fair value measurement is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured by using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.
- Level 2 valuations: Fair value measured by using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.
- Level 3 valuations: Fair value measured by using significant unobservable inputs.

	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
Recurring fair value measurement of Taxi licences:				
At 31 March 2016	–	12,360	–	12,360
At 31 March 2017	–	–	–	–
At 31 March 2018	–	–	–	–

For the year ended 31 March 2016, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

At 31 March 2016, the taxi licences were revalued by Crowe Horwath (HK) Consulting & Valuation Limited ("Crowe Horwath"), the independent qualified valuer. The fair value of taxi licences was determined under the market approach with reference to the average of recent market-quoted prices from different market dealers. The management of the Company are of the view that Level 2 of the fair value hierarchy is used because the recent market-quoted prices were observable inputs which are not from active market, therefore failed to meet Level 1. There were no significant unobservable inputs used, therefore failed to meet Level 3. The measurement was therefore under Level 2 valuation hierarchy. The key assumptions under such approach include the continuous existence of an open market for taxi licences and the status-quo of the trends, market conditions and government policies for taxi industry. Crowe Horwath made these assumptions based on past performance and expectations on the market development.

16. TRADE AND OTHER RECEIVABLES

	At 31 March		
	2016 HK\$'000	2017 HK\$'000	2018 HK\$'000
Trade receivables	16,644	24,611	24,922
Less: Allowance for doubtful debts	(278)	(2,404)	(3,232)
	16,366	22,207	21,690
Deposits, prepayments and other receivables (Note (b))	435	1,263	4,183
Total	16,801	23,470	25,873

Notes:

- (a) All of the trade and other receivables are expected to be recovered within one year.
- (b) Rental deposit of approximately HK\$708,000 was included in deposits, prepayments and other receivables as at 31 March 2017 as the underlying tenancy agreement will be expired within one year.
- (c) At 31 March 2016, 2017 and 2018, the ageing analysis of the trade receivables (which included in trade and other receivables) based on invoice dates, is as follows:

	At 31 March		
	2016 HK\$'000	2017 HK\$'000	2018 HK\$'000
Within 30 days	5,673	5,891	5,196
31–60 days	3,537	3,677	4,437
61–90 days	1,798	2,036	780
91–180 days	3,004	5,481	4,903
Over 180 days	2,354	5,122	6,374
	16,366	22,207	21,690

At 31 March 2016, 2017 and 2018, included in the Group's trade receivables balances were debtors with aggregate carrying amount of approximately HK\$13,113,000, HK\$19,555,000 and HK\$19,886,000, respectively, which were past due at the end of each reporting period for which the Group has not provided for allowance for doubtful debts.

- (d) The ageing analysis of trade receivables that are neither individually nor collectively considered to be impaired are as follows:

	At 31 March		
	2016 <i>HK\$'000</i>	2017 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Neither past due nor impaired	3,253	2,652	1,804
Less than 30 days past due	4,122	5,546	6,185
More than 30 days but less than 90 days past due	3,730	4,633	2,703
More than 90 days but less than 180 days past due	3,327	4,647	5,928
More than 180 days past due	1,934	4,729	5,070
	<u>16,366</u>	<u>22,207</u>	<u>21,690</u>

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, management believes that no allowance for doubtful debts is considered necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully receivable. The Group does not hold any collateral over these balances.

- (e) Movements in allowance for doubtful debts is as follow:

	At 31 March		
	2016 <i>HK\$'000</i>	2017 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
At beginning of the year	–	278	2,404
Recognised during the year	297	2,126	840
Exchange adjustment	(19)	–	(12)
At end of the year	<u>278</u>	<u>2,404</u>	<u>3,232</u>

In order to manage the credit risk associated with trade receivables effectively, credit limits of customers are evaluated periodically and these can only be exceeded with the approval from management. For the new customers, the Group conducts research on the creditworthiness of the new customers and assesses their credit quality so as to set out their individual credit limit.

Impairment loss in respect of trade receivables is 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 receivables directly (note 2).

Reversal of impairment loss on trade receivables represents the recovery of debts due from these debtors previously considered to be impaired. An allowance for these receivable amounts that had been made in previous reporting periods was reversed back accordingly.

17. AMOUNTS DUE FROM/(TO) CUSTOMERS FOR CONTRACT WORK

	At 31 March		
	2016 HK\$'000	2017 HK\$'000	2018 HK\$'000
Contracts in progress at end of the reporting period:			
Contract costs incurred plus recognised profits less recognised losses	137,889	155,189	186,097
Less: Progress billings	(134,412)	(151,374)	(175,933)
	<u>3,477</u>	<u>3,815</u>	<u>10,164</u>
<i>Analysed for reporting purpose as:</i>			
Amounts due from customers for contract work	10,104	11,292	12,150
Amounts due to customers for contract work	(6,627)	(7,477)	(1,986)
	<u>3,477</u>	<u>3,815</u>	<u>10,164</u>

18. BANK BALANCES AND CASH

	At 31 March		
	2016 HK\$'000	2017 HK\$'000	2018 HK\$'000
Cash on hand	7	5	37
Cash at banks	157	604	6,596
	<u>164</u>	<u>609</u>	<u>6,633</u>

19. TRADE AND OTHER PAYABLES

	At 31 March		
	2016 HK\$'000	2017 HK\$'000	2018 HK\$'000
Trade payables	1,870	1,624	1,023
Accrued expenses	2,627	2,625	5,845
Other payables	489	465	455
	<u>4,986</u>	<u>4,714</u>	<u>7,323</u>

At 31 March 2016, 2017 and 2018, the ageing analysis of the Group's trade payables based on invoice dates is as follows:

	At 31 March		
	2016 HK\$'000	2017 HK\$'000	2018 HK\$'000
Within 30 days	703	961	318
31–60 days	665	222	189
61–90 days	199	279	113
Over 90 days	303	162	403
	1,870	1,624	1,023
	1,870	1,624	1,023

20. BANK BORROWINGS

	At 31 March		
	2016 HK\$'000	2017 HK\$'000	2018 HK\$'000
Bank loans	433	1,994	8,875
Bank overdrafts	4,137	1,124	–
	4,570	3,118	8,875
	4,570	3,118	8,875
Carrying amounts repayable (based on scheduled repayable terms):			
Within one year	349	863	5,570
More than one year, but not more than two years	84	766	3,305
More than two years, but not more than five years	–	365	–
	433	1,994	8,875
Less: Amounts due shown under current liabilities			
– due within one year	(349)	(863)	(5,570)
– due after one year but contain a repayable on demand clause	(84)	(1,131)	(3,305)
	–	–	–
Amounts shown under non-current liabilities	–	–	–

Note: All bank borrowings contain a repayment on demand clause and are shown under current liabilities. The amounts due are presented based on scheduled repayment dates set out in the loan agreements.

The fixed rate bank loans at 31 March 2016, 2017 and 2018 carried interest at the rate of 2.64% to 6%, 2.52% to 6% and 2.52% to 4% per annum, respectively.

The bank overdrafts at 31 March 2016 and 2017 carried interest at 5.75% per annum, and 0.5% per annum over the prime lending rate or 0.5% per annum over the overnight Hong Kong Interbank Offered Rate, whichever is higher.

The overdrafts are secured by the personal guarantee given by Dr. Chan and Mr. Kwong, both are the controlling shareholders of the Group.

At 31 March 2016, term loans of approximately HK\$433,000 was secured by the guarantee given by Hong Kong Mortgage Corporation Limited and personal guarantees by Dr. Chan and Mr. Kwong.

At 31 March 2017 and 2018, term loans of approximately HK\$1,994,000 and HK\$5,875,000 respectively were secured by the guarantee given by Hong Kong Mortgage Corporation Limited and personal guarantees by Dr. Chan and Mr. Kwong.

21. OBLIGATIONS UNDER FINANCE LEASE

	At 31 March		
	2016 HK\$'000	2017 HK\$'000	2018 HK\$'000
Analysed for reporting purpose as:			
Current liabilities	337	–	–
Non-current liabilities	9,986	–	–
	10,323	–	–
	10,323	–	–

The Group's motor vehicles and taxi licences were held under finance leases. The lease terms are 3 to 25 years for year ended 31 March 2016. The leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments. The above finance leases carry interest at the rate of 2.1% to 2.15% per annum for the year ended 31 March 2016.

	Minimum lease payments			Present value of minimum lease payments		
	At 31 March			At 31 March		
	2016 HK\$'000	2017 HK\$'000	2018 HK\$'000	2016 HK\$'000	2017 HK\$'000	2018 HK\$'000
Obligations under finance leases payable:						
Within one year	554	–	–	337	–	–
Within a period of more than two years but not more than five years	12,603	–	–	9,986	–	–
	13,157	–	–	10,323	–	–
Less: future finance charges	(2,834)	–	–	–	–	–
Presented value of lease obligations	10,323	–	–	10,323	–	–
Less: Amount due for settlement with 12 months (shown under current liabilities)				(337)	–	–
Amount due for settlement after 12 months				9,986	–	–

22. CAPITAL AND RESERVES**(a) Movements in components of the Group's consolidated equity**

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statements of changes in equity.

(b) Share capital

The Company was incorporated on 25 August 2017 with an authorised share capital of HK\$380,000 divided into 38,000,000 shares of HK\$0.01 each.

On the date of incorporation, the Company issued and allotted one nil paid share to an initial subscriber, which was transferred to Manning Properties Limited, a company owned and controlled by Dr. Chan and Mr. Kwong. On the same day, 700,999 shares were further allotted and issued at par, credited as fully paid, to Manning Properties Limited.

Pursuant to the Pre-IPO Subscription Agreement dated 9 May 2017, on 29 August 2017 the Company allotted and issued to Galaxy Sourcing Limited, 299,000 shares at a total consideration of HK\$15,000,000 and was fully and unconditionally settled in cash by Galaxy Sourcing Limited on 29 August 2017.

(c) Merger reserves

Merger reserves represent the reserves that arose pursuant to the Reorganisation as detailed in note 1.

(d) Share premium

The share premium represents the difference between the total consideration of HK\$15,000,000 and the par value of the shares issued to Galaxy Sourcing Limited as mentioned in 22(b) above.

(e) Translation reserves

The reserves comprise all foreign exchange differences arising from the translation of the financial statements of subsidiaries with functional currencies other than HK\$. The reserves are dealt with in accordance with the accounting policies set out in note 2q.

(f) Distributable reserves

At 31 March 2018, the Company's reserves available for distribution, calculated in accordance with the provisions of the Companies Laws of Cayman Islands, amounted to approximately HK\$3,866,000.

(g) 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 and 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 shareholders' 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 Group monitors capital with reference to its debt position. The Group's strategy was to maintain the equity and debt in a balanced position and ensure there was adequate working capital to serve its debt obligations. At 31 March 2016, 2017 and 2018, the ratio of the Group's total liabilities over its total assets was 81%, 70% and 40% respectively.

Neither the Company nor any of its subsidiaries are subject to any externally imposed capital requirements.

23. FINANCIAL INSTRUMENTS BY CATEGORIES

	At 31 March		
	2016	2017	2018
	HK\$'000	HK\$'000	HK\$'000
Financial assets			
Loans and receivables:			
– Trade and other receivables	16,478	23,088	21,767
– Bank balances and cash	164	609	6,633
	<u>16,642</u>	<u>23,697</u>	<u>28,400</u>
Financial liabilities			
Amortised cost:			
– Trade and other payables	4,986	4,714	7,323
– Amounts due to controlling shareholders	4,256	4,112	389
– Bank borrowings	4,570	3,118	8,875
	<u>13,812</u>	<u>11,944</u>	<u>16,587</u>

24. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES AND FAIR VALUE OF FINANCIAL INSTRUMENTS

Exposure to credit, liquidity and currency risks arise 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 trade and other receivables and bank balances and cash. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

In respect of trade and other receivables, individual credit evaluations are performed on all debtors requiring credit over a certain amount. These evaluations focus on the past history of making payments of the debtors when due and current ability to pay, and take into account information specific to the debtors as well as pertaining to the economic environment in which the debtors operate.

Cash is deposited with a bank with sound credit rating and the Group has concentration of credit risk on the bank balances. Given its high credit rating, management does not expect the bank will fail to meet its obligation and the concentration of credit risk can be mitigated.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each debtor rather than the industry or country in which the debtors operate and therefore significant concentration of credit risk primarily arise when the Group has significant exposure to individual debtors. The Group is exposed to concentration of credit risk on trade receivables as at 31 March 2016, 2017 and 2018. For the years ended 31 March 2016, 2017 and 2018, the aggregate revenue to the top five customers of the Group accounted for approximately 27%, 25% and 25%, respectively, of the Group's total revenue. Trade receivables from them as at 31 March 2016, 2017 and 2018 amounted to approximately HK\$3,890,000, HK\$6,259,000 and HK\$6,882,000, respectively, representing 24%, 28% and 32% of the Group's total trade receivables as at 31 March 2016, 2017

and 2018, respectively. The directors of the Company considered that the Group's credit risk on trade receivables is limited because these customers are certain reputable organisations which have a good track record with the Group and have no default of payment in the past.

In order to minimise the credit risk, the management of the Company continuously monitored the level of exposure to ensure that follow-up action and/or corrective actions were taken promptly to lower exposure or even to recover overdue debts. In this regard, the directors of the Company considered that the Group's credit risk was significantly reduced.

The Group does not provide any guarantees which would expose the Group to credit risk.

(b) Liquidity risk

Individual operating entities within the Group are responsible for their own cash management, including the short term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to approval by the senior management when the borrowings exceed certain predetermined levels of authority. The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants (if any), to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The contractual undiscounted cash flows of trade and other payables, and amounts due to controlling shareholders are required to be settled within one year or on demand, and the total contractual undiscounted cash flows of these financial liabilities are not materially different from their carrying amounts at 31 March 2016, 2017 and 2018.

The following tables show the remaining contractual maturities at the end of the reporting period of the Group's financial liabilities, based on undiscounted cash flows (including interest payments computed using contractual rates or, if floating based on rates current at the reporting date) and the earliest date the Group can be required to pay:

	Carrying amount <i>HK\$'000</i>	Total contractual undiscounted amount <i>HK\$'000</i>	Within one year or on demand <i>HK\$'000</i>	More than one year but less than two years <i>HK\$'000</i>	More than two years but less than five years <i>HK\$'000</i>	More than five years <i>HK\$'000</i>
At 31 March 2016						
Trade and other payables	4,986	4,986	4,986	–	–	–
Amounts due to controlling shareholders	4,256	4,256	4,256	–	–	–
Bank overdrafts	4,137	4,137	4,137	–	–	–
Bank loans (i)	433	447	349	98	–	–
Obligations under finance lease	10,323	13,157	554	554	1,661	10,388
	<u>24,135</u>	<u>26,983</u>	<u>14,282</u>	<u>652</u>	<u>1,661</u>	<u>10,388</u>

	Carrying amount <i>HK\$'000</i>	Total contractual undiscounted amount <i>HK\$'000</i>	Within one year or on demand <i>HK\$'000</i>	More than one year but less than two years <i>HK\$'000</i>	More than two years but less than five years <i>HK\$'000</i>	More than five years <i>HK\$'000</i>
At 31 March 2017						
Trade and other payables	4,714	4,714	4,714	-	-	-
Amounts due to controlling shareholders	4,112	4,112	4,112	-	-	-
Bank overdrafts	1,124	1,124	1,124	-	-	-
Bank loans (i)	1,994	2,106	959	860	287	-
	<u>11,944</u>	<u>12,056</u>	<u>10,909</u>	<u>860</u>	<u>287</u>	<u>-</u>
At 31 March 2018						
Trade and other payables	7,323	7,323	7,323	-	-	-
Amounts due to controlling shareholders	389	389	389	-	-	-
Bank loans (i)	8,875	9,077	5,693	3,384	-	-
	<u>16,587</u>	<u>16,789</u>	<u>13,405</u>	<u>3,384</u>	<u>-</u>	<u>-</u>

- (i) The amounts repayable under certain bank loan agreements that include a clause that gives the banks unconditional rights to call the loans at any time are classified under the category of "Less than 1 year or on demand". However, the management does not expect that the banks would exercise such rights to demand repayment and thus these borrowings, which include the related interest, would be repaid according to the below schedule as set out in the loan agreements.

