

EXCEL DEVELOPMENT (HOLDINGS) LIMITED

怡益控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1372

SHARE OFFER

Sole Sponsor, Bookrunner and Lead Manager



Mizuho Securities Asia Limited

IMPORTANT

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



Excel Development (Holdings) Limited 怡益控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Share Offer

Number of Offer Shares	: 50,000,000 Shares (subject to the Offer Size Adjustment Option)
Number of Public Offer Shares	: 5,000,000 Shares (subject to reallocation)
Number of Placing Shares	: 45,000,000 Shares (subject to reallocation and the Offer Size Adjustment Option)
Offer Price	: Not more than HK\$1.2 per Offer Share and expected to be not less than HK\$1.0 per Offer Share, plus brokerage of 1%, SFC transaction levy of 0.003% and Stock Exchange trading fee of 0.005% (payable in full on application and subject to refund)
Nominal value	: HK\$0.01 per Share
Stock code	: 1372

Sole Sponsor, Bookrunner and Lead Manager



Co-Lead Managers



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

A copy of this prospectus, having attached thereto the documents specified in "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 Ordinance. The Securities and Futures Commission of Hong Kong, the Registrar of Companies in Hong Kong and the Registrar of Companies of the Cayman Islands take no responsibility for the contents of this prospectus or any other document referred to above.

The Offer Price is expected to be fixed by agreement between the Lead Manager (for itself and on behalf of the Underwriters) and our Company on or around Tuesday, 3 December 2013 or such later time as may be agreed between the parties, but in any event, no later than Tuesday, 10 December 2013. If, for any reason, the Lead Manager (for itself and on behalf of the Underwriters) and our Company are unable to reach an agreement on the Offer Price by Tuesday, 10 December 2013, the Share Offer will not become unconditional and will lapse immediately. The Offer Price will be not more than HK\$1.2 per Share and is expected to be not less than HK\$1.0 per Share although the Lead Manager (for itself and on behalf of the Underwriters), and our Company may agree to a lower price.

The Lead Manager (for itself and on behalf of the Underwriters) may, with the consent of our Company, reduce the indicative Offer Price range below that stated in this prospectus (being HK\$1.0 per Share to HK\$1.2 per Share) at any time on or prior to the morning of the last date for lodging applications under the Public Offer. In such a case, announcement of the reduction in the number of Offer Shares and/or the indicative Offer Price range will be published in The Standard (in English) and Hong Kong Economic Journal (in Chinese) and on the websites of the Stock Exchange at www.hkexnews.hk and our Company at www.excelengco.com as soon as practicable but in any event not later than the morning of the day which is the latest day for lodging applications under the Public Offer.

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

The obligations of the Public Offer Underwriters under the Public Offer Underwriting Agreement are subject to termination by the Lead Manager (for itself and on behalf of the Public Offer Underwriters) if certain grounds arise at any time prior to 8:00 a.m. on the Listing Date. Such grounds are set out in the section headed "Underwriting — Public Offer Underwriting Arrangements — Grounds for termination" in this prospectus.

No information on any website forms part of this prospectus.

EXPECTED TIMETABLE

2013^(note 1)

Despatch of **BLUE** Application Forms to
Qualifying Vantage Shareholders on or before Thursday, 28 November

Latest time to complete electronic applications
under **HK eIPO White Form** service through the designated
website at **www.hkeipo.hk** ^(note 3) 11:30 a.m. on
Tuesday, 3 December

Application lists open ^(note 2) 11:45 a.m. on
Tuesday, 3 December

Latest time for lodging **WHITE, YELLOW** and **BLUE**
Application Forms and giving **electronic application**
instructions to HKSCC ^(note 7) 12:00 noon on
Tuesday, 3 December

Latest time to complete payment of **HK eIPO White Form**
by effecting internet banking
transfer(s) or PPS payment transfer(s) 12:00 noon on
Tuesday, 3 December

Application lists close ^(note 2) 12:00 noon on
Tuesday, 3 December

Expected Price Determination Date ^(note 4) on or around
Tuesday, 3 December,
and in any event no later than
Tuesday, 10 December

Announcement of (i) the Offer Price, (ii) level of applications
in the Public Offer and the Preferential Offer, (iii) level of
indication of interests in the Placing and (iv) basis of
allocation of the Public Offer Shares and the Reserved Shares
expected to be published in The Standard (in English) and
Hong Kong Economic Journal (in Chinese) and on the website
of the Stock Exchange at **www.hkexnews.hk** and website
of our Company at **www.excelengco.com** on or before Tuesday, 10 December

