FUTURE PLANS

Please refer to the section headed "Business — Business strategies" for a detailed description of our future plans.

USE OF PROCEEDS

We estimate that we will receive net proceeds of approximately HK$85.5 million (equivalent to approximately RMB77.9 million) from the Global Offering, after deducting the underwriting commissions and other estimated expenses payable by us in connection with the Global Offering, assuming the Over-allotment Option is not exercised, and assuming an Offer Price of HK$1.18 per Share, being the mid-point of the indicative Offer Price range. In the event that the Over-allotment Option is exercised in full and assuming an Offer Price of HK$1.18 per Share, being the mid-point of the indicative Offer Price, we will receive additional net proceeds from the Global Offering of approximately HK$20.0 million (equivalent to approximately RMB18.2 million). We intend to use such net proceeds from the Global Offering for the purposes and in the amounts set forth below:

Amount of net proceeds	Use of proceeds
(i) approximately 50.0%, or approximately HK$42.8 million (equivalent to approximately RMB38.9 million)	to fund our upfront expenditure of three projects on hand
(ii) approximately 20.0%, or approximately HK$17.1 million (equivalent to approximately RMB15.6 million)	to acquire and/or replace our construction machinery and equipment
(iii) approximately 20.0%, or approximately HK$17.1 million (equivalent to approximately RMB15.6 million)	to fund the establishment and operation of our know-how centre including (a) recruiting professionals; (b) purchasing equipment and software; (c) financing the operating costs including purchasing the materials to be used in R&D; and (d) paying the rent and renovation costs of the know-how centre to strengthen our R&D capabilities
(iv) approximately 10.0%, or approximately HK$8.5 million (equivalent to approximately RMB7.8 million)	for working capital and general corporate purposes

We intend to apply the net proceeds according to the time frame set forth below:

Purpose	Expected time frame for applying the net proceeds: First Half 2023	Second Half 2023	First Half 2024	Second Half 2024	Total
	RMB million	*RMB million*	*RMB million*	*RMB million*	*RMB million*
(i) to fund our upfront expenditure of three projects on hand	24.8	14.1	—	—	38.9
(ii) to acquire and/or replace our construction machinery and equipment	10.0	5.6	—	—	15.6
(iii) to fund the establishment and operation of our know-how centre	5.1	4.3	2.9	3.3	15.6
(iv) for working capital and general corporate purposes	7.8	—	—	—	7.8
Total	47.7	24.0	2.9	3.3	77.9

The details are set out below:

(i) approximately 50.0%, or approximately HK$42.8 million (equivalent to approximately RMB38.9 million), of the net proceeds from the Global Offering will be used for funding our upfront expenditure of three projects on hand.

Generally, according to the construction contracts entered into between our Group and our customers, we are entitled to bill the customers based on the following:

(a) During the project implementation phase, unless there are specific milestones stipulated in the relevant contracts, the progress billable amount is based on a progress billable percentage, generally ranging from 70% to 85%, of the total value of the work performed, as stipulated in the relevant construction contract (with exceptions as stated in the section headed "Business — Our business operations — Operating process — Project implementation phase — Progress billing to customers" in this prospectus).

(b) If specific milestones are stipulated in the contracts, generally speaking, we are able to start billing at an agreed percentage, generally ranging from 70% to 85%, of the total value of work performed upon achieving the relevant milestone (with exceptions as stated in the section headed "Business — Our business operations — Operating process — Project implementation phase — Progress billing to customers" in this prospectus). The billable percentages may vary upon reaching different milestones and typical milestones stipulated in construction contracts include (i) the completion of the foundation works and/or the basement of the buildings; (ii) the completion of the main structure and/or the roofing of the buildings; and (iii) the removal of exterior frames of the buildings.

(c) the total amount we are entitled to make billing to our customers (on an accumulative basis) generally amounted to up to 95% to 97% of the final settlement value after the settlement audit. Usually, retention money of 3% to 5% of the final settlement value will be retained by the customers for a warranty period of one year to two years after the completion and acceptance of the project.

Accordingly, during the Track Record Period, as we incur material costs and subcontracting costs during the initial stage of some projects, we experience a net cash outflow before reaching the milestone that we were entitled to bill our customers. According to the F&S Report, it is common for construction contracts to include several prescribed milestones in the PRC construction industry and thus leading to main contractors usually has a net cash outflow at the initial stage of construction projects. Please refer to the section headed "Business — Our Business Operations — Our Liquidity Position" in this prospectus for details of our need to fund our upfront expenditure of our projects.