	At 31 March		
	2016 <i>HK\$'000</i>	2017 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Less than 1 year or on demand	349	959	5,693
1-2 years	98	860	3,384
2-5 years	-	287	-
	<u>447</u>	<u>2,106</u>	<u>9,077</u>

(c) Foreign currency exchange risk

For presentation purpose, the Group's financial information is shown in Hong Kong dollars. As at 31 March 2016, 2017 and 2018, all entities within the Group have no material financial instruments that were denominated in a currency other than the functional currency in which they measured. As a result, no material foreign currency exchange risk is expected.

(d) Fair values of financial instruments carried at other than fair value

The carrying amounts of the Group's financial instruments carried at cost or amortised cost are not materially different from their fair values as at 31 March 2016, 2017 and 2018.

25. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

Major non-cash transaction

For the year ended 31 March 2016, the Group acquired a taxi licence at cost of HK\$6,850,000 of which HK\$5,500,000 was financed by finance lease.

26. COMMITMENTS

The Group leases office premises and photocopiers through non-cancellable operating leases. These operating leases do not contain provisions for contingent lease rentals. None of the rental agreements contain escalation provisions that may require higher future rental payments.

At 31 March 2016, 2017 and 2018, the Group's total future minimum lease payments under non-cancellable operating leases are payable as follows:

	At 31 March		
	2016 <i>HK\$'000</i>	2017 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Within one year	2,722	1,886	2,630
In the second to fifth years inclusive	1,849	726	3,994
	<u>4,571</u>	<u>2,612</u>	<u>6,624</u>

27. CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

The following table shows the Group's changes in liabilities arising from financing activities during the year:

	Bank borrowings <i>HK\$'000</i>	Obligation from finance lease <i>HK\$'000</i>	Amounts due to controlling shareholders <i>HK\$'000</i>	Total liabilities from financing activities <i>HK\$'000</i>
At 1 April 2015	1,623	5,070	3,066	9,759
Changes in cash flows	<u>(1,190)</u>	<u>5,253</u>	<u>1,190</u>	<u>5,253</u>
At 31 March 2016 and 1 April 2016	433	10,323	4,256	15,012
Changes in cash flows	<u>1,561</u>	<u>(10,323)</u>	<u>(144)</u>	<u>(8,906)</u>
At 31 March 2017 and 1 April 2017	1,994	–	4,112	6,106
Changes in cash flows	<u>6,881</u>	<u>–</u>	<u>(3,723)</u>	<u>3,158</u>
At 31 March 2018	<u>8,875</u>	<u>–</u>	<u>389</u>	<u>9,264</u>

28. MATERIAL RELATED PARTY TRANSACTIONS

In addition to the related party information disclosed elsewhere in the Historical Financial Information, the Group entered into the following material related party transactions.

During the Track Record Period, the directors are of the view that the following are related parties of the Group:

Name of party	Relationship with the Group
Dr. Chan	Director and one of the Controlling Shareholders
Mr. Kwong	Director and one of the Controlling Shareholders
G&E Engineering Limited ("G&E")	Dr. Chan is a director and shareholder of G&E
Win Win Way Construction Co., Limited ("Win Win Way")	Mr. Kwong is a director of Win Win Way Construction Holdings Ltd., the holding company of Win Win Way

(a) Transactions with key management personnel

All members of key management personnel are the directors of the Company and their remuneration is disclosed in note 10.

(b) Transactions with other related parties

During the Track Record Period, the Group entered into the following material related party transactions:

	Year ended 31 March		
	2016	2017	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Consultancy fee received from Win Win Way	7,031	1,688	965
Consultancy fee received from G&E	–	1,143	–
	<u> </u>	<u> </u>	<u> </u>

(c) Balances with related parties

At 31 March 2016, 2017 and 2018, the Group had the following balances with related parties:

	At 31 March		
	2016	2017	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Amounts due to controlling shareholders			
– Dr. Chan	2,894	2,796	261
– Mr. Kwong	1,362	1,316	128
	<u> </u>	<u> </u>	<u> </u>
	<u>4,256</u>	<u>4,112</u>	<u>389</u>

The outstanding balances with these related parties are non-trade in nature, interest-free, unsecured and repayable on demand.

29. IMMEDIATE AND ULTIMATE CONTROLLING PARTY

The directors consider the immediate parent and ultimate controlling parties of the Group to be Manning Properties Limited (a company is incorporated in the BVI) and the Controlling Shareholders of the Company, respectively.

30. POSSIBLE IMPACT OF AMENDMENTS AND NEW STANDARDS ISSUED BUT NOT YET EFFECTIVE FOR THE TRACK RECORD PERIOD

The following new and revised HKFRSs have been issued, but are not yet effective and have not been early adopted by the Group in the preparation of the Historical Financial Information.

Amendments to HKFRSs	Annual Improvements to HKFRSs 2014–2016 Cycle ¹
Amendments to HKAS 40	Transfers of Investment Property ¹
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions ¹
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contract ¹
HKFRS 9	Financial Instruments ¹
HKFRS 15	Revenue from Contracts with Customers ¹
Amendments to HKFRS 15	Clarifications to HKFRS 15 Revenue from Contracts with Customers ¹
HKFRS 16	Leases ²
HK(IFRIC) – Int 22	Foreign Currency Transactions and Advance Consideration ¹
Amendments to HKFRS 9	Financial Instruments ¹
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015–2017 Cycle ²
HK(IFRIC) – Int 23	Uncertainty over Income Tax Treatments ²
Amendments to HKAS 28	Investments in associates and joint ventures ²
HKAS 19	Amendments in relation to Plan Amendment, Curtailment or Settlement ²
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
HKFRS 17	Insurance Contracts ⁴

¹ Effective for annual periods beginning on or after 1 January 2018.

² Effective for annual periods beginning on or after 1 January 2019.

³ The amendments were originally intended to be effective for periods beginning on or after 1 January 2016. The effective date has now been deferred/removed. Early application of the amendments continues to be permitted.

⁴ Effective for annual periods beginning on or after 1 January 2021.

The directors of the Company anticipate that all of the pronouncements will be adopted in the Group's accounting policy for the first period beginning after the effective date of the pronouncement. The directors of the Company are currently assessing the possible impact of these new or revised standards on the Group's results and financial position in the first year of application. Those new or revised HKFRSs that are expected to have a material impact on the Group's financial statements are set out below.

HKFRS 9 *Financial Instruments*

HKFRS 9 introduces new requirements for the classification and measurement of financial assets. Debt instruments that are held within a business model whose objective is to hold assets in order to collect contractual cash flows (the business model test) and that have contractual terms that give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding (the contractual cash flow characteristics test) are generally measured at amortised cost. Debt instruments that meet the contractual cash flow characteristics test are measured at fair value through other comprehensive income if the objective of the entity's business model is both to hold and collect the contractual cash flows and to sell the financial assets. Entities may make an irrevocable election at initial recognition to measure equity instruments that are not held for trading at fair value through other comprehensive income. All other debt and equity instruments are measured at fair value through profit or loss.

HKFRS 9 includes a new expected loss impairment model for all financial assets not measured at fair value through profit or loss replacing the incurred loss model in HKAS 39 and new general hedge accounting requirements to allow entities to better reflect their risk management activities in financial statements.

HKFRS 9 carries forward the recognition, classification and measurement requirements for financial liabilities from HKAS 39, except for financial liabilities designated at fair value through profit or loss, where the amount of change in fair value attributable to change in credit risk of the liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, HKFRS 9 retains the requirements in HKAS 39 for derecognition of financial assets and financial liabilities.

The directors of the Company consider that the application of HKFRS 9 in the future will not have a significant impact on the Group's financial performance and financial position, but in general the new impairment requirements will result in earlier recognition of credit losses of the Group's trade and other receivables. The expected credit loss model under HKFRS 9 requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. Therefore, it is no longer necessary for a credit event to have occurred before credit losses are recognised. The measurement of the loss allowance generally depends on whether there has been a significant increase in credit risk since initial recognition of the instrument. HKFRS 9 requires an entity to recognise lifetime expected credit losses for all financial instruments for which there have been significant increases in credit risk since initial recognition considering all reasonable and supportable information, including that which is forward-looking.

The Group will apply the simplified approach and record lifetime expected losses that are estimated based on the present values of all cash shortfalls over the remaining life of all of its trade receivables and contract assets that do not contain a significant financing component in accordance with HKFRS 15.

In the opinion of the directors of the Company, based on the historical experience of the Group, the default rate of the outstanding balances with customers and other debtors is low. Hence, the directors of the Company anticipate that application of the expected credit loss model under HKFRS 9 would not have material impact on the Group's financial position and result of operations.

The Group intends to apply HKFRS 9 retrospectively from 1 April 2018, with the practical expedients permitted under the standard. Comparative information will not be restated and any transition adjustments will be recognised against the opening balance of equity as at 1 April 2018.

HKFRS 15 Revenue from Contracts with Customers and related amendments

The new standard establishes a single revenue recognition framework. The core principle of the framework 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 and services. HKFRS 15 supersedes existing revenue recognition guidance including HKAS 18 *Revenue*, HKAS 11 *Construction Contracts* and related interpretations.

HKFRS 15 requires the application of a 5 steps approach to revenue recognition:

Step 1: Identify the contract(s) with a customer

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to each performance obligation

Step 5: Recognise revenue when each performance obligation is satisfied

Under HKFRS 15, an entity recognises revenue when a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

In 2016, the HKICPA issued clarifications to HKFRS 15 in relation to the identification of performance obligations, principal versus agent considerations, as well as licensing application guidance.

Upon adoption of HKFRS 15, under the directors' assessment, the revenue would continue to be recognised under input methods based on the Group's costs incurred to the satisfaction of a performance obligation relative to the total expected inputs to the satisfaction of that performance obligation.

The Group's assessment of the potential impact of the application of HKFRS 15 indicated that adoption of HKFRS 15 would not result in any significant impact on the Group's financial position and the timing of the revenue recognition. In addition, the application of HKFRS 15 in the future may result in more disclosures relating to revenue in the Group's financial statements. The new standard is not expected to apply until the financial year ended 31 March 2019.

The Group plans to apply HKFRS 15, as allowed under its transition requirements, retrospectively to contracts that are not completed as of the mandatory adoption date on 1 April 2018, with a cumulative effect adjustment.

HKFRS 16 Leases

The new standard specifies how an entity to recognise, measure, present and disclose leases.

A lessee is required to recognise a right-of-use asset and a lease liability at the commencement of the lease arrangement. Right-of-use asset includes the amount of initial measurement of lease liability, any lease payment made to the lessor at or before the lease commencement date, estimated cost to be incurred by the lessee for dismantling or removing the underlying assets from and restoring the site, as well as any other initial direct cost incurred by the lessee. Lease liability represents the present value of the lease payments. Subsequently, depreciation and impairment expenses, if any, on the right-of-use asset will be charged to profit or loss following the requirements of HKAS 16 *Property, plant and equipment*, while lease liability will be increased by the interest accrual, which will be charged to profit or loss, and deducted by lease payments.

Lessors continue to classify leases as operating or finance with HKFRS 16's approach to lessor accounting substantially unchanged from its predecessor HKAS 17.

As set out in note 26, total operating lease commitment of the Group in respect of leased premises and photocopiers as at 31 March 2018 amounted to approximately HK\$6,624,000, which is not reflected in the consolidated statement of financial position. The Group does not expect the adoption of HKFRS 16 as compared with the current accounting policy would result in significant impact on the Group's results but it is expected that certain portion of these lease commitments will be required to be recognised in the statement of financial position as right-of-use assets and lease liabilities. In addition, more quantitative and qualitative disclosures about the leases will be made following the requirements of HKFRS 16.

Except for the above, other new or revised HKFRSs that have been issued but are not yet effective are unlikely to have material impact on the Group's results and financial position upon application.

31. SUBSEQUENT EVENTS

These were no significant subsequent events from 1 April 2018 to the date of this report.

SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company or any of its subsidiaries in respect of any period subsequent to 31 March 2018.

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION

The information set out in this appendix does not form part of the Accountants' Report prepared by Wellink CPA Limited, Certified Public Accountants, Hong Kong, the reporting accountants of our Company, as set forth in Appendix I to this prospectus, and is included herein for illustrative purpose only. The unaudited pro forma financial information should be read in conjunction with the section headed "Financial Information" and the "Accountants' Report" set forth in Appendix I to this prospectus.

For illustrative purpose only, the unaudited pro forma financial information prepared in accordance with paragraph 31 of Chapter 7 of the GEM Listing Rules is set out herein to provide the investors with further information to assess the financial performance of the Group after taking into account the adjusted net tangible assets of the Group to illustrate the financial position of the Group after completion of the Share Offer and to illustrate the performance of the Group had the Share Offer been completed on 31 March 2018.

A. UNAUDITED PRO FORMA ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The unaudited pro forma financial information has been prepared, on the basis of the notes set out below, to illustrate how the Share Offer may have affected the consolidated net tangible assets attributable to owners of the Company had it occurred as of 31 March 2018. It has been prepared for illustrative purpose only and, because of its nature, may not give a true picture of the financial position of the Group.

	Audited consolidated net tangible assets attributable to owners of the Company as of 31 March 2018 <i>(Note 1)</i> HK\$'000	Estimated net proceeds from the Share Offer <i>(Note 2)</i> HK\$'000	Unaudited pro forma adjusted consolidated net tangible assets HK\$'000	Unaudited pro forma adjusted consolidated net tangible assets per Share <i>(Note 3 & 4)</i>
Based on an Offer Price of HK\$0.20 per Share	27,925	39,159	67,084	HK\$0.07
Based on an Offer Price of HK\$0.28 per Share	27,925	60,126	88,051	HK\$0.09

Notes:

- (1) The audited consolidated net tangible assets attributable to owners of the Company as of 31 March 2018 is extracted from the Accountants' Report, the text of which is set out in Appendix I to this prospectus.
- (2) The adjustment to the unaudited pro forma statement of consolidated net tangible assets reflects the estimated net proceeds from the Share Offer to be received by the Company. The estimated net proceeds from the Share Offer is based on the Offer Price of HK\$0.20 and HK\$0.28 per Share respectively, after deduction of underwriting fees and other related expenses payable by the Company.
- (3) The unaudited pro forma adjusted consolidated net tangible assets per Share is calculated based on 960,000,000 Shares expected to be in issue immediately following the completion of the Share Offer without taking into account of any Shares which may be issued upon exercise of the Offer Size Adjustment Option or any Shares which may be allotted and issued or repurchased by the Company pursuant to the general mandates for the allotment and issue or repurchase of Shares.
- (4) No adjustment has been made to reflect any trading results or other transactions of the Group entered into subsequent to 31 March 2018.

B. ASSURANCE REPORT FROM THE REPORTING ACCOUNTANTS' ON UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of a report, prepared for the sole purpose of inclusion in this prospectus, from the independent reporting accountants, Wellink CPA Limited, Certified Public Accountants, Hong Kong.

Wellink CPA Limited

滙聯會計師事務所有限公司

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

To the Directors of WAC Holdings Limited

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of WAC Holdings Limited (the “**Company**”) and its subsidiaries (collectively the “**Group**”) by the directors of the Company (the “**Directors**”) for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted consolidated net tangible assets as at 31 March 2018 and related notes as set out on page II-1 of Appendix II to the prospectus dated 31 August 2018 (the “**Prospectus**”) issued by the Company. The applicable criteria on the basis of which the Directors have compiled the unaudited pro forma financial information are described in note 2 to 4 on page II-1 of Appendix II to the Prospectus.

The unaudited pro forma financial information has been compiled by the Directors to illustrate the impact of public offer and placing of shares of the Company on the Group’s adjusted consolidated net tangible assets as at 31 March 2018 as if the Share Offer had been taken place at 31 March 2018. As part of this process, information about the Group’s financial information has been extracted by the Directors from the Group’s historical financial information included in Accountants’ Report as set out in Appendix I to the Prospectus.