Results of allocations in the Public Offer and the Preferential Offer
(with successful applicants' identification document numbers,
where appropriate) to be available through a variety of
channels as described in the section headed "How to Apply for
Public Offer Shares and Reserved Shares —
Publication of Results" in this prospectus from Tuesday, 10 December

EXPECTED TIMETABLE

Results of allocations for the Public Offer and the Preferential Offer will be available at www.tricor.com.hk/ipo/result with a “search by ID” function Tuesday, 10 December

Share certificates (if applicable) in respect of wholly or partially successful applications to be despatched on ^(note 6) Tuesday, 10 December

HK eIPO White Form e-Auto Refund payment instructions/refund cheques in respect of wholly successful and partially successful (if applicable) and wholly or partially unsuccessful applications to be despatched on or before ^(notes 5 & 6) Tuesday, 10 December

Dealings in the Shares on the Main Board expected to commence on Wednesday, 11 December

Notes:

- (1) All times and dates refer to Hong Kong local times and dates. Details of the structure of the Share Offer, including its conditions, are set out in the section headed “Structure and Conditions of the Share Offer”.
- (2) If there is a tropical cyclone warning signal number 8 or above or a “black” rainstorm warning signal in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Tuesday, 3 December 2013, the application lists will not open on that day. Further information is set out in the section headed “How to Apply for Public Offer Shares and Reserved Shares — Effect of bad weather on the opening of the application lists”.
- (3) You will not be permitted to submit your application under the **HK eIPO White Form** service through the designated website at www.hkeipo.hk after 11:30 a.m. on the last day for submitting applications. If you have already submitted your application and obtained an application reference number from the designated website prior to 11:30 a.m., you will be permitted to continue the application process (by completing payment of application monies) until 12:00 noon on the last day for submitting applications, when the application lists close.
- (4) The Offer Price is expected to be determined on or around Tuesday, 3 December 2013, but in any event, the expected time for determination of the Offer Price will not be later than Tuesday, 10 December 2013. If, for any reason, the Offer Price is not agreed between the Lead Manager (for itself and on behalf of the Underwriters) and our Company by Tuesday, 10 December 2013, the Share Offer will not become unconditional and will lapse.
- (5) Refund cheques or e-Auto Refund payment instructions will be issued in respect of wholly or partially unsuccessful applications pursuant to the Public Offer and also in respect of wholly or partially successful applications if the Offer Price is determined at less than the price payable on application. Part of the applicant’s Hong Kong identity card number or passport number, or, if the application is made by joint applicants, part of the Hong Kong identity card number or passport number of the first-named applicant, provided by the applicant(s) may be printed on the refund cheque, if any. Such data would also be transferred to a third party for refund purposes. Banks may require verification of an applicant’s Hong Kong identity card number or passport number before cashing the refund cheque. Inaccurate completion of an applicant’s Hong Kong identity card number or passport number may lead to delays in encashment of, or may invalidate, the refund cheque.

EXPECTED TIMETABLE

- (6) Applicants who apply for 1,000,000 Public Offer Shares or more under the Public Offer, and/or for 1,000,000 Reserved Shares or more under the Preferential Offer, may collect any refund cheque(s) and/or share certificate(s) (if applicable) in person from our Hong Kong Share Registrar, Tricor Investor Services Limited, at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Tuesday, 10 December 2013.

Applicants being individuals who are applying for 1,000,000 Public Offer Shares or more and/or 1,000,000 Reserved Shares or more and opt for personal collection must not authorise any other person to make collection on their behalf. Applicants being corporations who are applying for 1,000,000 Public Offer Shares or more and/or 1,000,000 Reserved Shares or more and opt for personal collection must attend by their authorised representatives, each bearing a letter of authorisation from such corporation stamped with the corporation's chop. Evidence of identification and (where applicable) authorisation documents acceptable to our Hong Kong Share Registrar must be produced at the time of collection.

Uncollected Share certificates and refund cheques will be despatched by ordinary post at the applicants' own risk to the addresses specified on the relevant Application Forms promptly thereafter. Further details are set out in the section headed "How to Apply for Public Offer Shares and Reserved Shares — Despatch/collection of Share Certificates and Refund Monies" in this prospectus.

- (7) Applicants who apply for Public Offer Shares by giving **electronic application instructions** to HKSCC should refer to the section headed "How to Apply for the Public Offer Shares and Reserved Shares — Applying by giving **electronic application instructions** to HKSCC via CCASS" in this prospectus for details.