Our Directors intend to apply approximately 50%, or approximately HK$42.8 million (equivalent to approximately RMB38.9 million), of our net proceeds from the Global Offering to satisfy the expenditure of the following three projects which were awarded and contracted in 2021 to 2022 and experiencing cash flow mismatch as at the Latest Practicable Date, among which:

(i) approximately 68.6%, or approximately HK$29.4 million (equivalent to approximately RMB26.7 million), of the net proceeds from the Global Offering will be used for purchasing raw materials such as steel, cement and concrete;

(ii) approximately 30.3%, or approximately HK$13.0 million (equivalent to approximately RMB11.8 million), of the net proceeds from the Global Offering will be used for paying labour subcontracting costs and labour costs; and

(iii) approximately 1.1%, or approximately HK$0.4 million (equivalent to approximately RMB0.4 million), of the net proceeds from the Global Offering will be used for paying subcontracting costs.

The three projects represented all the projects that will be funded using the net proceeds from the Global Offering. Our Directors estimate the aggregate expenditure required for the following three projects to be approximately RMB1,712.7 million, which is based on our cost budget as prepared by our market operation department and reviewed by the person in charge of our market operation department and our cost and contract department and technical department and approved by the vice manager of our market operation department and our general manager before we submit the relevant tender. In general, the costs analysis includes raw materials costs, labour costs, machinery and equipment costs, subcontracting costs and other miscellaneous costs. The cost budget is prepared based on our best estimation according to the complexity, scale and schedule of each construction project, the quotations provided by our suppliers, as well as our experiences in different types of construction works and the cost budget for previous similar projects during the Track Record Period. The details of the three projects are set out below:

Project name	Project location	Type of construction works	Project status	Total contract sum [(3)]	Expected project completion date	Cost paid as at the Latest Practicable Date	Estimated cash flow mismatch [(1)]		
							2Q2023	3Q2023	4Q2023
				RMB million		*RMB million*	*RMB million*	*RMB million*	*RMB million*
1. Sharing Lease Housing* (共享租賃住房)	Hainan	Civil building construction	Work to be commenced in April 2023	1,100.9	4Q2025	—	19.9	13.9	15.0
2. Huayuan County Mobile Company Dormitory Old Residential Areas Supporting Infrastructure Renovation Project*(花垣縣移動公司宿舍片區老舊社區配套基礎設施改造項目)[(2)]	Hunan	Civil building construction	Commenced work in January 2023	54.0	4Q2023	0.2	4.9	2.0	2.0
3. Lixun Changjiang* (力迅•昌江項目)	Hainan	Civil building construction	Work to be commenced in June 2023[(4)]	719.9	4Q2026	—	—	8.6	8.6
Total						0.2	24.8	24.5	25.6
Expected amount of net proceeds to be applied for funding the three projects							**24.8**	**14.1**	**–**

Notes:

(1) The estimated cash flow mismatch calculation for second quarter of 2023 ("**2Q2023**"), third quarter of 2023 ("**3Q2023**") and fourth quarter of 2023 ("**4Q2023**") is based on, among other things (i) estimated project schedule applicable; (ii) actual costs incurred as at the Latest Practicable Date; (iii) payment terms stipulated in the relevant contracts and credit terms granted to our customers; and (iv) estimated credit terms granted by our suppliers and subcontractors.

(2) As at the Latest Practicable Date, upfront expenditure incurred for Huayuan County Mobile Company Dormitory Old Residential Areas Supporting Infrastructure Renovation Project* (花垣縣移動公司宿舍片區老舊社區配套基礎設施改造項目) primarily included labour costs and subcontracting costs, design fee and other raw materials costs.

(3) Contract sums do not include any variation orders and/or VAT.

(4) As informed by the customer of this project, the expected commencement date of this project is delayed to June 2023 due to change in project design.