Directors’ Responsibility for the Unaudited Pro Forma Financial Information

The directors are responsible for compiling the unaudited pro forma financial information in accordance with paragraph 7.31 of the Rules Governing the Listing of Securities on the GEM Listing Rules and with reference to Accounting Guideline (“**AG**”) 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”).

Our Independence and Quality Control

We have complied with the independence and other ethical requirement 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 behavior.

Our 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 7.31(7) of the GEM Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 “Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus” issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the directors have compiled the unaudited pro forma financial information in accordance with paragraph 7.31 of the GEM Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the unaudited pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the unaudited pro forma financial information.

The purpose of unaudited pro forma financial information included in the Prospectus 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 the event or transaction at 31 March 2018 would have been as presented.

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgement, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

- (a) the unaudited pro forma financial information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 7.31(1) of the GEM Listing Rules.

Yours faithfully,

Wellink CPA Limited

Certified Public Accountants

Chan Yan Ting

Practising Certificate number P06380

Hong Kong

31 August 2018

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 company law.

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 25 August, 2017 under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands (the “**Companies Law**”). The Company’s constitutional documents consist of its Amended and Restated Memorandum of Association (the “**Memorandum**”) and its Amended and Restated Articles of Association (the “**Articles**”).

1. MEMORANDUM OF ASSOCIATION

- (a) The Memorandum states, inter alia, that the liability of members of the Company is limited to the amount, if any, for the time being unpaid on the shares respectively held by them and that the objects for which the Company is established are unrestricted (including acting as an investment company), and that the Company shall have and be capable of exercising all the functions of a natural person of full capacity irrespective of any question of corporate benefit, as provided in section 27(2) of the Companies Law and in view of the fact that 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) The Company may by special resolution alter its Memorandum with respect to any objects, powers or other matters specified therein.

2. ARTICLES OF ASSOCIATION

The Articles were conditionally adopted on 27 August 2018 with effect from the Listing Date. The following is a summary of certain provisions of the Articles:

(a) Shares

(i) *Classes of shares*

The share capital of the Company consists of ordinary shares.

(ii) *Variation of rights of existing shares or classes of shares*

Subject to the 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 the shares or any class of shares may (unless otherwise provided for by the terms of issue of that class) be varied, modified or abrogated either with the consent in writing of the holders of 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. To every such separate general meeting the provisions of the Articles relating to general meetings will *mutatis mutandis* apply, but so that the necessary quorum (other than at an adjourned meeting) shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class and at any adjourned meeting two holders present in person or by proxy (whatever the number of shares held by them) shall be a quorum. Every holder of shares of the class shall be entitled to one vote for every such share held by him.

Any special rights conferred upon the holders of any shares or class of shares shall not, unless otherwise expressly provided in the rights attaching to the terms of issue of such shares, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

(iii) Alteration of capital

The Company may by ordinary resolution of its members:

- (i) increase its share capital by the creation of new shares;
- (ii) consolidate all or any of its capital into shares of larger amount than its existing shares;
- (iii) divide its shares into several classes and attach to such shares any preferential, deferred, qualified or special rights, privileges, conditions or restrictions as the Company in general meeting or as the directors may determine;
- (iv) subdivide its shares or any of them into shares of smaller amount than is fixed by the Memorandum; or
- (v) cancel any shares which, at the date of passing of the resolution, have not been taken and diminish the amount of its capital by the amount of the shares so cancelled.

The Company may reduce its share capital or any capital redemption reserve or other undistributable reserve in any way by special resolution.

(iv) Transfer of shares

All transfers of shares may be effected by an instrument of transfer in the usual or common form or in a form prescribed by The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) or in such other form as the board may approve and which may be under hand or, if the transferor or transferee is a clearing house or its

nominee(s), by hand or by machine imprinted signature or by such other manner of execution as the board may approve from time to time.

The instrument of transfer shall be executed by or on behalf of the transferor and the transferee provided that the board may dispense with the execution of the instrument of transfer by the transferee. The transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register of members in respect of that share.

The board may, in its absolute discretion, at any time transfer any share upon the principal register to any branch register or any share on any branch register to the principal register or any other branch register.

The board may decline to recognise any instrument of transfer unless a fee (not exceeding the maximum sum as the Stock Exchange may determine to be payable) determined by the Directors is paid to the Company, the instrument of transfer is properly stamped (if applicable), it is in respect of only one class of share and is lodged at the relevant registration office or registered office or such other place at which the principal register is kept accompanied by the relevant share certificate(s) and such other evidence as the board may reasonably require to show the right of the transferor to make the transfer (and if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do).

The registration of transfers may be suspended and the register closed on giving notice by advertisement in any newspaper or by any other means in accordance with the requirements of the Stock Exchange, at such times and for such periods as the board may determine. The register of members must not be closed for periods exceeding in the whole thirty (30) days in any year.

Subject to the above, fully paid shares are free from any restriction on transfer and free of all liens in favour of the Company.

(v) Power of the Company to purchase its own shares

The Company is empowered by the Companies Law and the Articles to 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 requirements imposed from time to time by the Stock Exchange.

Where the Company purchases for redemption a redeemable share, purchases not made through the market or by tender must be limited to a maximum price determined by the Company in general meeting. If purchases are by tender, tenders must be made 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 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 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). A call may be made payable either in one lump sum or by installments. If the sum payable in respect of any call or instalment is not paid on or before the day appointed for payment thereof, the person or persons from whom the sum is due shall pay interest on the same at such rate not exceeding twenty per cent. (20%) per annum as the board may agree to accept from the day appointed for the payment thereof to the time of actual payment, but the board may waive payment of such interest wholly or in part. The board may, if it thinks fit, receive from any member willing to advance the same, either in money or money's worth, all or any part of the monies uncalled and unpaid or installments payable upon any shares held by him, and upon all or any of the monies so advanced the Company may pay interest at such rate (if any) as the board may decide.

If a member fails to pay any call on the day appointed for payment thereof, the board may serve not less than fourteen (14) clear days' notice on him requiring payment of so much of the call as is unpaid, together with any interest which may have accrued and which may still accrue up to the date of actual payment and stating that, in the event of non-payment at or before the time appointed, the shares in respect of which the call was made will be liable to be forfeited.

If the requirements of any such notice are not complied with, any share in respect of which the notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the board to that effect. Such forfeiture will include all dividends and bonuses declared in respect of the forfeited share and not actually paid before the forfeiture.

A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares but shall, notwithstanding, remain liable to pay to 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 the date of actual payment at such rate not exceeding twenty per cent. (20%) per annum as the board determines.

(b) Directors*(i) Appointment, retirement and removal*

At each annual general meeting, one third of the Directors for the time being (or if their number is not a multiple of three, then the number nearest to but not less than one third) shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years. The Directors to retire by rotation shall include any Director who wishes to retire and not offer himself for re-election. Any further Directors so to retire shall be those who have been longest in office since their last re-election or appointment but as between persons who became or were last re-elected Directors on the same day those to retire will (unless they otherwise agree among themselves) be determined by lot.

Neither a Director nor an alternate Director is required to hold any shares in the Company by way of qualification. Further, there are no provisions in the Articles relating to retirement of Directors upon reaching any age limit.

The Directors have the power to appoint any person as a Director either to fill a casual vacancy on the board or as an addition to the existing board. Any Director appointed to fill a casual vacancy shall hold office until the first general meeting of members after his appointment and be subject to re-election at such meeting and any Director appointed as an addition to the existing board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

A Director may be removed by an ordinary resolution of the Company before the expiration of his period 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 members of the Company may by ordinary resolution appoint another in his place. Unless otherwise determined by the Company in general meeting, the number of Directors shall not be less than two. There is no maximum number of Directors.

The office of director shall be vacated if:

- (aa) he resigns by notice in writing delivered to the Company;
- (bb) he becomes of unsound mind or dies;
- (cc) without special leave, he is absent from meetings of the board for six (6) consecutive months, and the board resolves that his office is vacated;

- (dd) he becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors;
- (ee) he is prohibited from being a director by law; or
- (ff) he ceases to be a director by virtue of any provision of law or is removed from office pursuant to the Articles.

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 delegate any of its powers, authorities and discretions to committees consisting of such Director or Directors and other persons as the board thinks fit, and it may from time to time revoke such delegation or revoke the appointment of and discharge any such committees either wholly or in part, and either as to persons or purposes, but every committee so formed must, in the exercise of the powers, authorities and discretions so delegated, conform to any regulations that may from time to time be imposed upon it by the board.

(ii) Power to allot and issue shares and warrants

Subject to the provisions of the Companies Law and the Memorandum and Articles and to any special rights conferred on the holders of any shares or class of shares, any share may be issued (a) with or have attached thereto such rights, or such restrictions, whether with regard to dividend, voting, return of capital, or otherwise, as the Directors may determine, or (b) on terms that, at the option of the Company or the holder thereof, it is liable to be redeemed.

The board may issue warrants conferring the right upon the holders thereof to subscribe for any class of shares or securities in the capital of the Company on such terms as it may determine.

Subject to the provisions of the Companies Law and the Articles and, where applicable, the rules of the Stock Exchange and without prejudice to any special rights or restrictions for the time being attached to any shares or any class of shares, all unissued shares in the Company are at the disposal of the board, which may offer, allot, grant options over or otherwise dispose of them to such persons, at such times, for such consideration and on such terms and conditions as it in its absolute discretion thinks fit, but so that no shares shall be issued at a discount.

Neither the Company nor the board is 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 with registered

addresses in any particular territory or territories being a territory or territories where, in the absence of a registration statement or other special formalities, this would or might, in the opinion of the board, be unlawful or impracticable. Members affected as a result of the foregoing sentence shall not be, or be deemed to be, a separate class of members for any purpose whatsoever.

(iii) Power to dispose of the assets of the Company or any of its subsidiaries

There are no specific provisions in the Articles relating to the disposal of the assets of the Company or any of its subsidiaries. The Directors may, however, exercise all powers and do all acts and things which may be exercised or done or approved by the Company and which are not required by the Articles or the Companies Law to be exercised or done by the Company in general meeting.

(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 assets and uncalled capital of the Company and, subject to the Companies Law, to issue debentures, 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 ordinary remuneration of the Directors is to be determined by the Company in general meeting, such sum (unless otherwise directed by the resolution by which it is voted) to be divided amongst the Directors in such proportions and in such manner as the board may agree or, failing agreement, equally, except that any Director holding office for part only of the period in respect of which the remuneration is payable shall only rank in such division in proportion to the time during such period for which he held office. The Directors are also entitled to be prepaid or repaid all travelling, hotel and incidental expenses reasonably expected to be incurred or incurred by them in attending any board meetings, committee meetings or general meetings or separate meetings of any class of shares or of debentures of the Company or otherwise in connection with the discharge of their duties as Directors.

Any Director who, by request, goes or resides abroad for any purpose of the Company or who performs services which in the opinion of the board go beyond the ordinary duties of a Director may be paid such extra remuneration as the board may determine and such extra remuneration shall be in addition to or in substitution for any ordinary remuneration as a Director. An executive Director appointed to be a managing director, joint managing director, deputy managing director or other executive officer shall receive such remuneration and such other benefits and

allowances as the board may from time to time decide. Such remuneration may be either in addition to or in lieu of his remuneration as a Director.

The board may establish or concur or join with other companies (being subsidiary companies of the Company or companies with which it is associated in business) in establishing and making 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 ex-Director who may hold or have held any executive office or any office of profit with the Company or any of its subsidiaries) and ex-employees of the Company and their dependents or any class or classes of such persons.

The board may pay, enter into agreements to pay or make grants of revocable or irrevocable, and either subject or not subject to any terms or conditions, pensions or other benefits to employees and ex-employees and their dependents, or to any of such persons, including pensions or benefits additional to those, if any, to which such employees or ex-employees or their dependents are or may become entitled under any such scheme or fund as is mentioned in the previous paragraph. Any such pension or benefit may, as the board considers desirable, 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

Pursuant to the Articles, payments to any Director or past Director of any sum by way of compensation for loss of office or as consideration for or in connection with his retirement from office (not being a payment to which the Director is contractually entitled) must be approved by the Company in general meeting.

(vii) Loans and provision of security for loans to Directors

The Company must not make any loan, directly or indirectly, to a Director or his close associate(s) if and to the extent it would be prohibited by the Companies Ordinance (Chapter 622 of the laws of Hong Kong) as if the Company were a company incorporated in Hong Kong.

(viii) Disclosure of interests in contracts with the Company or any of its subsidiaries

A Director may hold any other office or place of profit with the Company (except that of the auditor of 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 therefor in addition to any remuneration provided for by or pursuant to the Articles. A Director may be or become a director or other officer of, or otherwise interested in, any company promoted by the Company or 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, profits or other benefits received by him as a director, officer or member of, or from his interest in, such other company. The board may also cause the voting power conferred by the shares in any other company held or owned by the Company to be exercised in such manner in all respects as it thinks fit, including the exercise thereof in favour of any resolution appointing the Directors or any of them to be directors or officers of such other company, or voting or providing for the payment of remuneration to the directors or officers of such other company.

No Director or proposed or intended Director shall be disqualified by his office from contracting with the Company, either with regard to his tenure of any office or place of profit or as vendor, purchaser or in any other manner whatsoever, nor shall any such contract 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 or the members for any remuneration, profit or other benefits realised by any such contract or arrangement by reason of such Director holding that office or the fiduciary relationship thereby established. A Director who to his knowledge is in any way, whether directly or indirectly, interested in a contract or arrangement or proposed contract or arrangement with the Company must declare the nature of his interest at the meeting of the board at which the question of entering into the contract or arrangement is first taken into consideration, if he knows his interest then exists, or in any other case, at the first meeting of the board after he knows that he is or has become so interested.

A Director shall not vote (nor be counted in the quorum) on any resolution of the board approving any contract or arrangement or other proposal in which he or any of his close associates is materially interested, but this prohibition does not apply to any of the following matters, namely:

- (aa) any contract or arrangement for giving to such Director or his close associate(s) any security or indemnity in respect of money lent by him or any of his close associates or obligations incurred or undertaken by him or any of his close associates at the request of or for the benefit of the Company or any of its subsidiaries;
- (bb) any contract or arrangement for the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his close associate(s) has himself/themselves assumed responsibility in whole or in part whether alone or jointly under a guarantee or indemnity or by the giving of security;
- (cc) any contract or arrangement concerning an offer of shares or 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 contract or arrangement in which the Director or his close associate(s) is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his/their interest in shares or debentures or other securities of the Company; or

(ee) any proposal or arrangement concerning the adoption, modification or operation of a share option scheme, a pension fund or retirement, death, or disability benefits scheme or other arrangement which relates both to Directors, his close associates and employees of the Company or of any of its subsidiaries and does not provide in respect of any Director, or his close associate(s), as such any privilege or advantage not accorded generally to the class of persons to which such scheme or fund relates.

(c) Proceedings of the Board

The board may meet for the despatch of business, adjourn and otherwise regulate its meetings as it considers appropriate. Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes, the chairman of the meeting shall have an additional or casting vote.

(d) Alterations to constitutional documents and the Company's name

The Articles may be rescinded, altered or amended by the Company in general meeting by special resolution. The Articles state that a special resolution shall be required to alter the provisions of the Memorandum, to amend the Articles or to change the name of the Company.

(e) Meetings of members

(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, in the case of such members as are corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice has been duly given in accordance with the Articles.

Under the Companies Law, a copy of any special resolution must be forwarded to the Registrar of Companies in the Cayman Islands within fifteen (15) days of being passed.

An ordinary resolution is defined in the Articles to mean a resolution passed by a simple majority of the votes of such members of the Company as, being entitled to do so, vote in person or, in the case of corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice has been duly given in accordance with the Articles.

(ii) Voting rights and right to demand a poll

Subject to any special rights or restrictions as to voting for the time being attached to any shares, at any general meeting on a poll every member present in person or by proxy or, in the case of a member being a corporation, by its duly authorised representative shall have one vote for every fully paid share of which he is the holder but so that no amount paid up or credited as paid up on a share in advance of calls or installments is treated for the foregoing purposes as paid up on the share. A member entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.