Share certificates for the Public Offer Shares and the Reserved Shares will only become valid certificates of title at 8:00 a.m. (Hong Kong time) on the Listing Date, provided that (i) the Share Offer has become unconditional in all respects and (ii) the right of termination as described in the section headed "Underwriting — Public Offer Underwriting Arrangements — Grounds for termination" in this prospectus has not been exercised and has lapsed. Investors who trade the Shares on the basis of publicly available allocation details before the receipt of Share certificates or before they become valid do so entirely at their own risk.

For details of the structure of the Share Offer, including the conditions thereof and the procedures for applications for the Public Offer Shares and the Reserved Shares, please refer to the sections headed "Structure and Conditions of the Share Offer" and "How to Apply for Public Offer Shares and Reserved Shares" respectively in this prospectus.

A **BLUE** Application Form, together with a printed copy of this prospectus have been despatched to each Qualifying Vantage Shareholder to apply for Reserved Shares under the Preferential Offer.

Qualifying Vantage Shareholders who require a replacement **BLUE** Application Form should contact Tricor Investor Services Limited at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong or on its hotline at 2980 1333.

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You should rely only on the information contained in this prospectus and the Application Forms to make your investment decision. Our Company has not authorised anyone to provide you with information that is different from what is contained in this prospectus. Any information or representation not made in this prospectus or the Application Forms must not be relied on by you as having been authorised by our Company, the Sole Sponsor, the Bookrunner and the Lead Manager, any of the Underwriters, any of our or their respective directors, officers, employees, agents, representatives, affiliates, or professional advisers or any other person or party involved in the Share Offer. Information contained in our website, located at www.excelengco.com, does 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 and should be read in conjunction with the full text of this prospectus. Since this is a summary, it does not contain all the information that may be important to you. You should read the whole prospectus before you decide to invest in the Offer Shares.

There are risks associated with any investment. Some of the particular risks of investing in the Offer Shares are set forth in the section headed "Risk Factors" on pages 33 to 52. You should read that section carefully before you decide to invest in the Offer Shares.

OVERVIEW

We are principally engaged in construction business in Hong Kong as a main contractor. With an operating history of over 37 years, we have been providing civil engineering construction services to the public and private sectors in Hong Kong which is our core business. We have been particularly active in waterworks projects. As a member of the Vantage Group, we have also undertaken two private residential building construction projects since four years ago. This is mainly due to the corporate strategy of the Vantage Group regarding diversification of risks, and establishing track records on different nature of construction projects, among its member companies. We sub-contracted the two projects to the Retained Vantage Group as it possesses more expertise and technical experience on building construction projects than us. One of the projects was completed in March 2011 while the remaining one, being TW7 Project, is expected to complete by mid-2014. We have also been undertaking certain building maintenance projects of relatively minor scale and value during the Track Record Period.

To ensure clear delineation of business activities between our Group and the Retained Vantage Group, we shall cease all building construction and maintenance business upon completion of TW7 Project, which is expected to be completed in mid-2014 and accounted for approximately 55.1%, 30.9%, 53.3% and 66.5% of our Group's revenue for the three years ended 31 March 2013 and the four months ended 31 July 2013 respectively. During the same period, our building construction and maintenance business accounted for approximately 0%, 5.2%, 9.3% and 18.7% respectively of our Group's gross profits. In comparison, our civil engineering construction business accounted for approximately 44.9%, 69.1%, 46.7% and 33.5% of our Group's revenue and approximately 100.0%, 94.8%, 90.7% and 81.3% of our Group's gross profits for the three years ended 31 March 2013 and the four months ended 31 July 2013 respectively. During the Track Record Period, we achieved a generally higher gross profit margin for our core civil engineering construction business, as compared to that achieved for our building construction and maintenance business.

We are an approved contractor for carrying out public works under the lists of approved contractors maintained by WBDB and Hong Kong Housing Authority, as well as a registered contractor under Buildings Department and Electrical and Mechanical Services Department. For details, please refer to the sections headed "Regulatory Overview" and "Business — Legal and Regulatory Compliance" on pages 93 to 96 and 159 to 161 respectively in this prospectus.