As cashflow mismatch usually arises in the initial stage of a construction project before reaching the milestone that we are entitled to bill our customers, even though the estimated aggregate expenditure required for the aforementioned three projects amounted to not less than approximately RMB1,712.7 million, it is estimated that the cash flow mismatch for the aforementioned three projects would be approximately RMB74.9 million only for 2Q2023, 3Q2023 and 4Q2023. The amount of cashflow mismatch of these projects is expected to increase from approximately RMB24.8 million for 2Q2023 to RMB25.6 million for 4Q2023. After passing the initial stage of these projects, our Directors do not expect there will be significant cashflow mismatch afterwards. Despite the cashflow mismatch as illustrated above, we had fully considered the working capital needs for these projects which are included in the cash flow budget prepared by the finance department and approved by our general manager when we submitted tenders for the above three projects.

Therefore, in view of the reasons stipulated above and in line with our business strategy to capture more business opportunities and undertake more projects, our Directors consider that it would be desirable to seek other source of financing in order to fully capture the emerging business opportunities driven by the forecasted growth in the industry as well as the upcoming growth of our Group. We intend to apply approximately 50%, or approximately HK$42.8 million (equivalent to approximately RMB38.9 million), of the net proceeds from the Global Offering to fund approximately 44.3% of the estimated cash flow mismatch of the aforementioned three projects for 2Q2023, 3Q2023 and 4Q2023. Our Directors consider that funding partial upfront expenditure of our aforementioned three projects with the net proceeds enable us to reserve our financial resources for undertaking additional potential projects and expand our scale of operation. Please refer to the paragraph headed "Reasons for the Listing" below for further details.

(ii) approximately 20.0%, or approximately HK$17.1 million (equivalent to approximately RMB15.6 million), of the net proceeds from the Global Offering will be used by Zhongtian Construction to (i) replace part of our existing construction lifts and construction cranes which had attained the end of their useful lives; (ii) purchase construction machinery and equipment in other major construction locations and (iii) diversify our types of machinery and equipment in order to improve our operational efficiency and flexibility to undertake projects locating outside Zhuzhou. With more self-owned machinery and equipment, our Directors believe that our competitiveness in the market can be solidified by further reducing our reliance on suppliers for leasing of machinery and equipment for our construction projects and costs on renting machinery and equipment in the long run.

The new machinery and equipment to be acquired include (i) construction lifts, (ii) construction cranes, (iii) excavators and (iv) bulldozers. Set out below are details of the additional machinery and equipment we plan to acquire:

Type of machinery and equipment	Number of existing self-owned units as at 30 September 2022	Approximate average remaining useful life of the existing self-owned units as at 30 September 2022	Number of units to be purchased	Average purchase price per unit	Estimated total expenditure	Estimated useful life of the units to be purchased	Number of existing self-owned units to be replaced	Intended deploying location of the units to be purchased		
								Zhuzhou	Other cities in Hunan Province	Hainan Province
		(years)		*(RMB'000)*	*(RMB'000)*	*(years)*				
Construction Lift .	52	5.7	3	296.0	888	10	1	1(note 2)	1	1
Construction Crane	51	1.9	9	624.2	5,618	10	4	4(note 2)	2	3
Excavator(note 1) . .	—	—	6	1,016.7	6,100	10	—	5	—	2
Bulldozer(note 1) . .	—	—	6	500.0	3,000	10	—	3	—	3
Total	**103**		**24**		**15,606**		**5**	**13**	**3**	**9**

Notes:

(1) As at the Latest Practicable Date, we did not possess any excavator or bulldozer.

(2) The construction lifts and construction cranes to be acquired will be used for replacing one of our existing construction lift and four of our existing construction cranes in Zhuzhou which had attained the end of their useful lives.

We intend to apply part of the net proceeds from Global Offering to acquire and/or replace our construction machinery and equipment for the following purposes:

(i) Replacement part of our existing machinery and equipment

Our Group intended to replace some of our existing construction cranes and construction lifts which had attained the end of their useful lives with a view to improve our machinery stability and enhance our project safety. Based on our review conducted on our existing machinery and equipment, we plan to acquire one construction lift and four construction cranes to replace certain machinery that had attained the end of their expected useful lives.