At any general meeting a resolution put to the vote of the meeting is to be decided by way of a poll save that the chairman of the meeting may in good faith, allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands in which case every member present in person (or being a corporation, is present by a duly authorized representative), or by proxy(ies) shall have one vote provided that where more than one proxy is appointed by a member which is a clearing house (or its nominee(s)), each such proxy shall have one vote on a show of hands.

If a recognised clearing house (or its nominee(s)) is a member of the Company it may authorise such person or persons 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 pursuant to this provision shall be deemed to have been duly authorised without further evidence of the facts and be entitled to exercise the same powers on behalf of the recognised clearing house (or its nominee(s)) as if such person was the registered holder of the shares of the Company held by that clearing house (or its nominee(s)) including, where a show of hands is allowed, the right to vote individually on a show of hands.

Where the Company has any knowledge that any shareholder is, under the rules of the Stock Exchange, required to abstain from voting on any particular resolution of the Company or restricted to voting only for or only against any particular resolution of the Company, any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted.

(iii) Annual general meetings and extraordinary general meetings

The Company must hold an annual general meeting of the Company every year within a period of not more than fifteen (15) months after the holding of the last preceding annual general meeting or a period of not more than eighteen (18) months from the date of adoption of the Articles, unless a longer period would not infringe the rules of the Stock Exchange.

Extraordinary general meetings may be convened on the requisition of one or more shareholders holding, at the date of deposit of the requisition, not less than one-tenth of the paid up capital of the Company having the right of voting at general meetings. Such requisition shall be made in writing to the board or the secretary for the purpose of requiring an extraordinary general meeting to be called by the board for the transaction of any business specified in such requisition. Such meeting shall be held within 2 months after the deposit of such requisition. If within 21 days of such deposit, the board fails to proceed to convene such meeting, the requisitioner(s) himself/herself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitioner(s) as a result of the failure of the board shall be reimbursed to the requisitioner(s) by the Company.

(iv) Notices of meetings and business to be conducted

An annual general meeting must be called by notice of not less than twenty-one (21) clear days and not less than twenty (20) clear business days. All other general meetings must be called by notice of at least fourteen (14) clear days and not less than ten (10) clear business days. The notice is exclusive of the day on which it is served or deemed to be served and of the day for which it is given, and must specify the time and place of the meeting and particulars of resolutions to be considered at the meeting and, in the case of special business, the general nature of that business.

In addition, notice of every general meeting must be given to all members of the Company other than to such members as, under the provisions of the Articles or the terms of issue of the shares they hold, are not entitled to receive such notices from the Company, and also to, among others, the auditors for the time being of the Company.

Any notice to be given to or by any person pursuant to the Articles may be served on or delivered to any member of the Company personally, by post to such member's registered address or by advertisement in newspapers in accordance with the requirements of the Stock Exchange. Subject to compliance with Cayman Islands law and the rules of the Stock Exchange, notice may also be served or delivered by the Company to any member by electronic means.

All business that is transacted at an extraordinary general meeting and at an annual general meeting is deemed special, save that in the case of an annual general meeting, each of the following business is deemed an ordinary business:

- (aa) the declaration and sanctioning of dividends;
- (bb) the consideration and adoption of the accounts and balance sheet and the reports of the directors and the auditors;
- (cc) the election of directors in place of those retiring;
- (dd) the appointment of auditors and other officers;
- (ee) the fixing of the remuneration of the directors and of the auditors;
- (ff) the granting of any mandate or authority to the directors to offer, allot, grant options over or otherwise dispose of the unissued shares of the Company representing not more than twenty per cent (20%) in nominal value of its existing issued share capital; and
- (gg) the granting of any mandate or authority to the directors to repurchase securities of the Company.

(v) *Quorum for meetings and separate class meetings*

No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business, but the absence of a quorum shall not preclude the appointment of a chairman.

The quorum for a general meeting shall be two members present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy and entitled to vote. In respect of a separate class meeting (other than an adjourned meeting) convened to sanction the modification of class rights the necessary quorum shall be two persons holding or 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 is entitled to exercise the same powers on behalf of a member who is an individual and for whom

he acts as proxy as such member could exercise. In addition, a proxy is entitled to exercise the same powers on behalf of a member which is a corporation and for which he acts as proxy as such member could exercise if it were an individual member. Votes may be given either personally (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy.

(f) Accounts and audit

The board shall cause true accounts to be kept of the sums of money received and expended by the Company, and the matters in respect of which such receipt and expenditure take place, and of the property, assets, credits and liabilities of the Company and of all other matters required by the Companies Law or necessary to give a true and fair view of the Company's affairs and to explain its transactions.

The accounting records must be kept at the registered office or at such other place or places as the board decides and shall always be open to inspection by any Director. No member (other than a Director) shall have any right to inspect any accounting record or book or document of the Company except as conferred by law or authorised by the board or the Company in general meeting. However, an exempted company must make available at its registered office in electronic form or any other medium, copies of its books of account or parts thereof as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law of the Cayman Islands.

A copy of every balance sheet and profit and loss account (including every document required by law to be annexed thereto) which is to be laid before the Company at its general meeting, together with a printed copy of the Directors' report and a copy of the auditors' report, shall not less than twenty-one (21) days before the date of the meeting and at the same time as the notice of annual general meeting be sent to every person entitled to receive notices of general meetings of the Company under the provisions of the Articles; however, subject to compliance with all applicable laws, including the rules of the Stock Exchange, the Company may send to such persons summarised financial statements derived from the Company's annual accounts and the directors' report instead provided that any such person may by notice in writing served on the Company, demand that the Company sends to him, in addition to summarised financial statements, a complete printed copy of the Company's annual financial statement and the directors' report thereon.

At the annual general meeting or at a subsequent extraordinary general meeting in each year, the members shall appoint an auditor to audit the accounts of the Company and such auditor shall hold office until the next annual general meeting. Moreover, the members may, at any general meeting, by special resolution remove the auditors at any time before the expiration of his terms of office and shall by ordinary resolution at that meeting appoint

another auditor for the remainder of his term. The remuneration of the auditors shall be fixed by the Company in general meeting or in such manner as the members may determine.

The financial statements of the Company shall be audited by the auditor in accordance with generally accepted auditing standards which may be those of a country or jurisdiction other than the Cayman Islands. The auditor shall make a written report thereon in accordance with generally accepted auditing standards and the report of the auditor must be submitted to the members in general meeting.

(g) 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.

The Articles provide dividends may be declared and paid out of the profits of the Company, realised or unrealised, or from any reserve set aside from profits which the directors determine is no longer needed. With the sanction of an ordinary resolution dividends may also be declared and paid out of share premium account or any other fund or account which can be authorised for this purpose in accordance with the Companies Law.

Except in so far as the rights attaching to, or the terms of issue of, any share may otherwise provide, (i) all dividends shall be declared and paid according to the amounts paid up on the shares in respect whereof the dividend is paid but no amount paid up on a share in advance of calls shall for this purpose be treated as paid up on the share and (ii) all dividends shall be apportioned and paid pro rata according to the amount paid up on the shares during any portion or portions of the period in respect of which the dividend is paid. The Directors may deduct from any dividend or other monies payable to any member or in respect of any shares all sums of money (if any) presently payable by him to the Company on account of calls or otherwise.

Whenever the board or the Company in general meeting has resolved that a dividend be paid or declared on the share capital of the Company, the board may further resolve either (a) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up, provided that the shareholders entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment, or (b) that shareholders 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.

The Company may also upon the recommendation of the board by an ordinary resolution resolve in respect of any one particular dividend of the Company that it may be satisfied wholly in the form of an allotment of shares credited as fully paid up without offering any right to shareholders to elect to receive such dividend in cash in lieu of such allotment.

Any dividend, interest or other sum payable in cash to the holder of shares may be paid by cheque or warrant sent through the post addressed to the holder at his registered address, or in the case of joint holders, addressed to the holder whose name stands first in the register of the Company in respect of the shares at his address as appearing in the register or addressed to such person and at such addresses as the holder or joint holders may in writing direct. Every such cheque or warrant shall, unless the holder or joint holders otherwise direct, be made payable to the order of the holder or, in the case of joint holders, to the order of the holder whose name stands first on the register in respect of such shares, and shall be sent at his or their risk and payment of the cheque or warrant by the bank on which it is drawn shall constitute a good discharge to the Company. Any one of two or more joint holders may give effectual receipts for any dividends or other moneys payable or property distributable in respect of the shares held by such joint holders.

Whenever the board or 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.

All dividends or bonuses unclaimed for one year after having been declared may be invested or otherwise made use of by the board for the benefit of the Company until claimed and the Company shall not be constituted a trustee in respect thereof. All dividends or bonuses unclaimed for six years after having been declared may be forfeited by the board and shall revert to the Company.

No dividend or other monies payable by the Company on or in respect of any share shall bear interest against the Company.

(h) Inspection of corporate records

Pursuant to the Articles, the register and branch register of members shall be open to inspection for at least two (2) hours during business hours by members without charge, or by any other person upon a maximum payment of HK\$2.50 or such lesser sum specified by the board, at the registered office or such other place at which the register is kept in accordance with the Companies Law or, upon a maximum payment of HK\$1.00 or such lesser sum specified by the board, at the office where the branch register of members is kept, unless the register is closed in accordance with the Articles.

(i) Rights of minorities in relation to fraud or oppression

There are no provisions in the Articles relating to rights of minority shareholders in relation to fraud or oppression. However, certain remedies are available to shareholders of the Company under Cayman Islands law, as summarised in paragraph 3(f) of this Appendix.

(j) 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 amongst the members of the Company shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed *pari passu* amongst such members in proportion to the amount paid up on the shares held by them respectively; and
- (ii) if the Company is wound up and the assets available for distribution amongst the members as such shall be insufficient to repay the whole of the paid-up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members in proportion to the capital paid up, or which ought to have been paid up, at the commencement of the winding up on the shares held by them respectively.

If the Company is wound up (whether the liquidation is voluntary or by the court) the liquidator may, with the authority of a special resolution and any other sanction required by the Companies Law divide among the members in specie or kind the whole or any part of the assets of the Company whether the assets shall consist of property of one kind or shall consist of properties of different kinds and the liquidator may, for such purpose, set such value as he deems fair upon any one or more class or classes of property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members. The liquidator may, with the like authority, vest any part of the assets in trustees upon such trusts for the benefit of members as the liquidator, with the like authority, shall think fit, but so that no contributory shall be compelled to accept any shares or other property in respect of which there is a liability.

(k) Subscription rights reserve

The Articles provide that to the extent that it is not prohibited by and is in compliance with the 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 a share, a subscription rights reserve shall be established and applied in paying up the difference between the subscription price and the par value of a share on any exercise of the warrants.

3. CAYMAN ISLANDS COMPANY LAW

The Company is incorporated in the Cayman Islands subject to the Companies Law and, therefore, operates subject to Cayman Islands law. Set out below is a summary of certain provisions of Cayman company law, although this does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of Cayman company law and taxation, which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar:

(a) Company operations

As an exempted company, the Company's operations must be conducted mainly outside the Cayman Islands. The Company is required to file an annual return each year with the Registrar of Companies of the Cayman Islands and pay a fee which is based on the amount of its authorised share capital.

(b) Share capital

The Companies Law provides that where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount of the value of the premiums on those shares shall be transferred to an account, to be called the "share premium account". At the option of a company, these provisions may not apply to premiums on shares of that company allotted pursuant to any arrangement in consideration of the acquisition or cancellation of shares in any other company and issued at a premium.

The Companies Law provides that the share premium account may be applied by the company subject to the provisions, if any, of its memorandum and articles of association in (a) paying distributions or dividends to members; (b) paying up unissued shares of the company to be issued to members as fully paid bonus shares; (c) the redemption and repurchase of shares (subject to the provisions of section 37 of the Companies Law); (d) writing-off the preliminary expenses of the company; and (e) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company.

No distribution or dividend may be paid to members out of the share premium account unless immediately following the date on which the distribution or dividend is proposed to be paid, the company will be able to pay its debts as they fall due in the ordinary course of business.

The Companies Law provides that, subject to confirmation by the Grand Court of the Cayman Islands (the “**Court**”), a company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, by special resolution reduce its share capital in any way.

(c) Financial assistance to purchase shares of a company or its holding company

There is no statutory restriction in the Cayman Islands on the provision of financial assistance by a company to another person for the purchase of, or subscription for, its own or its holding company’s shares. Accordingly, a company may provide financial assistance if the directors of the company consider, in discharging their duties of care and acting in good faith, for a proper purpose and in the interests of the company, that such assistance can properly be given. Such assistance should be on an arm’s length basis.

(d) Purchase of shares and warrants by a company and its subsidiaries

A company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, issue shares which are to be redeemed or are liable to be redeemed at the option of the company or a shareholder and the Companies Law expressly provides that it shall be lawful for the rights attaching to any shares to be varied, subject to the provisions of the company’s articles of association, so as to provide that such shares are to be or are liable to be so redeemed. In addition, such a company may, if authorised to do so by its articles of association, purchase its own shares, including any redeemable shares. However, if the articles of association do not authorise the manner and terms of purchase, a company cannot purchase any of its own shares unless the manner and terms of purchase have first been authorised by an ordinary resolution of the company. At no time may a company redeem or purchase its shares unless they are fully paid. A company may not redeem or purchase any of its shares if, as a result of the redemption or purchase, there would no longer be any issued shares of the company other than shares held as treasury shares. A payment out of capital by a company for the redemption or purchase of its own shares is not lawful unless immediately following the date on which the payment is proposed to be made, the company shall be able to pay its debts as they fall due in the ordinary course of business.

Shares purchased by a company is to be treated as cancelled unless, subject to the memorandum and articles of association of the company, the directors of the company resolve to hold such shares in the name of the company as treasury shares prior to the purchase. Where shares of a company are held as treasury shares, the company shall be entered in the register of members as holding those shares, however, notwithstanding the foregoing, the company is not be treated as a member for any purpose and must not exercise any right in respect of the treasury shares, and any purported exercise of such a right shall be void, and a treasury share must not be voted, directly or indirectly, at any

meeting of the company and must not be counted in determining the total number of issued shares at any given time, whether for the purposes of the company's articles of association or the Companies Law.

A company is not prohibited from purchasing and may purchase its own warrants subject to and in accordance with the terms and conditions of the relevant warrant instrument or certificate. There is no requirement under Cayman Islands law that a company's memorandum or articles of association contain a specific provision enabling such purchases and the directors of a company may rely upon the general power contained in its memorandum of association to buy and sell and deal in personal property of all kinds.

Under Cayman Islands law, a subsidiary may hold shares in its holding company and, in certain circumstances, may acquire such shares.

(e) Dividends and distributions

The Companies Law permits, subject to a solvency test and the provisions, if any, of the company's memorandum and articles of association, the payment of dividends and distributions out of the share premium account. With the exception of the foregoing, there are no statutory provisions relating to the payment of dividends. Based upon English case law, which is regarded as persuasive in the Cayman Islands, dividends may be paid only out of profits.

No dividend may be declared or paid, and no other distribution (whether in cash or otherwise) of the company's assets (including any distribution of assets to members on a winding up) may be made to the company, in respect of a treasury share.

(f) Protection of minorities and shareholders' suits

The Courts ordinarily would be expected to follow English case law precedents which permit a minority shareholder to commence a representative action against or derivative actions in the name of the company to challenge (a) an act which is ultra vires the company or illegal, (b) an act which constitutes a fraud against the minority and the wrongdoers are themselves in control of the company, and (c) an irregularity in the passing of a resolution which requires a qualified (or special) majority.

In the case of a company (not being a bank) having a share capital divided into shares, the Court may, on the application of members holding not less than one fifth of the shares of the company in issue, appoint an inspector to examine into the affairs of the company and to report thereon in such manner as the Court shall direct.

Any shareholder of a company may petition the Court which may make a winding up order if the Court is of the opinion that it is just and equitable that the company should be wound up or, as an alternative to a winding up order, (a) an order regulating the conduct of

the company's affairs in the future, (b) an order requiring the company to refrain from doing or continuing an act complained of by the shareholder petitioner or to do an act which the shareholder petitioner has complained it has omitted to do, (c) an order authorising civil proceedings to be brought in the name and on behalf of the company by the shareholder petitioner on such terms as the Court may direct, or (d) an order providing for the purchase of the shares of any shareholders of the company by other shareholders or by the company itself and, in the case of a purchase by the company itself, a reduction of the company's capital accordingly.