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With a team of experienced management and qualified professionals with many years of experience in the civil engineering construction industry, a systematic tender review procedure, and our quality management system, environmental management system and occupational health and safety management system that were accredited with ISO 9001, ISO 14001 and OHSAS 18001 certifications respectively, we believe we have established a strong reputation in civil engineering waterworks in Hong Kong. Over the years, we have completed major civil engineering construction works and have been able to secure contracts as main contractor for the construction and maintenance of various waterworks infrastructure. Further, we have also undertaken various utilities civil engineering works for HKT Group since 1983.

OUR BUSINESSES

We offer construction services that encompass procurement of materials and equipment, selection of sub-contractors to on-site supervision, work progress monitoring and overall coordination of day-to-day work of projects. Our civil engineering construction services are mainly applied to (i) waterworks; (ii) roads and drainage works; (iii) landslip preventive and remedial works to slopes and retaining walls; and (iv) utilities civil engineering works, for the public and private sectors in Hong Kong. Our building construction services are applied to carcass works for private residential development in Hong Kong. To a lesser extent, we are also engaged in building repairs and maintenance works.

Civil engineering construction works

Waterworks

Waterworks include construction and maintenance of water mains, service reservoirs, pumping stations, water tanks, treatment works, watercourses for distribution systems and other related construction works.

Roads and drainage works

Road works include construction of road interchange, carriageway and walkway, footbridge and traffic link bridge, road improvement and widening works, etc., while drainage works include flood prevention works, construction drainage channel, outfall pipe, box culvert and pumping station, etc.

Landslip preventive and remedial works to slopes and retaining walls

Landslip preventive and remedial works to slope involve slope stabilisation and upgrading works which include engineering inspection, retaining wall construction, cut and fill slope, soil nailing, surface drainage construction, slope surface treatment with high pressure grouting and spraying, landscaping, etc.

SUMMARY

Utilities civil engineering works

Utilities civil engineering works include trench work for cables and ducts laying, construction of jointing chambers and associated facilities for telecommunication and electrical cable networks.

Building construction and maintenance works

Our Group provides building construction services which are applied to carcass works for private residential development and building repairs and maintenance services. During our whole history of operation, we have only undertaken two private residential building construction projects since four years ago. Before considering the Spin-off, as a member of the Vantage Group, we were executing the overall strategy of Vantage in the establishment of our track record in building construction projects. The advantages of our historical arrangement to take up some building construction projects included enhancing our job reference and profile which was considered beneficial to us in increasing the opportunity in being awarded future tenders for building construction projects.

Given the fact that typical building construction projects have higher contract sums than civil engineering and waterworks projects, during the Track Record Period, the contribution from building construction and maintenance works accounted for approximately 55.1%, 30.9%, 53.3% and 66.5% of our Group's total revenue respectively. The substantial contribution to revenue from building construction projects and from projects related to R&R Programme during the Track Record Period are matters of strategy and resource allocation for us. Indeed, the contribution of building construction projects to our gross profit during the Track Record Period was relatively insignificant. As a matter of fact and as discussed in more detail in the "Industry Overview" section in this prospectus, there has been steady demand for civil engineering and waterworks in Hong Kong over the years. Apart from R&R Programme which has increased the needs for waterworks over the past few years, the continuing government spending in infrastructure and transportation sectors is expected to sustain growing demand for civil engineering works. Approximately HK\$939 million or approximately 31% of our Group's total revenue during the Track Record Period was generated from projects relating to R&R Programme. On the basis of the constant need for enhancing water services and its infrastructure and that a new replacement and rehabilitation programme of water mains is being planned by WSD for implementation after the current R&R Programme is completed, our Directors are optimistic about the future demand for waterworks after the expected completion of R&R Programme in 2015. Our Group has solid track record in civil engineering and waterworks through our 37 years of operating history in Hong Kong, well before R&R Programme commenced in 2000.

After the Spin-off, our Group will continue to focus on civil engineering construction business which is our core business and shall cease to engage in building construction and maintenance works except for TW7 Project which is expected to complete by mid-2014. However, our Group has managed to grow our principal business of civil engineering

SUMMARY

construction in its 37-years' track record and was able to generate the majority of our profit from our civil engineering construction business during the Track Record Period. In that regard, our Directors believe that our Group will be able to continue sustainable business development by focusing on our civil engineering construction business after the Listing.

CUSTOMERS AND OUR PROJECTS

Our customers include various departments of the Government such as WSD, Drainage Services Department and Highways Department as well as certain public utilities companies and non-governmental and private organisations in Hong Kong.