(ii) Increasing our flexibility and capacity to undertake additional construction works, especially for those locating outside Zhuzhou

Our Directors also consider that it is in the interests of our Group to purchase additional machinery and equipment to cope with our business strategies and allow us to have more flexibility in allocating our resources in undertaking construction projects of varying scale, duration and scope of works and reduce our reliance on our suppliers for renting the aforementioned machinery and equipment. All of our construction lifts and construction cranes are currently located in Zhuzhou. During the Track Record Period, we primarily allocated our self-owned construction cranes and construction lifts to support our construction projects in Zhuzhou. In the event that there were idle construction lifts or construction cranes which were not deployed in our construction projects in Zhuzhou, we might lease them to our customers. For other construction projects located in other regions such as Hainan Province and cities in Hunan Province other than Zhuzhou during the Track Record Period, in the absence of self-owned machinery and equipment in these areas, we had to rent from other equipment suppliers. Since it may not be cost effective to transport the relevant machinery and equipment, which is generally large in size and bulky, our Directors are of the view that having additional machinery and equipment to be located close to our project sites can increase our flexibility and capacity to undertake additional construction works.

(iii) Enriching machinery and equipment portfolio to diversify our types of machinery and equipment

Moreover, different types of machinery and equipment are required for our construction projects and they all serve different functions. For example, construction cranes are used for lifting and transporting heavy materials for our building construction projects while excavators and bulldozers are generally used for carrying out foundation works of our foundation works projects, building construction projects and prefabricated steel structure construction projects. During the Track Record Period, our average utilisation rate of machinery and equipment was more than 80% and our leasing expenses for machinery and equipment also increased significantly by approximately 77.0% from FY2019 to FY2021. Such increase was mainly due to the increase in rental of machinery and equipment other than construction cranes and construction lifts to cater for the needs of our construction projects, including foundation works for certain residential building construction projects in FY2020 and FY2021. Despite our rental expenses for machinery and equipment dropped in 3Q2022 compared to 3Q2021 mainly due to decrement in foundation works engaged in 3Q2022, our Directors are of the view that our Company will be carrying out foundation works for civil building construction and other projects in the future. For details of the increase in rental costs, please refer to section headed "Financial information — Description of certain key items of our results of operations — Cost of sales". As at the Latest Practicable Date, we only possessed construction lifts and construction cranes and did not own any excavator or bulldozer. Our Directors consider that excavators and bulldozers are also major machinery and equipment for the civil building construction and foundation works projects. Therefore, in order to increase flexibility in operation and to reduce our reliance on equipment suppliers for renting excavator and bulldozer in the future, we intend to acquire five excavators and five bulldozers using the net proceeds from the Global Offering. In addition, among the three models of construction cranes which we plan to acquire, one of the models is suitable for supporting our prefabricated steel structure construction works which enable us to capture more opportunities in prefabricated steel structure construction. For details, please refer to section headed "Business — Business strategies — Capture the opportunities arising from the latest development trend of EPC model and green building including prefabricated construction method in the PRC" in this prospectus. Our Directors are of the view that our chance to be awarded new and sizeable construction projects would increase if we have the necessary machinery and equipment on hand which reduces the risk of failure to rent in the market and ensure timely performance for the progress of our construction projects. Our Directors consider that the number of construction machinery and equipment planned to be acquired by us is commercially justifiable based on our operational needs, having considered the number of our projects on hand as at the Latest Practicable Date and the anticipated additional new construction projects.

Furthermore, our Directors considered that the purchase of additional machinery and equipment could reduce our reliance on machinery suppliers and bring potential cost saving benefits to our Group. For illustrative purpose only, we set out below an analysis on the financial benefits and costs savings over a 12-month period in acquiring a construction lift, a construction crane, an excavator and a bulldozer (in terms of monetary value):

	Construction lift	**Construction crane**	**Excavator**	**Bulldozer**
	(RMB'000)	*(RMB'000)*	*(RMB'000)*	*(RMB'000)*
Estimated average annual cost of purchasing a unit [1]	38.6	70.6	136.7	90.0
Estimated average annual rental of renting a unit from supplier	152.1[2]	347.2[2]	328.3[3]	338.9[3]
Estimated cost saving over a 12-month period	113.5	276.6	191.6	248.9

Notes:

(1) The estimated average annual cost of purchasing a unit include depreciation and the cost of repair and maintenance (excluding the staff costs for operating the machinery).

(2) The estimated average annual rental of renting a construction lift and a construction crane from supplier is estimated based on the monthly rental rate for renting these two types of machinery during the Track Record Period (excluding the staff costs for operating the machinery), taking into account an estimated CAGR of 2.8% in the machinery cost from FY2022 to FY2026 with reference to the F&S Report.