Generally claims against a company by its shareholders must be based on the general laws of contract or tort applicable in the Cayman Islands or their individual rights as shareholders as established by the company's memorandum and articles of association.

(g) Disposal of assets

The Companies Law contains no specific restrictions on the power of directors to dispose of assets of a company. However, as a matter of general law, every officer of a company, which includes a director, managing director and secretary, in exercising his powers and discharging his duties must do so honestly and in good faith with a view to the best interests of the company and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

(h) Accounting and auditing requirements

A company must cause proper books of account to be kept with respect to (i) all sums of money received and expended by the company and the matters in respect of which the receipt and expenditure takes place; (ii) all sales and purchases of goods by the company; and (iii) the assets and liabilities of the company.

Proper books of account shall not be deemed to be kept if there are not kept such books as are necessary to give a true and fair view of the state of the company's affairs and to explain its transactions.

An exempted company must make available at its registered office in electronic form or any other medium, copies of its books of account or parts thereof as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law of the Cayman Islands.

(i) Exchange control

There are no exchange control regulations or currency restrictions in the Cayman Islands.

(j) Taxation

Pursuant to the Tax Concessions Law of the Cayman Islands, the Company has obtained an undertaking:

- (1) that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciation shall apply to the Company or its operations; and
- (2) that the aforesaid tax or any tax in the nature of estate duty or inheritance tax shall not be payable on or in respect of the shares, debentures or other obligations of the Company.

The undertaking for the Company is for a period of twenty years from 19 September, 2017.

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 executed in or brought within the jurisdiction of the Cayman Islands. The Cayman Islands are a party to a double tax treaty entered into with the United Kingdom in 2010 but otherwise is not party to any double tax treaties.

(k) Stamp duty on transfers

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies except those which hold interests in land in the Cayman Islands.

(l) Loans to directors

There is no express provision in the Companies Law prohibiting the making of loans by a company to any of its directors.

(m) Inspection of corporate records

Members of the Company have no general right under the Companies Law 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.

(n) Register of members

An exempted company may maintain its principal register of members and any branch registers at such locations, whether within or without the Cayman Islands, as the directors may, from time to time, think fit. A branch register must be kept in the same manner in which a principal register is by the Companies Law required or permitted to be kept. The company shall cause to be kept at the place where the company's principal register is kept a duplicate of any branch register duly entered up from time to time.

There is no requirement under the Companies Law for an exempted company to make any returns of members to the Registrar of Companies of the Cayman Islands. The names and addresses of the members are, accordingly, not a matter of public record and are not available for public inspection. However, an exempted company shall make available at its registered office, in electronic form or any other medium, such register of members, including any branch register of members, as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law of the Cayman Islands.

(o) Register of Directors and Officers

The Company is required to maintain at its registered office a register of 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 sixty (60) days of any change in such directors or officers.

(p) Beneficial Ownership Register

An exempted company is required to maintain a beneficial ownership register at its registered office that records details of the persons who ultimately own or control, directly or indirectly, more than 25% of the equity interests or voting rights of the company or have rights to appoint or remove a majority of the directors of the company. The beneficial ownership register is not a public document and is only accessible by a designated competent authority of the Cayman Islands. Such requirement does not, however, apply to an exempted company with its shares listed on an approved stock exchange, which includes the Stock Exchange. Accordingly, for so long as the shares of the Company are listed on the Stock Exchange, the Company is not required to maintain a beneficial ownership register.

(q) Winding up

A company may be wound up (a) compulsorily by order of the Court, (b) voluntarily, or (c) under the supervision of the Court.

The Court has authority to order winding up in a number of specified circumstances including where the members of the company have passed a special resolution requiring the company to be wound up by the Court, or where the company is unable to pay its debts, or where it is, in the opinion of the Court, just and equitable to do so. Where a petition is presented by members of the company as contributories on the ground that it is just and equitable that the company should be wound up, the Court has the jurisdiction to make certain other orders as an alternative to a winding-up order, such as making an order regulating the conduct of the company's affairs in the future, making an order authorising civil proceedings to be brought in the name and on behalf of the company by the petitioner on such terms as the Court may direct, or making an order providing for the purchase of the shares of any of the members of the company by other members or by the company itself.

A company (save with respect to a limited duration company) may be wound up voluntarily when the company so resolves by special resolution or when the company in general meeting resolves by ordinary resolution that it be wound up voluntarily because it is unable to pay its debts as they fall due. In the case of a voluntary winding up, such company is obliged to cease to carry on its business (except so far as it may be beneficial for its winding up) from the time of passing the resolution for voluntary winding up or upon the expiry of the period or the occurrence of the event referred to above.

For the purpose of conducting the proceedings in winding up a company and assisting the Court therein, there may be appointed an official liquidator or official liquidators; and the court may appoint to such office such person, either provisionally or otherwise, as it thinks fit, and if more persons than one are appointed to such office, the Court must declare whether any act required or authorised to be done by the official liquidator is to be done by all or any one or more of such persons. The Court may also determine whether any and what security is to be given by an official liquidator on his appointment; if no official liquidator is appointed, or during any vacancy in such office, all the property of the company shall be in the custody of the Court.

As soon as the affairs of the company are fully wound up, the liquidator must make a report and an account of the winding up, showing how the winding up has been conducted and how the property of the company has been disposed of, and thereupon call a general meeting of the company for the purposes of laying before it the account and giving an explanation thereof. This final general meeting must be called by at least 21 days' notice to each contributory in any manner authorised by the company's articles of association and published in the Gazette.

(r) Reconstructions

There are statutory provisions which facilitate reconstructions and amalgamations approved by a majority in number representing seventy-five per cent. (75%) in value of shareholders or class of shareholders or creditors, as the case may be, as are present at a

meeting called for such purpose and thereafter sanctioned by the Court. Whilst a dissenting shareholder would have the right to express to the Court his view that the transaction for which approval is sought would not provide the shareholders with a fair value for their shares, the Court is unlikely to disapprove the transaction on that ground alone in the absence of evidence of fraud or bad faith on behalf of management.

(s) Take-overs

Where an offer is made by a company for the shares of another company and, within four (4) months of the offer, the holders of not less than ninety per cent. (90%) of the shares which are the subject of the offer accept, the offeror may at any time within two (2) months after the expiration of the said four (4) months, by notice in the prescribed manner require the dissenting shareholders to transfer their shares on the terms of the offer. A dissenting shareholder may apply to the Court within one (1) month of the notice objecting to the transfer. The burden is on the dissenting shareholder to show that the Court should exercise its discretion, which it will be unlikely to do unless there is evidence of fraud or bad faith or collusion as between the offeror and the holders of the shares who have accepted the offer as a means of unfairly forcing out minority shareholders.

(t) Indemnification

Cayman Islands law does not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the Court to be contrary to public policy (e.g. for purporting to provide indemnification against the consequences of committing a crime).

4. GENERAL

Conyers Dill & Pearman, the Company's special legal counsel on Cayman Islands law, have sent to the Company a letter of advice summarising certain aspects of Cayman Islands company law. This letter, together with a copy of the Companies Law, is available for inspection as referred to in the sub-section headed "Documents available for inspection" in Appendix V to 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.

INFORMATION ABOUT OUR COMPANY**1. Incorporation of our Company**

Our Company was incorporated in the Cayman Islands under the Companies Law as an exempted company with limited liability on 25 August 2017. We have established a principal place of business in Hong Kong at Floor 9, 9 Wing Hong Street, Cheung Sha Wan, Kowloon, Hong Kong and have been registered in Hong Kong under Part 16 of the Companies Ordinance as a non-Hong Kong company on 10 November 2017 under the same address at Floor 9, 9 Wing Hong Street, Cheung Sha Wan, Kowloon, Hong Kong. In compliance with the requirements of the Companies Ordinance, Dr. Chan has been appointed as our authorised representative for the acceptance of service of process and notices on behalf of our Company in Hong Kong.

As our Company was incorporated in the Cayman Islands, our corporate structure and operation and our constitutive documents which comprise Memorandum and Articles of Associations are subject to the relevant laws and regulations of the Cayman Islands. A summary of certain relevant laws and regulations of the Cayman Islands and Memorandum and Articles of Associations is set out in Appendix III to this prospectus.

2. Changes in share capital of our Company*(a) Increase in authorised share capital*

- (i) As at the date of incorporation of our Company on 25 August 2017, our authorised share capital was HK\$380,000 divided into 38,000,000 shares having a par value of HK\$0.01 each.
- (ii) On 27 August 2018, the authorized share capital of our Company was further increased to HK\$15,000,000 divided into 1,500,000,000 Shares by creation of 1,462,000,000 Shares.
- (iii) Immediately following completion of the Share Offer and the Capitalisation Issue but taking no account of any Shares which may be allotted and issued pursuant to the exercise of the options which may be granted under the Share Option Scheme and upon the exercise of the Offer Size Adjustment Option, the authorised share capital of our Company will be HK\$15,000,000 divided into 1,500,000,000 Shares, and the issued share capital will be HK\$9,600,000 divided into 960,000,000 Shares, fully paid or credited as fully paid with 540,000,000 Shares will remain unissued.

Other than pursuant to the exercise of the Offer Size Adjustment Option and the exercise of any options which may be granted under the Share Option Scheme, there is no present intention to issue any of the authorised but unissued share capital of our Company and, without the prior approval of our Shareholders in general meeting, no issue of Shares will be made which would effectively alter the control of our Company.

Save as disclosed herein and in the paragraphs headed “Information about our Company – 3. Resolutions in writing of our Shareholders passed on 27 August 2018” and “Information about our Company – 4. Group reorganisation” in this appendix to this prospectus, there has been no alteration in the share capital of our Company since its incorporation.

(b) Founder shares

Our Company has no founder shares, management shares or deferred shares.

3. Resolutions in writing of our Shareholders passed on 27 August 2018

Written resolutions were passed by our Shareholders on 27 August 2018 pursuant to which, among other matters:

- (a) our Company approved and adopted the Articles of Association with effect from the Listing Date;
- (b) conditional on (aa) the Listing Committee of the Stock Exchange granting listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus; (bb) the Offer Price having been determined; (cc) the execution and delivery of the Underwriting Agreements on or before the date as mentioned in this prospectus; and (dd) the obligations of the Underwriters under the Underwriting Agreements becoming unconditional and not being terminated in accordance with the terms of the Underwriting Agreements or otherwise, in each case on or before the day falling 30 days after the date of this prospectus:
 - (i) the Share Offer and the Offer Size Adjustment Option were approved and our Directors were authorised to allot and issue of the Offer Shares pursuant to the Share Offer and such number of Shares as may be required to be allotted and issued upon the exercise of the Offer Size Adjustment Option;
 - (ii) the rules of the Share Option Scheme, the principal terms of which are set out in paragraph 13 of this appendix, were approved and adopted and our Directors were authorised to approve any amendments to the rules of the Share Option Scheme as may be acceptable or not objected to by the Stock Exchange, and at our Directors’ absolute discretion to grant options to subscribe for Shares thereunder and to allot, issue and deal with Shares pursuant to the exercise of options which may be granted under the Share Option Scheme and to take all such steps as may be necessary, desirable or expedient to implement the Share Option Scheme;
 - (iii) conditional on the share premium account of our Company being credited as a result of the Share Offer, our Directors were authorised to capitalise HK\$6,710,000 standing to the credit of the share premium account of our Company by applying such sum in paying up in full at par 671,000,000 Shares

for allotment and issue to holders of Shares whose names appear on the register of members of our Company at the close of business on the day prior to the Listing Date (or as they may direct) in proportion (as nearly as possible without involving fractions so that no fraction of a share shall be allotted and issued) to their then existing holdings in our Company and so that the Shares to be allotted and issued pursuant to this resolution should rank *pari passu* in all respects with the then existing issued Shares and our Directors were authorised to give effect to such capitalisation;

- (iv) a general unconditional 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 options which may be granted under the Share Option Scheme, or under the Share Offer or the Capitalisation Issue or upon the exercise of the Offer Size Adjustment Option, Shares with a total number of not more than the aggregate of (aa) 20% of the total number of Shares in issue immediately following completion of the Share Offer and the Capitalisation Issue but excluding any Shares which may be issued pursuant to the exercise of the Offer Size Adjustment Option, and (bb) the total number of the Shares repurchased by our Company (if any) pursuant to the authority granted to our Directors as referred to in sub-paragraph (v) below, until the conclusion of the next annual general meeting of our Company, or the date by which the next annual general meeting of our Company is required by the Articles of Association, the Companies Law or any other applicable Cayman Islands law to be held, or the passing of an ordinary resolution by our Shareholders revoking or varying the authority given to our Directors, whichever occurs first;
- (v) a general unconditional mandate was given to our Directors to exercise all powers of our Company to purchase Shares on the Stock Exchange or other stock exchange on which the securities of our Company may be listed and recognised by the SFC and the Stock Exchange for this purpose, with an aggregate number of not exceeding 10% of the total number of Shares in issue immediately following the completion of the Share Offer and the Capitalisation Issue but excluding any Shares which may be issued pursuant to the exercise of the Offer Size Adjustment Option until 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 or any applicable Cayman Islands law to be held, or the passing of an ordinary resolution by our Shareholders revoking or varying the authority given to our Directors, whichever occurs first; and
- (vi) the extension of the general mandate to allot, issue and deal with Shares pursuant to paragraph (iv) above to include the number of Shares which may be purchased or repurchased pursuant to paragraph (v) above.

- (c) our Company approved the form and substance of each of the service agreements made between our executive Directors and us, and the form and substance of each of the appointment letters made between each of our independent non-executive Directors with us.

4. Group reorganisation

The companies comprising our Group underwent a reorganisation to rationalise our Group's structure in preparation for the listing of the Shares on the Stock Exchange. For more details regarding the Reorganisation, please refer to the section headed "History, reorganisation and group structure" in this prospectus.

5. Changes in share capital of subsidiaries

The subsidiaries of our Company are listed in the Accountants' Report set out in Appendix I to this prospectus.

Save as disclosed herein and in paragraph 4 of this appendix and the section headed "History, reorganisation and group structure" in this prospectus, no other alterations in the share capital of each of our Company's subsidiaries took place within the two years immediately preceding the date of this prospectus.

6. Securities repurchase mandate

This sub-section sets out information required by the Stock Exchange to be included in this prospectus concerning the repurchase by us of our own securities.

Restriction on share repurchase

The GEM Listing Rules permit companies whose primary listing is on the GEM to repurchase their securities on the Stock Exchange subject to certain restrictions, the most important of which are summarised below:

(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 shareholder, either by way of general mandate or by specific approval of a particular transaction.

Pursuant to a resolution in writing passed by our Shareholders on 27 August 2018, 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 of Hong Kong and the Stock Exchange for this purpose, of up to 10% of the

aggregate number of the Shares in issue immediately following completion of the Share Offer and the Capitalisation Issue but excluding any Shares which may be issued pursuant to the exercise of the Offer Size Adjustment 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 or applicable Cayman Islands law 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 paid out of funds legally available for the purpose in accordance with the Articles of Association and the Companies Law. 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. Under the Cayman Islands laws, any repurchases by our Company may be made out of profits of our Company or out of the proceeds of a fresh issue of Shares made for the purpose of the repurchase or, if so authorised by the Articles of Association and subject to the provisions of the Companies Law, out of capital.

Any premium payable on a redemption or purchase over the par value of the Shares to be purchased must be provided for out of the profits of our Company or from sums standing to the credit of the share premium account of our Company or, if authorised by the Articles of Association and subject to the provisions of the Companies Law, out of capital.

(c) Reasons for repurchases

Our Directors believe that it is in the best interest of our Company and our Shareholders for our Directors to have general authority from our Shareholders to enable our Company to repurchase Shares in the market. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or earnings per Share and will only be made if our Directors believe that such repurchases will benefit our Company and our Shareholders.