We completed a total of 9 projects during the Track Record Period. 8 of such projects were civil engineering construction projects while the remaining one was a building construction project, namely MOS Project. As of 31 July 2013, we had 13 significant projects in progress, including 5 projects in the public sector and 8 projects in the private sector, the largest of which by contract sum was a building construction project, namely TW7 Project. All such significant projects in progress, except TW7 Project, are civil engineering construction projects. The total contract sum of our projects in progress was approximately HK\$3,885 million as at 31 July 2013, of which the contract sum of our building construction project was approximately HK\$1,605 million and the contract sum of our civil engineering projects was approximately HK\$2,280 million.

The total amount not yet been recognised as revenue as at 31 July 2013 was approximately HK\$1,703 million, of which the amount not yet been recognised as revenue from building construction project was approximately HK\$494 million and the amount not yet been recognised as revenue from civil engineering projects was approximately HK\$1,209 million.

OUR COMPETITIVE STRENGTHS

Our Directors believe that our Group possesses the following competitive strengths:

- Established operating history and track record in civil engineering construction projects
- Well-positioned to capture the emerging business opportunities
- Consistent delivery of high quality services through stringent quality assurance and strong commitment to high safety standard and environmental impact control
- Systematic and effective tender review procedure
- Long-standing relationship with sub-contractors
- Experienced management team

SUMMARY

OUR BUSINESS STRATEGIES

Our business objectives are to achieve sustainable business growth and to create long-term shareholder's value. We aim to accomplish this through the following strategies:

- Strengthen our Group's growth in civil engineering construction businesses
- Further enhancement in work quality and project safety
- Maintain a disciplined financial strategy
- Attract, motivate and develop talented and experienced staff

SUPPLIERS

We act as main contractor and delegate parts of the construction works to our sub-contractors and will purchase certain construction materials and equipment for the use of our sub-contractors. The relevant costs of the materials and equipment will be deducted accordingly from the sub-contracting fees in accordance with the relevant sub-contracting agreements.

Our Group's five largest suppliers, being our sub-contractors, together accounted for approximately 96.2%, 95.0%, 98.9% and 99.4%, respectively, of our total cost of subcontracting fees charged to our Group for each of the three years ended 31 March 2013 and the four months ended 31 July 2013, respectively. During the same period, our Group's largest sub-contractor accounted for approximately 62.7%, 34.0%, 54.9% and 69.6% of the total sub-contracting fees charged to our Group respectively.

Able Contractors, which is a connected person of our Company by virtue of it being a wholly-owned subsidiary of Vantage, is our largest sub-contractor for each of the three years ended 31 March 2013 and the four months ended 31 July 2013. It is also the only building construction sub-contractor of our Group and will continue to undertake sub-contracting works from us in respect of TW7 Project after Listing. For further details of the existing sub-contracting arrangement with Able Contractors, please refer to the "Connected Transaction — Non-exempt continuing connected transaction" section on pages 168 to 172 in this prospectus.

The principal construction materials that are used by our sub-contractors for undertaking our civil engineering and building construction works include pipes and fittings, concrete and steel. During the Track Record Period, the largest material supplier which we purchased materials for the use of our sub-contractors accounted for approximately 29.1%, 26.2%, 36.8% and 38.5% of our Group's cost of construction materials purchased for the use of our sub-contractors for each of the three years ended 31 March 2013 and the four months ended 31 July 2013, respectively.

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COMPETITION

Since we shall cease our building construction and maintenance business upon completion of TW7 Project, we consider the companies engaged in civil engineering construction works in Hong Kong that have been approved by WBDB as Group C contractors under the “Waterworks” category to be our major competitors in the provision of civil engineering construction works. According to WBDB, there were a total of 36 approved contractors listed on the list of approved contractors under the categories of “Waterworks” for Group C as at the Latest Practicable Date. Approved contractors under other categories may also be our competitors depending on project nature.

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS AND THE SPIN-OFF

Immediately after the completion of the Share Offer and assuming the Offer Price Adjustment Option is not exercised, Vantage will, through its wholly-owned subsidiary, Profit Chain, own 75% of our enlarged issued share capital. Mr. Ngai is beneficially interested in approximately 61.83% equity of the issued capital of Vantage. Vantage and Mr. Ngai will continue to be our Controlling Shareholders. As of the Latest Practicable Date, apart from the shareholding interests in our Group, Vantage does not own any shareholding interests in any other company which carries on a business that competes with the civil engineering construction business of our Group.