(3) The estimated average annual rental of renting an excavator and a bulldozer from supplier is estimated based on the hourly rental rate for renting these two types of machinery during the Track Record Period (excluding the staff costs for operating the machinery) and the estimated operating time of the machinery, taking into account an estimated CAGR of 2.8% in the machinery cost from FY2022 to FY2026 with reference to the F&S Report.

Based on the above illustrations, should our Group purchase a brand new construction lift, construction crane, excavator or bulldozer, the total annual costs would be lower than renting from our suppliers. Accordingly, our Directors are of the view that purchasing additional machinery and equipment will lower our operational costs in the long term.

(iii) approximately 20.0%, or approximately HK$17.1 million (equivalent to approximately RMB15.6 million), of the net proceeds from the Global Offering will be used for funding the establishment and operation of our know-how centre in Zhuzhou which will act as a hub for R&D to strengthen our R&D capabilities in prefabricated steel structure construction and traditional construction and is expected to be completed in the second half year of 2023. Our Directors are of the view that being accredited as a High and New Technology Enterprise (高新技術企業) would require our continuous investment in R&D to enhance the efficiency and effectiveness of our construction solutions and to develop and adopt innovative construction solutions so as to maintain or even enhance our competitiveness in the construction industry. The details for applying the net proceeds to fund our know-how centre are as follows:

(a) approximately 9.1%, or approximately HK$7.8 million (equivalent to approximately RMB7.1 million) will be used for recruiting approximately 18 experienced professionals with R&D experience in prefabricated steel structure construction or traditional construction, including approximately five senior engineers to oversee the operation of our know-how centre and approximately 13 registered engineers for managing different R&D projects, who are experienced in the construction industry with salary ranging from RMB15,000 to RMB33,000 per month, from the first quarter of 2023, to the fourth quarter of 2024;

(b) approximately 6.0%, or approximately HK$5.1 million (equivalent to approximately RMB4.7 million) will be used for purchasing software for our R&D such as structural design software and 3D rendering software, as well as equipment for our R&D, starting from the second quarter of 2023. The number and type of equipment to be purchased and their corresponding estimated useful life are as follows:

		Number of equipment	Estimated useful life
			(years)
1.	Equipment for R&D, testing and analysing the chemical or components	11	5–10
2.	Computer and server	20	5
	Total	31	

(c) approximately 4.0%, or approximately HK$3.4 million (equivalent to approximately RMB3.1 million) will be used for financing the operating costs of our know-how centre including purchasing the materials to be used in R&D as materials was the major components of our R&D expenses for each year/period during the Track Record Period. As at the Latest Practicable Date, we had 37 on-going R&D projects and we intend to purchase different kinds of steel, such as steel pipe, steel bar truss floor deck and section steel which have different shape, size and thickness, of approximately 570 tonnes to 630 tonnes, different specification of concrete, such as plain concrete with different compressive strength and density and bituminous concrete, of approximately 1,600 m^3 to 1,800 m^3 and other construction materials including wooden formwork and asphalt surface materials for these on-going R&D projects with the net proceeds from the Global Offering.

(d) approximately 1.0%, or approximately HK$0.8 million (equivalent to approximately RMB0.8 million) will be used for paying the rent of a premises in Zhuzhou, starting from the first quarter of 2023 to the fourth quarter of 2024, with gross floor area of approximately 400 square metres and expected monthly rent of approximately RMB20,000 which will serve as our know-how centre and the renovation cost of the same premises.

(iv) approximately 10.0%, or approximately HK$8.5 million (equivalent to approximately RMB7.8 million), of the net proceeds from the Global Offering will be used for our working capital requirement and general corporate purposes.

If the Over-allotment Option is exercised in full, we estimate that the net proceeds of these additional Shares will be approximately HK$20.0 million (equivalent to approximately RMB18.2 million), after deducting the underwriting commissions and other estimated expenses payable by us in connection with the Global Offering, assuming an Offer Price of HK$1.18 per Share, being the mid-point of the indicative Offer Price range. We intend to use such additional net proceeds for the above uses on a pro rata basis.

If the Offer Price is fixed at HK$1.28 per Share, being the high-end of the indicative Offer Price range, and given that the Over-allotment Option is not exercised, we will receive additional net proceeds of approximately HK$11.3 million (equivalent to approximately RMB10.3 million). If the Offer Price is fixed at HK$1.08 per Share, being the low-end of the indicative Offer Price range, and given that the Over-allotment Option is not exercised, the net proceeds we receive will be reduced by approximately HK$11.3 million (equivalent to approximately RMB10.3 million). In such events, we intend to apply the additional amounts to, or reduce the amounts allocated to the above uses on a pro rata basis.