(d) Funding of repurchases

In repurchasing securities, our Company may only apply funds legally available for such purpose in accordance with the Articles of Association, the GEM Listing Rules and the applicable laws of the Cayman Islands.

On the basis of the current financial position of our Group as disclosed in this prospectus and taking into account the current working capital position of our Group, our Directors consider that, if the Repurchase Mandate were to be exercised in full, it

might have a material adverse effect on the working capital and/or the gearing position of our Group as compared with the position disclosed in this prospectus. However, our Directors do not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements of our Group or the gearing levels which in the opinion of our Directors are from time to time appropriate for our Group.

The exercise in full of the Repurchase Mandate, on the basis of 960,000,000 Shares in issue immediately after the Listing, would result in up to 96,000,000 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 associates currently intends to sell any Shares to our Company 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 GEM Listing Rules, the Articles of Association and the applicable laws of the Cayman Islands.

If, as a result of a securities repurchase, a Shareholder's proportionate interest in the voting rights of our Company is increased, such increase will be treated as an acquisition for the purpose of the Takeovers Code. As a result, a Shareholder, a group of Shareholders acting in concert (within the meaning under the Takeover Code), depending on the level of increase of such Shareholders' interest, could obtain or consolidate control of our Company and may become obliged under Rule 26 of the Takeovers Code to make a mandatory offer unless a whitewash waiver is obtained. Save as aforesaid, our Directors are not aware of any consequences which would arise under the Takeovers Code as a consequence of any repurchases 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 GEM Listing Rules).

No connected person (as defined in the GEM Listing Rules) of our Company has notified our Company that he/she/it has a present intention to sell Shares to our Company, or has undertaken not to do so if the Repurchase Mandate is exercised.

FURTHER INFORMATION ABOUT THE BUSINESS OF OUR COMPANY**7. Summary of material contracts**

The following contracts (not being contracts in the ordinary course of business) have been 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 share subscription agreement dated 9 May 2017 entered into between W&C Hong Kong, Dr. Chan, Mr. Kwong and Galaxy pursuant to which, amongst others, W&C Hong Kong has agreed to allot and issue 234,593 Shares to Galaxy at a consideration of HK\$15,000,000;
- (b) the deed of novation and amendment dated 29 August 2017 entered into between our Company, W&C Hong Kong, Dr. Chan, Mr. Kwong and Galaxy, pursuant to which, amongst others, the liabilities and obligations of W&C Hong Kong under the share subscription agreement mentioned in (a) above were novated to our Company;
- (c) the instrument of transfer dated 29 August 2017 between Dr. Chan and WAC (HK), pursuant to which WAC (HK) acquired 375,000 shares in W&C Hong Kong from Dr. Chan for a consideration of HK\$375,000;
- (d) the instrument of transfer dated 29 August 2017 between Mr. Kwong and WAC (HK), pursuant to which WAC (HK) acquired 175,000 shares in W&C Hong Kong from Mr. Kwong for a consideration of HK\$175,000;
- (e) the agreement for assignment of quotas dated 20 November 2017 between Mr. Kwong, Dr. Chan and WAC (Macau), pursuant to which WAC (Macau) acquired quota in the amount of MOP32,000 and MOP68,000 in the registered capital of W&C Macau from Mr. Kwong and Dr. Chan for a consideration of MOP32,000 and MOP68,000 respectively;
- (f) the Deed of Non-Competition;
- (g) the Deed of Indemnity; and
- (h) the Public Offer Underwriting Agreement.

8. Intellectual property right of our Group

Set out below is the material intellectual property right of our Group:

Domain Name

As at the Latest Practicable Date, our Group has the following material registered domain name:

Domain Name	Name of registrant	Date of registration	Date of expiry
www.wcce.hk	W&C Hong Kong	2 September 2008	1 September 2019

9. Related party transactions

Save as disclosed in the sections headed “Business” and “Relationship with our Controlling Shareholders” in this prospectus and in note 28 to the Accountants’ Report, the text of which is set out in Appendix I to this prospectus, during the two years immediately preceding the date of this prospectus, our Company has not engaged in any other material connected transactions or related party transactions.

FURTHER INFORMATION ABOUT OUR DIRECTORS AND SHAREHOLDERS

10. Directors

(a) Disclosure of interests of our Directors

- (i) Each of Dr. Chan and Mr. Kwong is interested in the Reorganisation and the transactions as contemplated under the material contracts as set out in the paragraph 7 of this appendix.
- (ii) Save as disclosed in this prospectus, none of our Directors or their associates were engaged in any dealings with our Group during the two years preceding the date of this prospectus.

(b) Particulars of Directors’ service contracts and letters of appointment

Executive Directors

Each of our executive Directors has entered into a service contract with our Company for a term of three years commencing from the Listing Date until terminated by not less than three months’ notice in writing served by either party on the other. Each of our executive Directors is entitled to their respective basic salaries set out below.

The current basic annual remuneration payable by our Group to our executive Directors are as follows:

Name	Approximate annual remuneration (HK\$)
Dr. Chan	2,710,000
Mr. Kwong	1,976,000

Independent non-executive Directors

Each of our independent non-executive Directors has been appointed for an initial term of three years commencing from the Listing Date until terminated by either party giving not less than three months' written notice to the other expiring at the end of the initial term of their appointment or any time thereafter. The appointments are subject to the provisions of the Articles of Association with regard to vacation of office of Directors, removal and retirement by rotation of Directors. Each of our independent non-executive Directors is entitled to a director's fee of HK\$100,000 per annum. Save for directors' fees, none of our independent non-executive Directors is expected to receive any other remuneration for holding their respective offices.

Save as aforesaid, none of our Directors has or is proposed to have a service contract with our Company or any of our subsidiaries other than contracts expiring or determinable by the employer within one year without the payment of compensation (other than statutory compensation).

(c) Directors remuneration

- (i) The aggregate emoluments paid and benefits in kind granted by our Group to our Directors in respect of the three years ended 31 March 2018 were approximately HK\$4.2 million, HK\$4.3 million and HK\$4.6 million, respectively.
- (ii) Under the arrangements currently in force, the aggregate emoluments (excluding discretionary bonus) payable by our Group to and benefits in kind receivable by our Directors (including our independent non-executive Directors in their respective capacity as Directors) for the year ending 31 March 2019 are expected to be approximately HK\$4.7 million.
- (iii) None of our Directors or any past directors of any member of our Group has been paid any sum of money for the three years ended 31 March 2018 (i) as an inducement to join or upon joining our Group or (ii) for loss of office as a 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.
- (iv) There has been no arrangement under which a Director has waived or agreed to any emoluments for the three years ended 31 March 2018.

(d) Interests and short positions of Directors and chief executive in the shares, underlying shares or debentures of our Company and the associated corporation

Immediately following completion of the Share Offer and the Capitalisation Issue and taking no account of any Shares which may be allotted and issued pursuant to the exercise of the Offer Size Adjustment Option and the options which may be granted under the Share Option Scheme, the interests and short positions of our Directors and chief executive in the shares, underlying shares or debentures of our Company and 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 notified to our Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, once the Shares are listed, will be as follows:

Name of Director	Nature of interest	Relevant company (including associated corporation)	Number and class of securities ^(Note 1)	Approximate percentage of shareholding in the total issued share capital of our Company or our associated corporation
Dr. Chan ^(Note 2)	Interest in a controlled corporation	Our Company	471,072,000 Shares (L)	49.1%
	Beneficial owner	Manning Properties	7,500 ordinary shares	68.2%
Mr. Kwong ^(Note 2)	Interest in a controlled corporation	Our Company	471,072,000 Shares (L)	49.1%
	Beneficial owner	Manning Properties	3,500 ordinary shares	31.8%

Notes:

- The letter "L" denotes our Directors' long position in the Shares.
- Manning Properties is owned as to approximately 31.8% by Mr. Kwong and approximately 68.2% by Dr. Chan, which in turn holds 49.1% of the total number of Shares in issue. As such, Mr. Kwong and Dr. Chan restrict their ability to exercise direct control over our Company by holding their interests through Manning Properties, a common investment holding company, and as a result Mr. Kwong and Dr. Chan are presumed to be a group of controlling shareholders pursuant to the Guidance Letter HKEx-GL89-16 issued in November 2016. Accordingly, Mr Kwong and Dr. Chan are deemed to be interested in the 471,072,000 Shares held by Manning Properties.

11. Interests discloseable under Division 2 and 3 of Part XV of the SFO and the Substantial Shareholders

So far as is known to our Directors, immediately following completion of the Share Offer and the Capitalisation Issue (without taking into account any Shares which may be taken up or acquired under the Share Offer and any Shares which may be allotted and issued upon the exercise of the Offer Size Adjustment Option and the options which may be granted under the Share Option Scheme), the following persons will have an interest or a short position in the Shares or underlying Shares which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who are, directly or indirectly, interested in 10% or more of the number of any class of issued share capital carrying rights to vote in all circumstances at general meetings of our Company or any other members of our Group:

Interest in Company

Name of Shareholder	Capacity/ Nature of interest	Number and class of securities ^(Note 1)	Approximate percentage of interest in our Company
Manning Properties ^(Note 2)	Beneficial owner ^(Note 2)	471,072,000 Shares (L)	49.1%
Ms. Julia Gower Chan ^(Note 3)	Interest of spouse ^(Note 3)	471,072,000 Shares (L)	49.1%
Ms. Leung Kwai Ping ^(Note 4)	Interest of spouse ^(Note 4)	471,072,000 Shares (L)	49.1%
Galaxy	Beneficial owner	200,928,000 Shares (L)	20.9%
Dr. Yuen ^(Note 5)	Interest in a controlled corporation ^(Note 5)	200,928,000 Shares (L)	20.9%

Notes:

1. The letter "L" denotes the person's long position in the shares of our Company.
2. Manning Properties is owned as to approximately 68.2% by Dr. Chan and therefore Dr. Chan is deemed to be interested in the 471,072,000 Shares held by Manning Properties pursuant to the SFO.
3. Ms. Julia Gower Chan is the spouse of Dr. Chan. By virtue of the SFO, Ms. Julia Gower Chan is deemed to be interested in the Shares interested by Dr. Chan.

4. Ms. Leung Kwai Ping is the spouse of Mr. Kwong. By virtue of the SFO, Ms. Leung Kwai Ping is deemed to be interested in the Shares interested by Mr. Kwong.
5. Galaxy is wholly owned by Dr. Yuen and therefore Dr. Yuen is deemed to be interested in the 200,928,000 Shares held by Galaxy pursuant to the SFO.

12. Disclaimers

Save as disclosed in this prospectus:

- (a) (and taking no account of any Shares which may be taken up or acquired under the Share Offer or upon the exercise of the Offer Size Adjustment Option and any options which may be granted under the Share Option Scheme) our Directors are not aware of any person (not being a Director or chief executive of our Company) who immediately following the completion of the Share Offer and the Capitalisation Issue will have an interest or a short position in the Shares and underlying Shares which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or who will, either directly or indirectly, be interested in 10% or more of the number of any class of issued share capital carrying rights to vote in all circumstances at general meetings of any other member of our Group;
- (b) none of our Directors has any interest or short position in any of the Shares, underlying shares or debentures of our Company or any 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 which any of them is deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which will be required to be notified to our Company and the Stock Exchange pursuant to Rules 5.45 to 5.67 of the GEM Listing Rules, in each case once the Shares are listed;
- (c) none of our Directors nor any of the parties listed in paragraph 20 below has been interested in the promotion of, or has any direct or indirect interest in any assets which have been, within the two years immediately preceding the date of this prospectus, acquired or disposed of by or leased to our Company or any of the subsidiaries of our Company, or are proposed to be acquired or disposed of by or leased to our Company or any other member of our Group nor will any Director apply for the Offer Shares either in his own name or in the name of a nominee;
- (d) none of our Directors nor any of the parties listed in the paragraph 20 below is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to business of our Group; and

- (e) save in connection with the Underwriting Agreements, none of the parties listed in the paragraph 20 below:
 - (i) is interested legally or beneficially in any securities of any member of our Group; or
 - (ii) has any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group.

OTHER INFORMATION

13. Share Option Scheme

The following is a summary of the principal terms of the Share Option Scheme conditionally adopted by the written resolutions of our Shareholders passed on 27 August 2018. The terms of the Share Option Scheme are in compliance with the provisions of Chapter 23 of the GEM Listing Rules.

(a) Purpose

The Share Option Scheme is a share incentive scheme and is established to recognise and acknowledge the contributions the Eligible Participants (as defined in paragraph (b) below) have had or may have made to our Group. The Share Option Scheme will provide the Eligible Participants an opportunity to have a personal stake in our Company with the view to achieving the following objectives:

- (i) motivating the Eligible Participants to optimise their performance efficiency for the benefit of our Group; and
- (ii) attracting and retaining or otherwise maintaining on-going business relationships with the Eligible Participants whose contributions are or will be beneficial to the long-term growth of our Group.

(b) Who may join

The Board may, at its discretion, offer to grant an option to subscribe for such number of new Shares as the Board may determine at an exercise price determined in accordance with paragraph (f) below to the following persons (“**Eligible Participants**”):

- (i) any full-time or part-time employees, executives or officers of our Company or any of its subsidiaries;
- (ii) any Directors (including non-executive Directors and independent non-executive Directors) of our Company or any of its subsidiaries;

- (iii) any advisers, consultants, subconsultants, customers and agents to our Company or any of its subsidiaries; and
- (iv) such other persons who, in the sole opinion of the Board, will contribute or have contributed to our Group, the assessment criteria of which are:
 - (aa) contribution to the development and performance of our Group;
 - (bb) quality of work performed for our Group;
 - (cc) initiative and commitment in performing his/her duties; and
 - (dd) length of service or contribution to our Group.

(c) Acceptance of an offer of options

An option shall be deemed to have been granted and accepted by the grantee and to have taken effect when the duplicate offer document constituting acceptance of the options 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 on or before the relevant acceptance date. Such payment shall in no circumstances be refundable. Any offer to grant an option to subscribe for Shares may be accepted in respect of less than the number of Shares for which it is offered provided that it is accepted in respect of a board lot for dealing in Shares on the Stock Exchange or an integral multiple thereof and such number is clearly stated in the duplicate offer document constituting acceptance of the option. To the extent that the offer to grant an option is not accepted by any prescribed acceptance date, it shall be deemed to have been irrevocably declined.

Subject to paragraphs (l), (m), (n), (o) and (p), an option shall be exercised in whole or in part and, other than where it is exercised to the full extent outstanding, shall be exercised in integral multiples of such number of Shares as shall represent one board lot for dealing in Shares on the Stock Exchange for the time being, by the grantee by giving notice in writing to our Company stating that the option is thereby exercised and the number of Shares in respect of which it is exercised. Each such notice must be accompanied by a remittance for the full amount of the exercise price for the Shares in respect of which the notice is given.

Within 21 days after receipt of the notice and the remittance and, where appropriate, receipt of the certificate by the auditors to our Company or the approved independent financial adviser as the case may be pursuant to paragraph (r), our Company shall allot and issue the relevant number of Shares to the grantee credited as fully paid and issue to the grantee certificates in respect of the Shares so allotted.

The exercise of any option shall be subject to our Shareholders in general meeting approving any necessary increase in the authorised share capital of our Company.

(d) Maximum number of Shares

The maximum number of Shares in respect of which options may be granted (including Shares in respect of which options, whether exercised or still outstanding, have already been granted) under the Share Option Scheme and under any other share option schemes of our Company must not in aggregate exceed 10% of the total number of Shares in issue on the Listing Date, being 96,000,000 Shares (the “**Scheme Limit**”), excluding for this purpose Shares which would have been issuable pursuant to options which have lapsed in accordance with the terms of the Share Option Scheme (or any other share option schemes of our Company). Subject to the issue of a circular by our Company and the approval of our Shareholders in general meeting and/or such other requirements prescribed under the GEM Listing Rules from time to time, the Board may:

- (i) renew this limit at any time to 10% of the Shares in issue (the “**New Scheme Limit**”) as at the date of the approval by our Shareholders in general meeting; and/or
- (ii) grant options beyond the Scheme Limit to Eligible Participants specifically identified by the Board. The circular issued by our Company to our Shareholders shall contain a generic description of the specified Eligible Participants who may be granted such options, the number and terms of the options to be granted, the purpose of granting options to the specified Eligible Participants with an explanation as to how the options serve such purpose, the information required under Rule 23.02(2)(d) and the disclaimer required under Rule 23.02(4) of the GEM Listing Rules.