The proposed Spin-off involves the spinning-off of our Group from Vantage by way of separate listing of the Shares on the Stock Exchange. We consider that the reasons and benefits of the Spin-off include the following:

- (i) the Spin-off will provide a separate fund raising platform to fund the growth and expansion of the civil engineering construction business of our Group;
- (ii) the Spin-off will allow our Group and Retained Vantage Group to adopt different business strategies in order to better suit their respective businesses and enhance their ability to focus on opportunities specific to the respective businesses of the relevant groups;
- (iii) the Spin-off will allow our Group to finance its expansion based on its own growth plans and projects;
- (iv) our Group and Retained Vantage Group will be protected from each other’s risks; and
- (v) the proceeds expected to be received by our Group from the separate listing will enhance our business development potentials.

After Listing, the Retained Vantage Group will continue to engage in property investment and development and a wide range of public and private sectors building construction and maintenance works whereas our Group will engage in civil engineering construction business but not in any new building construction and maintenance works. In order to eliminate any future competing business with our Group, pursuant to the Deed of

SUMMARY

Non-competition entered into by Vantage in favour of us, Vantage undertakes that the Retained Vantage Group will not, inter alia, engage in civil engineering construction business and any business that is or is likely to be in competition with that of our Group. For further information, please refer to the section headed “Relationship with Controlling Shareholders” on pages 175 to 185 in this prospectus.

SUMMARY FINANCIAL INFORMATION

The following tables present a summary of our financial information during the Track Record Period and should be read in conjunction with our financial information included in the Accountants’ Report set forth in Appendix I to this prospectus, including the notes thereto.

Highlight of our combined statements of comprehensive income

The table below sets out an extract of our combined statements of comprehensive income during the Track Record Period, which is derived from the Accountants’ Report as set out in Appendix I to this prospectus:

	Year ended 31 March			Four months ended 31 July	
	2011 <i>HK\$’000</i>	2012 <i>HK\$’000</i>	2013 <i>HK\$’000</i>	2012 <i>HK\$’000</i>	2013 <i>HK\$’000</i>
				(Unaudited)	
Revenue	673,168	690,043	984,296	326,719	653,993
Contract costs	<u>(627,650)</u>	<u>(641,086)</u>	<u>(928,785)</u>	<u>(313,999)</u>	<u>(629,611)</u>
Gross profit	45,518	48,957	55,511	12,720	24,382
Other income and gains	2,606	3,607	16,973	5,484	3,283
Administrative expenses	(18,264)	(18,839)	(22,678)	(6,202)	(11,248)
Finance costs	<u>—</u>	<u>(33)</u>	<u>(1,865)</u>	<u>(337)</u>	<u>(196)</u>
Profit before tax	29,860	33,692	47,941	11,665	16,221
Income tax expense	<u>(4,898)</u>	<u>(5,522)</u>	<u>(7,875)</u>	<u>(1,904)</u>	<u>(3,518)</u>
Profit and total comprehensive income for the year/period	<u>24,962</u>	<u>28,170</u>	<u>40,066</u>	<u>9,761</u>	<u>12,703</u>
Profit and total comprehensive income attributable to owners of the parent	<u>24,962</u>	<u>28,170</u>	<u>40,066</u>	<u>9,761</u>	<u>12,703</u>

SUMMARY

Revenue

We derive our revenues during the Track Record Period from contract works for civil engineering and building construction and maintenance. The tables below set out breakdowns of our revenue, contract costs and gross profit during the Track Record Period generated from our civil engineering works and building construction and maintenance works. For details on fluctuation of our revenue during the Track Record Period, please refer to the paragraph headed “Financial Information — Review of our Group’s Operating Results — Our revenue” on pages 210 to 211 in this prospectus.

	Year ended 31 March					
	2011					
	Civil engineering			Building		Total
	works		construction and		works	
works		maintenance		Total		
	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%
Revenue from contract works	302,166	44.9%	371,002	55.1%	673,168	100%
Contract costs	<u>(256,653)</u>	<u>40.9%</u>	<u>(370,997)</u>	<u>59.1%</u>	<u>(627,650)</u>	<u>100%</u>
Gross profit	<u>45,513</u>	<u>100%</u>	<u>5</u>	<u>—</u>	<u>45,518</u>	<u>100%</u>
Gross profit margin		15.1%		—		6.8%