To the extent that the net proceeds from the Global Offering are not immediately applied to the above purposes, we intend to deposit such net proceeds into short-term interest-bearing accounts at licensed commercial banks and/or other authorised financial institutions in Hong Kong (as defined under the SFO) and the PRC (as defined under the PRC Laws).

We will issue an announcement if there is any material change in the abovementioned use of proceeds.

REASONS FOR LISTING

The following sets forth our main purposes for seeking the Listing:

(i) Listing provides our Group with additional access of equity funding by means of the issuance of new Shares. Our Directors believe that a combination of equity financing, debt financing and internal resources will provide a balanced and suitable capital structure to support the long-term growth of our Group. We believe that external financings are required to support our future expansion plans as detailed in "Business — Business Strategies" in this prospectus. Despite the cost of equity funding by way of the Global Offering after taking into account the Listing expenses might not be lower than debt financing, our Directors considered that:

  (a) finance costs will be incurred when our Group pursues debt financing exercise which will affect our financial performance. During the Track Record Period, the weighted average effective interest rates based on average of our total borrowings (including bank and other borrowings) exclude lease liability for FY2019, FY2020, FY2021 and 3Q2022 were 9.3%, 7.4%, 5.2% and 5.4%, respectively. Moreover, the increase in our debt level will lead to increase in our cash outflow to repay principal and interest, which will in turn increase the risk of bankruptcy, leading to increasing implicit cost of financing from debt financing. As such, financial institutions will require higher interest rate for any new debt sought by our Group. As a result, the overall cost of debt, and in turns the average cost of capital of our Group will increase if we rely solely on debt financing; and

  (b) equity financing is a more feasible fund raising method than debt financing to finance the long term future plans of our Group because financial institutions might request a significant amount of deposits, securities and properties to be pledged as a condition for obtaining debt financing and we may be subject to various covenants contained in relevant debt instruments that may restrict us from obtaining additional financing, conducting our business activities and distributing dividends; and

  (c) the Global Offering will broaden our Group capital base and provide a platform for our Group to raise fund, on a recurring basis which is not limited to the amount of net proceeds to be raised in the Global Offering, to finance our future business expansion and long-term development.

We intend to achieve operational and financial independence from our Controlling Shareholder, executive Directors and their respective associates and to attain sustainable growth. Our Directors consider that as a group of private companies, our Company, without a listing status, would be difficult to obtain bank borrowings with commercially acceptable terms without guarantees to be provided by the Controlling Shareholder. However, continuous reliance on our Controlling Shareholder, executive Directors and their respective associates for any form of financial assistance is a great hindrance to our Group in achieving financial independence. Our Directors therefore consider that it would not be in the interest of our Group to rely on debt financing that involves personal guarantees and/or collaterals provided by our Controlling Shareholder, executive Directors and their respective associates and advances from our Controlling Shareholder.

(ii) Listing provides a platform for our Group to access the capital markets for future secondary fund-raising through either (i) the issuance of Shares or (ii) for debt securities, depending on the prevailing market condition at the time of capital need so that for our Group's further expansion plans (other than those future plans stated in this prospectus) can be supported when opportunities arise. Furthermore, the ability to obtain bank financing is generally easier with a listed entity as compared to a private entity and our Directors believe that a Listing status will allow us to gain leverage in obtaining bank financing with relatively more favourable terms in the PRC and Hong Kong, in which the latter in general has a lower interest rate than in the PRC;

(iii) Listing can enhance our corporate image and status and provide reassurance and confidence to our customers, suppliers and subcontractors, which in turn provides a stronger bargaining position when exploring new business opportunities with our customers, suppliers and subcontractors; and

(iv) Listing enables us to enhance employee incentive and commitment. As a construction services provider, experienced and quality staff are vital to our business operations and future development, being a listed company can help to attract, recruit and retain our valued management personnel, employees and skilled professionals to provide additional incentive. As such, we have put in place the Share Option Scheme for our employees in order to attract and retain talents. Please refer to the paragraph headed "D. Share Option Scheme" in Appendix V to this prospectus for a summary of principal terms of the scheme.