Notwithstanding the foregoing, the Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of our Company at any time shall not exceed 30% of the Shares in issue from time to time (the “**Maximum Limit**”). No options shall be granted under any schemes of our Company (including the Share Option Scheme) if this will result in the Maximum Limit being exceeded. The maximum number of Shares in respect of which options may be granted shall be adjusted, in such manner as the auditors of our Company or an approved independent financial adviser shall certify to be appropriate, fair and reasonable in the event of any alteration in the capital structure of our Company in accordance with paragraph (r) below whether by way of capitalisation issue, rights issue, consolidation, sub-division of shares or reduction of the share capital of our Company but in no event shall exceed the limit prescribed in this paragraph.

(e) Maximum number of options to any one individual

The total number of Shares issued and which may fall to be issued upon exercise of the options granted under the Share Option Scheme and any other share option schemes of our Company (including both exercised, outstanding options and Shares which were the subject of options which have been granted and accepted under the Share Option Scheme or

any other scheme of our Company but subsequently cancelled (the “**Cancelled Shares**”) to each Eligible Participant in any 12-month period up to the date of grant shall not exceed 1% of the Shares in issue as at the date of grant. Any further grant of options in excess of this 1% limit shall be subject to:

- (i) the issue of a circular by our Company containing the identity of the Eligible Participant, the numbers of and terms of the options to be granted (and options previously granted to such participant) the information as required under Rule 23.02(2)(d) and the disclaimer required under Rule 23.02(4) of the GEM Listing Rules; and
- (ii) the approval of our Shareholders in general meeting and/or other requirements prescribed under the GEM Listing Rules from time to time with such Eligible Participant and his/her associates (as defined in the GEM Listing Rules) abstaining from voting. The numbers and terms (including the exercise price) of options to be granted to such participant must be fixed before our Shareholders’ approval and the date of the Board meeting at which the Board proposes to grant the options to such Eligible Participant shall be taken as the date of grant for the purpose of calculating the subscription price of the Shares. The Board shall forward to such Eligible Participant an offer document in such form as the Board may from time to time determine or, alternatively, documents accompanying the offer document which state, among other things:
 - (aa) the Eligible Participant’s name, address and occupation;
 - (bb) the date on which an option is offered to an Eligible Participant which must be a date on which the Stock Exchange is open for the business of dealing in securities;
 - (cc) the date upon which an offer for an option must be accepted;
 - (dd) the date upon which an option is deemed to be granted and accepted in accordance with paragraph (c);
 - (ee) the number of Shares in respect of which the option is offered;
 - (ff) the subscription price and the manner of payment of such price for the Shares on and in consequence of the exercise of the option;
 - (gg) the date of the notice given by the grantee in respect of the exercise of the option; and
 - (hh) the method of acceptance of the option which shall, unless the Board otherwise determines, be as set out in paragraph (c).

(f) Price of Shares

The subscription price of a Share in respect of any particular option granted under the Share Option Scheme shall be such price as the Board in its absolute discretion shall determine, save that such price will not be less than the highest of:

- (i) the closing price of the Shares as stated in the Stock Exchange's daily quotation sheets on the date of grant, which must be a day on which the Stock Exchange is open for the business of dealing in securities;
- (ii) the average of the closing prices of the Shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant; and
- (iii) the nominal value of a Share.

(g) Granting options to connected persons

Any grant of options to a Director, chief executive or substantial shareholder (as defined in the GEM Listing Rules) of our Company or any of their respective associates (as defined in the GEM Listing Rules) is required to be approved by our independent non-executive Directors (excluding any independent non-executive Director who is the grantee of the options). If the Board proposes to grant options to a substantial shareholder or any independent non-executive Director or their respective associates (as defined in the GEM Listing Rules) which will result in the number of Shares issued and to be issued upon exercise of options granted and to be granted (including options exercised, cancelled and outstanding) such person in the 12-month period up to and including the date of such grant:

- (i) representing in aggregate over 0.1% of the Shares in issue; and
- (ii) having an aggregate value in excess of HK\$5 million or such other sum as may be from time to time provided under the GEM Listing Rules, based on the closing price of the Shares as stated in the daily quotation sheets of the Stock Exchange at the date of each grant,

such further grant of options will be subject to the approval of our independent non-executive Directors as referred to in this paragraph, the issue of a circular by our Company and the approval of our Shareholders in general meeting on a poll at which all connected persons (as defined in the GEM Listing Rules) of our Company shall abstain from voting in favour, and/or such other requirements prescribed under the GEM Listing Rules from time to time. Any vote taken at the meeting to approve the grant of such options shall be taken as a poll.

The circular to be issued by our Company to our Shareholders pursuant to the above paragraph shall contain the following information:

- (i) the details of the number and terms (including the exercise price) of the options to be granted to each selected Eligible Participant, which must be fixed before the Shareholders' meeting and the date of the Board meeting for proposing such further grant shall be taken as the date of grant for the purpose of calculating the exercise price of such options;
- (ii) a recommendation from our independent non-executive Directors (excluding any independent non-executive Director who is the grantee of the options) to our independent Shareholders as to voting;
- (iii) the information required under Rule 23.02(2)(c) and (d) and the disclaimer required under Rule 23.02(4) of the GEM Listing Rules; and
- (iv) the information required under Rule 2.28 of the GEM Listing Rules.

(h) Restrictions on the times of grant of Options

A grant of options may not be made after a price sensitive event has occurred or a price sensitive matter has been the subject of a decision until such price sensitive information has been announced pursuant to the requirements of the GEM Listing Rules. In particular, no options may be granted during the period commencing one month immediately preceding the earlier of:

- (i) the date of the Board meeting (such date to first be notified to the Stock Exchange in accordance with the GEM Listing Rules) for the approval of our Company's results for any year, half-year, quarterly or other interim period (whether or not required under the GEM Listing Rules); and
- (ii) the deadline for our Company to publish an announcement of the results for any year, or half-year, or quarterly or other interim period (whether or not required under the GEM Listing Rules); and ending on the date of actual publication of the results announcement.

(i) Rights are personal to grantee

An option is personal to the grantee. No grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest (legal or beneficial) in favour of any third party over or in relation to any option or attempt so to do (save that the grantee may nominate a nominee in whose name the Shares issued pursuant to the Share Option Scheme may be registered). Any breach of the foregoing shall entitle our Company to cancel any outstanding options or any part thereof granted to such grantee.

(j) Time of exercise of option and duration of the Share Option Scheme

An option may be exercised in accordance with the terms of the Share Option Scheme at any time after the date upon which the option is deemed to be granted and accepted and prior to the expiry of 10 years from that date. The period during which an option may be exercised will be determined by the Board in its absolute discretion, save that no option may be exercised more than 10 years after it has been granted. No option may be granted more than 10 years after the date of approval of the Share Option Scheme by our Shareholders (the “**Adoption Date**”). Subject to earlier termination by our Company in general meeting or by the Board, the Share Option Scheme shall be valid and effective for a period of 10 years from the Adoption Date.

(k) Performance target

A grantee may be required to achieve any performance targets as the Board may then specify in the grant before any options granted under the Share Option Scheme can be exercised.

(l) Rights on ceasing employment/death

If the grantee of an option ceases to be an Eligible Participant:

- (i) by any reason other than death, ill-health, injury, disability or termination of his/her relationship with our Company and/or any of its subsidiaries on one or more of the grounds specified in paragraph (m) below, the grantee may exercise the option up to the entitlement of the grantee as at the date of cessation (to the extent not already exercised) within a period of one month (or such longer period as the Board may determine) from such cessation which date shall be the last actual working day with our Company or the relevant subsidiary whether salary is paid in lieu of notice or not, failing which it will lapse (or such longer period as our Company may determine); or
- (ii) by reason of death, ill-health, injury or disability (all evidenced to the satisfaction of the Board) and none of the events which would be a ground for termination of his relationship with our Company and/or any of its subsidiaries under paragraph (m) has occurred, the grantee or his personal representative(s) may exercise the option within a period of 12 months (or such longer period as the Board may determine) from the date of cessation of being an Eligible Participant or death to exercise the Options in full (to the extent not already exercised).

(m) Rights on dismissal

If the grantee of an option ceases to be an Eligible Participant on the grounds that he has been guilty of serious misconduct, or has committed any act of bankruptcy or has become insolvent or has made any arrangements or composition with his/her creditors generally, or has been convicted of any criminal offence involving his/her integrity or honesty, his/her option will lapse and not be exercisable after the date of termination of his/her employment.

(n) Rights on takeover

If a general offer is made to all our Shareholders (or all such Shareholders other than the offeror and/or any person controlled by the offeror and/or any person acting in concert with the offeror (as defined in the Takeovers Code)) and such offer becomes or is declared unconditional during the option period of the relevant option, the grantee of an option shall be entitled to exercise the option in full (to the extent not already exercised) at any time within 14 days after the date on which the offer becomes or is declared unconditional.

(o) Rights on winding-up

In the event that a notice is given by our Company to its members to convene a general meeting for the purposes of considering, and if thought fit, approving a resolution to voluntarily wind-up our Company, our Company shall forthwith give notice thereof to all grantees and thereupon, each grantee (or his legal personal representative(s)) shall be entitled to exercise all or any of his options (to the extent not already exercised) at any time not later than two business days prior to the proposed general meeting of our Company referred to above by giving notice in writing to our Company, accompanied by a remittance for the full amount of the aggregate subscription price for the Shares in respect of which the notice is given, whereupon our Company shall as soon as possible and, in any event, no later than the business day immediately prior to the date of the proposed general meeting, allot the relevant Shares to the grantee credited as fully paid.

(p) Rights on compromise or arrangement between our Company and its members or creditors

If a compromise or arrangement between our Company and its members or creditors is proposed for the purposes of a scheme for the reconstruction of our Company or its amalgamation with any other companies pursuant to the laws of the jurisdiction in which our Company was incorporated, our Company shall give notice to all the grantees of the options on the same day as it gives notice of the meeting to its members or creditors summoning the meeting to consider such a scheme or arrangement and any grantee may by notice in writing to our Company accompanied by a remittance for the full amount of the aggregate subscription price for the Shares in respect of which the notice is given (such notice to be received by our Company no later than two business days prior to the proposed meeting), exercise the option to its full extent or to the extent specified in the notice and

our Company shall as soon as possible and in any event no later than the business day immediately prior to the date of the proposed meeting, allot and issue such number of Shares to the grantee which falls to be issued on such exercise of the option credited as fully paid and register the grantee as holder thereof.

With effect from the date of such meeting, the rights of all grantees to exercise their respective options shall forthwith be suspended. Upon such compromise or arrangement becoming effective, all options shall, to the extent that they have not been exercised, lapse and determine. If for any reason such compromise or arrangement does not become effective and is terminated or lapses, the rights of grantees to exercise their respective options shall with effect from such termination be restored in full but only upon the extent not already exercised and shall become exercisable.

(q) Ranking of Shares

The Shares to be allotted upon the exercise of an option will not carry voting rights until completion of the registration of the grantee (or any other person) as the holder thereof. Subject to the aforesaid, Shares allotted and issued on the exercise of options will rank *pari passu* and shall have the same voting, dividend, transfer and other rights (including those arising on liquidation) as are attached to the other fully-paid Shares in issue on the date of exercise, save that they will not rank for any dividend or other distribution declared or recommended or resolved to be paid or made by reference to a record date falling on or before the date of exercise.

(r) Effect of alterations to capital

In the event of any alteration in the capital structure of our Company whilst any option may become or remains exercisable, whether by way of capitalisation issue, rights issue, consolidation, subdivision or reduction of share capital of our Company, such corresponding alterations (if any) shall be made in the number of Shares subject to any outstanding options and/or the subscription price per Share of each outstanding option as the auditors of our Company or an independent financial adviser shall certify in writing to the Board to be in their/his opinion fair and reasonable in compliance with Rule 23.03(13) of the GEM Listing Rules and the note thereto and the supplementary guidance attached to the letter from the Stock Exchange dated 5 September 2005 to all issuers relating to share option schemes. The capacity of the auditors of our Company or the approved independent financial adviser, as the case may be, in this paragraph is that of experts and not arbitrators and their certificate shall, in the absence of manifest error, be final and conclusive and binding on our Company and the grantees.

Any such alterations will be made on the basis that a grantee shall have the same proportion of the equity 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 issuers relating to share option schemes) for which any grantee of an option is entitled to subscribe pursuant to the options held by him before such alteration provided

that no such alteration shall be made if the effect of which would be to enable a Share to be issued at less than its nominal value. The issue of securities as consideration in a transaction is not to be regarded as a circumstance requiring any such alterations.

(s) *Expiry of option*

An option shall lapse automatically and shall not be exercisable (to the extent not already exercised) on the earliest of:

- (i) the date of expiry of the option as may be determined by the Board;
- (ii) the expiry of any of the periods referred to in paragraphs (l), (m), (n);
- (iii) the date upon which the scheme of arrangement of our Company referred to in paragraph (p) becomes effective;
- (iv) subject to paragraph (o), the date of commencement of the winding-up of our Company;
- (v) the date upon which the grantee ceases to be an Eligible Participant by reason of such grantee's resignation from the employment of our Company or any of its subsidiaries or the termination of his or her employment or contract on the grounds that he or she has been guilty of serious misconduct, or has committed any act of bankruptcy or is unable to pay his or her debts or has become insolvent or has made any arrangement or has compromised with his or her creditors generally, or has been convicted of any criminal offence involving his or her integrity or honesty or has been in breach of contract. A resolution of the Board to the effect that the employment of a grantee has or has not been terminated on one or more of the grounds specified in this paragraph shall be conclusive; or
- (vi) the date upon which the Board shall exercise our Company's right to cancel the option at any time after the grantee commits a breach of paragraph (i) above or the options are cancelled in accordance with paragraph (u) below.

(t) *Alteration of the Share Option Scheme*

The Share Option Scheme may be altered in any respect by resolution of the Board except that:

- (i) any alteration to the advantage of the grantees or the Eligible Participants (as the case may be) in respect of the matters contained in Rule 23.03 of the GEM Listing Rules; and

- (ii) any material alteration to the terms and conditions of the Share Option Scheme or any change to the terms of options granted, shall first be approved by our Shareholders in general meeting provided that if the proposed alteration shall adversely affect any option granted or agreed to be granted prior to the date of alteration, such alteration shall be further subject to the grantees' approval in accordance with the terms of the Share Option Scheme. The amended terms and any adjustment to be made to the exercise price of the Share Option Scheme shall still comply with Chapter 23 of the GEM Listing Rules, the supplemental guidance of 5 September 2005 and any future guidance or interpretation of the GEM Listing Rules from time to time and any change to the authority of the Board in relation to any alteration to the terms of the Share Option Scheme must be approved by our Shareholders in general meeting.

(u) Cancellation of Options

Any cancellation of options granted but not exercised must be approved by the grantees of the relevant options in writing. For the avoidance of doubt, such approval is not required in the event that any option is cancelled pursuant to paragraph (i).

(v) Termination of the Share Option Scheme

Our Company may by resolution in general meeting or the Board may at any time terminate the Share Option Scheme and in such event no further option shall be offered but the provisions of the Share Option Scheme shall remain in force to the extent necessary to give effect to the exercise of any option granted prior thereto or otherwise as may be required in accordance with the provisions of the Share Option Scheme.

Options granted prior to such termination but not yet exercised at the time of termination shall continue to be valid and exercisable in accordance with the Share Option Scheme.

(w) Administration of the Board

The Share Option Scheme shall be subject to the administration of the Board whose decision as to all matters arising in relation to the Share Option Scheme or its interpretation or effect (save as otherwise provided herein) shall be final and binding on all parties.