	Year ended 31 March					
	2012					
	Civil engineering			Building		Total
	works		construction and		works	
works		maintenance		Total		
	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%
Revenue from contract works	476,902	69.1%	213,141	30.9%	690,043	100%
Contract costs	<u>(430,484)</u>	<u>67.1%</u>	<u>(210,602)</u>	<u>32.9%</u>	<u>(641,086)</u>	<u>100%</u>
Gross profit	<u>46,418</u>	<u>94.8%</u>	<u>2,539</u>	<u>5.2%</u>	<u>48,957</u>	<u>100%</u>
Gross profit margin		9.7%		1.2%		7.1%

SUMMARY

	Year ended 31 March 2013					
	Civil engineering works		Building construction and maintenance works		Total	
	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%
Revenue from contract works	459,389	46.7%	524,907	53.3%	984,296	100%
Contract costs	<u>(409,045)</u>	<u>44.0%</u>	<u>(519,740)</u>	<u>56.0%</u>	<u>(928,785)</u>	<u>100%</u>
Gross profit	<u>50,344</u>	<u>90.7%</u>	<u>5,167</u>	<u>9.3%</u>	<u>55,511</u>	<u>100%</u>
Gross profit margin		11.0%		1.0%		5.6%

	Four months ended 31 July 2013					
	Civil engineering works		Building construction and maintenance works		Total	
	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%
Revenue from contract works	218,873	33.5%	435,120	66.5%	653,993	100%
Contract costs	<u>(199,062)</u>	<u>31.6%</u>	<u>(430,549)</u>	<u>68.4%</u>	<u>(629,611)</u>	<u>100%</u>
Gross profit	<u>19,811</u>	<u>81.3%</u>	<u>4,571</u>	<u>18.7%</u>	<u>24,382</u>	<u>100%</u>
Gross profit margin		9.1%		1.1%		3.7%

Gross Profit and Gross Profit Margin

Our gross profit is calculated based on total revenue less total contract costs. The gross profit margin for our civil engineering works for our Group was generally higher than that for our building construction and maintenance works and, depending on the revenue mix for the relevant financial year, our overall gross profit margin percentage may vary accordingly. For details on fluctuation of our gross profit during the Track Record Period, please refer to the paragraph headed “Financial Information — Review of our Group’s Operating Results — Our gross profit” on pages 212 to 213 in this prospectus.

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After Listing, as we shall cease to engage in building construction and maintenance business other than TW7 Project currently in progress and will not take up any new contract works for building construction and maintenance, our Group will no longer record any revenue and profit (including our related management fee income received from the Retained Vantage Group) from the building construction and maintenance business other than as a result of TW7 Project.

However, our Group would be able to meet the minimum profit requirement under Rule 8.05(1)(a) even after excluding the major income and expense items directly attributable to our building construction and maintenance business (as set out in “Financial Information — Our building construction and maintenance business which shall be ceased” section on page 244 in this prospectus) from our net profits during the Track Record Period.

Highlight of certain items of our combined statements of financial position

	As at 31 March			As at 31 July
	2011	2012	2013	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Current assets	219,545	438,032	628,567	530,027
Current liabilities	<u>145,390</u>	<u>335,066</u>	<u>485,069</u>	<u>373,666</u>
Net current assets	<u>74,155</u>	<u>102,966</u>	<u>143,498</u>	<u>156,361</u>
Net assets	<u>76,213</u>	<u>104,383</u>	<u>144,449</u>	<u>157,152</u>
Total assets	<u>221,782</u>	<u>439,535</u>	<u>629,531</u>	<u>530,836</u>

Key financial ratios

The following table sets out certain key financial ratios of our Group for the Track Record Period:

	Year ended 31 March			Four months ended 31 July
	2011	2012	2013	2013
Return on equity	32.8%	27.0%	27.7%	24.2%
Return on total assets	11.3%	6.4%	6.4%	7.2%
Current ratio	1.5	1.3	1.3	1.4
Gearing ratio	0%	17.9%	54.4%	0%

For calculation of the key financial ratios above, please refer to “Financial Information — Certain key financial ratios” section on pages 234 and 235 in this prospectus.

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RECENT DEVELOPMENT

As of 30 September 2013, we have continued to execute the projects in progress as disclosed in the section headed “Business — Our Projects — Projects in progress” on pages 132 to 134 in this prospectus. In October 2013, we were awarded with a new contract regarding the provision of civil works for cable circuit improvement for certain areas of the Central and Western District of the Hong Kong Island for Company C at a contract sum of approximately HK\$41.9 million.