(x) Conditions of the Share Option Scheme

The Share Option Scheme is conditional on:

- (i) the Listing Committee granting the listing of and permission to deal in the Shares which may fall to be issued pursuant to the exercise of options to be granted under the Share Option Scheme;

- (ii) the obligations of the Underwriters under the Underwriting Agreements becoming unconditional (including, if relevant, as a result of the waiver of any such condition(s) by the Sole Global Coordinator, the Joint Bookrunners and the Co-lead Managers (for themselves and on behalf of the Underwriters)) and not being terminated in accordance with the terms of the Underwriting Agreements or otherwise; and
- (iii) the commencement of dealings in the Shares on the Stock Exchange.

If the conditions in paragraph (x) above are not satisfied within 12 calendar months from the Adoption Date:

- (i) the Share Option Scheme shall forthwith determine;
- (ii) any option granted or agreed to be granted pursuant to the Share Option Scheme and any offer of such a grant shall be of no effect; and
- (iii) no person shall be entitled to any rights or benefits or be under any obligations under or in respect of the Share Option Scheme or any option granted thereunder.

(y) Disclosure in annual and interim reports

Our Company will disclose details of the Share Option Scheme in its annual and interim reports including the number of options, date of grant, exercise price, exercise period and vesting period during the financial year/period in the annual/interim reports in accordance with the GEM Listing Rules in force from time to time.

As at the Latest Practicable Date, no option had been granted or agreed to be granted under the Share Option Scheme.

Application has been made to the Listing Committee for the listing of, and permission to deal in, the Shares which may fall to be issued pursuant to the exercise of the options to be granted under the Share Option Scheme, being 96,000,000 Shares in total.

14. Estate duty, tax and other indemnity

The Controlling Shareholders, (the “**Indemnifiers**”) have entered into a deed of indemnity (“**Deed of Indemnity**”) with and in favour of our Company (for itself and as trustee for each of our subsidiaries stated therein) (being the material contract (g) referred to in paragraph 7 in this appendix above) to provide indemnities on a joint and several basis, in respect of, among other matters:

- (a) any liability for Hong Kong estate duty which might be incurred by any member of our Group by reason of any transfer of property (within the meaning of sections 35 and 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) to any member of our Group at any time on or before the Listing;

- (b) tax liabilities (including all fines, penalties, costs, charges, expenses and interests incidental or relating to taxation) which might be payable by any member of our Group in respect of any income, profits, gains, transactions, events, matters or things earned, accrued, received, entered into or occurring on or before the Listing Date, whether alone or in conjunction with any other circumstances whenever occurring and whether or not such tax liabilities are chargeable against or attributable to any other person, firm, company or corporation;
- (c) any expenses, payments, sums, outgoings, fees, demands, claims, damages, losses, costs (including but not limited to legal and other professional costs), charges, liabilities, fines, penalties in connection with any failure, delay or defects of corporate or regulatory compliance or errors, discrepancies or missing documents in the statutory records of any member of our Group under, or any breach of any provision of, the Companies Ordinance or any other applicable laws, rules or regulations on or before the date on which the Share Offer becomes unconditional; and
- (d) all claims, payments, suits, damages, settlements, sums, outgoings, fees, losses and any associated costs and expenses which would be incurred or suffered directly or indirectly, from or on the basis of or in connection with the legal proceedings and non-compliance matters by any member of our Group as described in the sections headed “Business – Legal proceedings” and “Business – Regulatory compliance” in this prospectus in connection with any other non-compliance of any member of our Group which has occurred at any time on or before the Listing Date.

The Indemnifiers are under no liability under the Deed of Indemnity in respect of any taxation:

- (a) to the extent that provision or reserve has been made for such taxation in the audited accounts of any member of our Group for any accounting period up to 31 March 2018;
- (b) to the extent that such taxation or liability falling on any of the members of our Group in respect of any accounting period commencing on or after 1 April 2018 and ending on the Listing Date, where such taxation or liability would not have arisen but for some act or omission of, or transaction voluntarily entered into by, any member of our Group (whether alone or in conjunction with some other act, omission or transaction, whenever occurring) without the prior written consent or agreement of the Indemnifiers, other than any such act, omission or transaction:
 - (i) carried out or effected in the ordinary course of business or in the ordinary course of acquiring and disposing of capital assets on or before the Listing Date; and

- (ii) carried out, made or entered into pursuant to a legally binding commitment created on or before the Listing Date or pursuant to any statement of intention made in this prospectus; or
- (c) to the extent that such taxation liabilities or claim arise or are incurred as a result of the imposition of taxation as a consequence of any retrospective change in the law, rules and regulations or the interpretation or practice thereof by the Hong Kong Inland Revenue Department or any other relevant authority (whether in Hong Kong or any other part of the world) coming into force after the date of the Deed of Indemnity or to the extent such claim arises or is increased by an increase in rates of taxation or claim after the date of the Deed of Indemnity with retrospective effect; or
- (d) to the extent that any provision or reserve made for taxation in the audited accounts of any member of our Group up to 31 March 2018 which is finally established to be an over-provision or an excessive reserve, in which case the Indemnifiers' liability (if any) in respect of taxation shall be reduced by an amount not exceeding such provision or reserve, provided that the amount of any such provision or reserve applied referred to in this paragraph to reduce the Indemnifiers' liability in respect of taxation shall not be available in respect of any such liability arising thereafter.

Under the Deed of Indemnity, the Indemnifiers have also undertaken to us that they will indemnify and at all times keep our Company fully indemnified, on a joint and several basis, from any depletion in or reduction in value of its assets or any loss (including all legal costs and suspension of operation), cost, expenses, damages or other liabilities which any member of our Group may incur or suffer arising from or in connection with the implementation of the Reorganisation.

15. Litigation

As at the Latest Practicable Date, neither our Company nor any of our subsidiaries is engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is known to our Directors to be pending or threatened against our Company or any of our subsidiaries, that would have a material adverse effect on the results of operations or financial condition of our Company.

16. Preliminary expenses

The preliminary expenses of our Company are estimated to be approximately HK\$49,000 and are payable by our Company.

17. Promoter

Our Company has no promoter for the purpose of the GEM Listing Rules.

18. Agency fees or commissions received

The commission and expenses relating to the Share Offer that are to be borne by our Company are set out in the section headed “Underwriting” in this prospectus.

19. Application for listing of Shares

The Sponsor has made an application on behalf of our Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus and any Shares which may be issued upon the exercise of the Offer Size Adjustment Option and any options which may be granted under the Share Option Scheme on the Stock Exchange. All necessary arrangements have been made to enable the securities to be admitted into CCASS. The Sponsor is independent from our Company pursuant to Rule 6A.07 of the GEM Listing Rules.

The Sponsor will be paid by our Company a total fee of HK\$6,000,000 to act as the sponsor to our Company in connection with the Share Offer.

20. Qualifications of experts

The qualifications of the experts who have given opinions and/or whose names are included in this prospectus are as follows:

Name	Qualification
Ample Capital Limited	A licensed corporation engaging in type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the SFO
Wellink CPA Limited	Certified public accountants
Wellink Corporate Advisory Limited	Internal control adviser
Conyers Dill & Pearman	Cayman Islands legal advisers
Ipsos Limited	Professional market research consultant
Shu Jin Law Firm	PRC legal advisers
Rato, Ling, Lei & Cortés – Advogados	Macau legal advisers
Mr. Cheung, Harrison C.H.	Barrister-at-law in Hong Kong
The Concord Consulting Service Limited	Tax adviser with representative registered as Certified Tax Adviser of the Taxation Institute of Hong Kong

21. Consents of experts

Each of Ample Capital Limited, Wellink CPA Limited, Wellink Corporate Advisory Limited, Conyers Dill & Pearman, Ipsos Limited, Shu Jin Law Firm, Rato, Ling, Lei & Cortés – Advogados, Mr. Cheung, Harrison C.H. and The Concord Consulting Service Limited, has given and has not withdrawn its written consent to the issue of this prospectus with copies of its reports, valuation, 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. Taxation of holders of Shares***(a) Hong Kong***

Dealings in Shares registered on our Company's Hong Kong branch register of members will be subject to Hong Kong stamp duty. The sale, purchase and transfer of Shares are subject to Hong Kong stamp duty, the current rate of which is 0.2% of the consideration or, if higher, the value of the Shares being sold or transferred.

Profits from dealings in the Shares arising in or derived from Hong Kong may also be subject to Hong Kong profits tax.

(b) The Cayman Islands

No stamp duty is payable in the Cayman Islands on transfer of shares of Cayman Islands companies except those which hold interests in land in the Cayman Islands.

(c) Consultation with professional advisers

Intending holders of Shares are recommended to consult their professional advisers if they are in any doubt as to the taxation implications of subscribing for, purchasing, holding or disposing of or dealing in Shares or exercising any rights attaching to them. It is emphasised that none of our Company, our Directors or the other parties involved in the Share Offer can accept responsibility for any tax effect on, or liabilities of, holders of Shares resulting from their subscription for, purchase, holding or disposal of or dealing in Shares or exercising any rights attaching to them.

24. Miscellaneous

- (a) Save as disclosed herein:
 - (i) within two years preceding the date of this prospectus:
 - (aa) no share or loan capital of our Company or of 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; and
 - (bb) no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any share or loan capital of our Company or any of our subsidiaries; and
 - (cc) no commission has been paid or payable for subscribing or agreeing to subscribe, or procuring or agreeing to procure the subscriptions, for any shares in our Company or any of our subsidiaries;
 - (ii) no share or loan capital of our Company or any of our subsidiaries is under option or is agreed conditionally or unconditionally to be put under option; and
- (b) Our Directors confirm that there has been no material adverse change in the financial or trading position or prospects of our Group since 31 March 2018 (being the date to which the latest consolidated financial statements of our Group were made up).
- (c) There has not been any interruption in the business of our Group which may have or has had a significant effect on the financial position of our Group in the 12 months preceding the date of this prospectus.
- (d) There is no arrangement under which future dividends are waived or agreed to be waived.
- (e) Our Company has no outstanding convertible debt securities or debentures.
- (f) No company within our Group is presently listed on any stock exchange or traded on any trading system.

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 (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

26. Others

The English text of this prospectus shall prevail over the Chinese text.

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

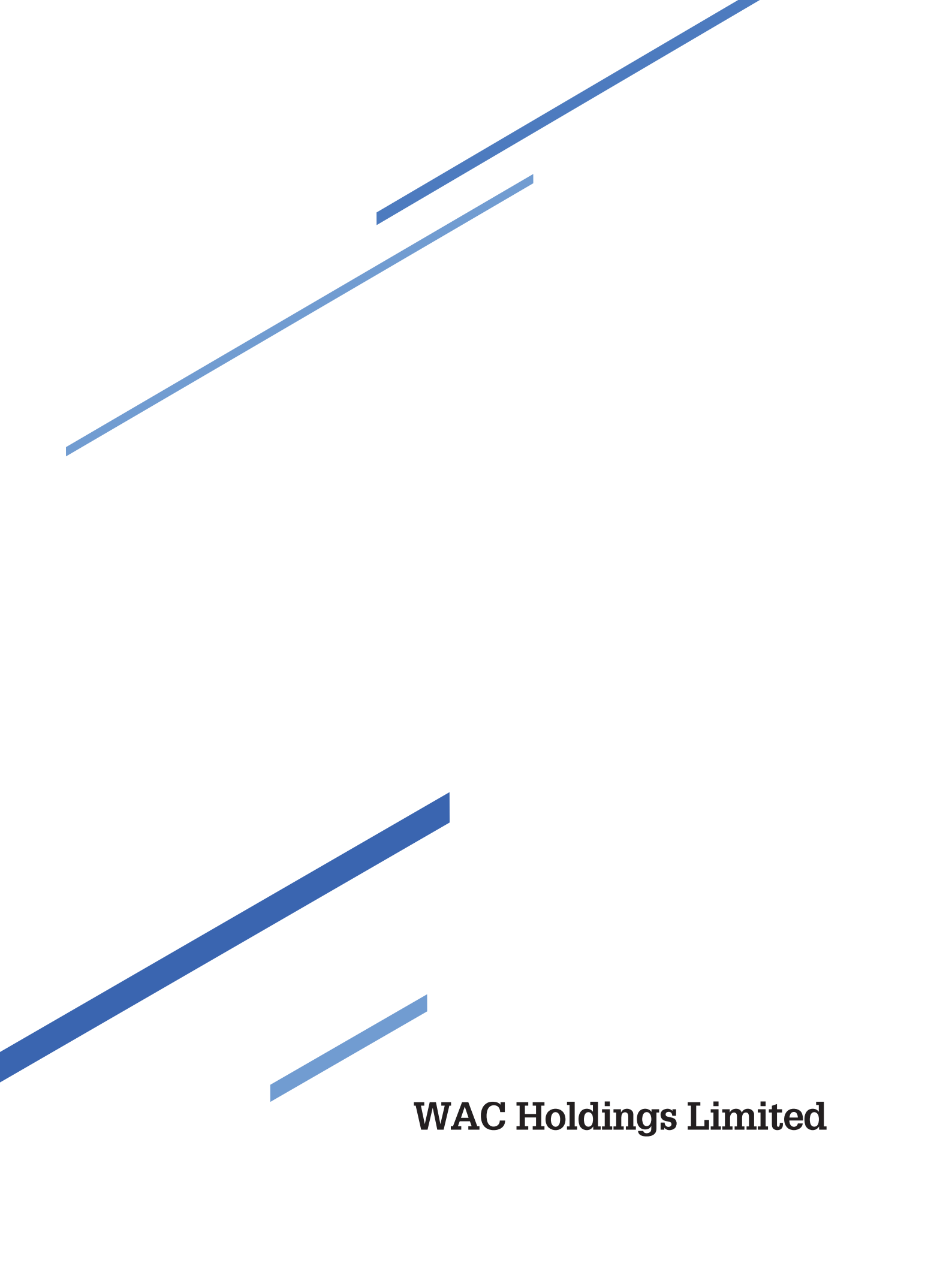
The documents attached to a copy of this prospectus and delivered to the Registrar of Companies in Hong Kong for registration were, amongst other documents, copies of the **WHITE** and **YELLOW** Application Forms, copies of the written consents referred to in the section headed “Statutory and general information – Other information – 21. Consents of experts” in Appendix IV to this prospectus and copies of the material contracts referred to in the section headed “Statutory and general information – Further information about the business of our Company – 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 our Company’s principal place of business in Hong Kong at Floor 9, 9 Wing Hong Street, Cheung Sha Wan, Kowloon, Hong Kong, during normal business hours from 9:00 a.m. up to 5:00 p.m. up to and including the date which is 14 days from the date of this prospectus:

- (a) our Memorandum and the Articles of Association;
- (b) the Accountants’ Report from Wellink CPA Limited in respect of the historical financial information for each of the three years ended 31 March 2018, the text of which is set out in Appendix I to this prospectus;
- (c) the report on the unaudited pro forma financial information of our Group from Wellink CPA Limited, the text of which is set out in Appendix II to this prospectus;
- (d) the audited financial statements of our Group for each of the three years ended 31 March 2018;
- (e) the internal control report prepared by Wellink Corporate Advisory Limited;
- (f) the Companies Law;
- (g) the letter of advice prepared by Conyers Dill & Pearman summarising certain aspects of the Cayman Islands company law referred to in Appendix III to this prospectus;
- (h) the legal opinion prepared by the PRC Legal Advisers as to PRC laws;
- (i) the legal opinion prepared by the Macau Legal Advisers as to Macau laws;
- (j) the legal opinions prepared by Mr. Cheung, Harrison C.H.;
- (k) the transfer pricing memorandum in respect of the transfer pricing arrangement of the Group, issued by The Concord Consulting Service Limited;

- (l) the material contracts referred to in the section headed “Statutory and general information – Further information about the business of our Company – 7. Summary of material contracts” in Appendix IV to this prospectus;
- (m) the written consents referred to in the section headed “Statutory and general information – Other information – 21. Consents of experts” in Appendix IV to this prospectus;
- (n) the Share Option Scheme;
- (o) the service contracts and letters of appointment referred to in the section headed “Statutory and general information – Further information about our Directors and Shareholders – 10. Directors” in Appendix IV to this prospectus; and
- (p) the Ipsos Report.



WAC Holdings Limited