Based on our Group’s unaudited management accounts, for the six months ended 30 September 2013, we recorded a revenue of approximately HK\$881.8 million and a gross profit of approximately HK\$34.4 million, achieving a gross profit margin of approximately 3.9%. The gross profit margin decreased from approximately 5.6% for the year ended 31 March 2013 to approximately 3.9% for the six months ended 30 September 2013, primarily due to the continual progress of TW7 Project which contributed a significant amount of our revenue during the six months ended 30 September 2013 and has a lower gross profit margin as compared to that of our civil engineering works projects generally. As of 30 September 2013, we had total current assets of approximately HK\$550.2 million and total current liabilities of approximately HK\$388.5 million. Please refer to the section headed “Financial Information — Net Current Assets” on pages 227 to 228 in this prospectus for further details. There was no adverse change in our financial position for the six months ended 30 September 2013 when compared to those for the year ended 31 March 2013.

LISTING EXPENSES

The estimated total listing expenses (excluding underwriting commission), which are non-recurring in nature and are mainly comprised of professional fees paid to the Sole Sponsor, legal advisors, the reporting accountants and other parties for their services in connection with the Share Offer, are approximately HK\$14 million. No significant listing expenses have been incurred by our Group during the three years ended 31 March 2013. For the four months ended 31 July 2013, listing expenses of approximately HK\$5.1 million was charged to profit or loss. For the remaining amount of approximately HK\$8.9 million, we expect to further charge approximately HK\$4.0 million to profit or loss, while approximately HK\$4.9 million is expected to be directly attributable to the issue of Shares and accounted for as a deduction from equity upon successful listing under the relevant accounting standards. The amount of listing expenses is a current estimate for reference only and the final amount to be recognised to the consolidated statement of comprehensive income of our Group for the year ending 31 March 2014 is subject to audit and the then changes in variables and assumptions.

NO MATERIAL ADVERSE CHANGE

Our Directors confirm that, up to the date of this prospectus, there has been no material adverse change in our financial or trading position or prospects since 31 July 2013 and there is no event since 31 July 2013 which would materially affect the information shown in our combined financial information included in the Accountants’ Report set forth in Appendix I to this prospectus.

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SHARE OFFER STATISTICS

	Based on an Offer Price of HK\$1.0 per Offer Share	Based on an Offer Price of HK\$1.2 per Offer Share
Market capitalisation of our Shares <i>(Note 1)</i>	HK\$200,000,000	HK\$240,000,000
Unaudited pro forma adjusted combined net tangible assets per Share <i>(Note 2)</i>	HK\$1.205	HK\$1.255

Notes:

- (1) The calculation of the market capitalisation is based on the respective Offer Price of HK\$1.0 and HK\$1.2 per Offer Share and 200,000,000 Shares in issue immediately following the completion of the Share Offer and the Capitalisation Issue but 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 our Company pursuant to the general mandates given to our Directors to allot and issue or repurchase Shares.*
- (2) The unaudited pro forma adjusted net tangible assets per Share is arrived at after the adjustments set forth in Appendix II to this prospectus and on the basis of the respective Offer Price of HK\$1.0 and HK\$1.2 per Offer Share and that 200,000,000 Shares were in issue immediately following the completion of the Share Offer and the Capitalisation Issue but 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 our Company pursuant to the general mandates given to our Directors to allot and issue or repurchase Shares. For details, please refer to Appendix II to this prospectus.*

DIVIDEND POLICY

Prior to the Reorganisation, EXCEL declared a one-off and non-recurring dividend of HK\$60 million to the then shareholder, Great Jump on 21 November 2013. On the same day, Great Jump declared the entire HK\$60 million as dividend to the then shareholder, Profit Chain. Such dividend will be funded by using our internal resources and paid before the Listing in December 2013. Investors in the Share Offer and persons becoming our Shareholders after the Listing will not be entitled to such dividend. After completion of the Share Offer, our Shareholders will be entitled to receive dividends only when declared by our Board. Save as aforesaid, no dividend has been paid or declared by companies comprising our Group or our Company during the Track Record Period and from 1 August 2013 up to the Latest Practicable Date. As at 31 July 2013, our Company did not have any distributable reserves available for distribution to the Shareholders.

USE OF PROCEEDS

The net proceeds from the Share Offer will strengthen our capital base and will provide funding for achieving our business strategies and carrying out our future plans as set out in the section headed “Business — Business Strategies” on pages 114 to 116 in this prospectus. As discussed in the “Regulatory Overview” and “Industry Overview” sections in this prospectus, there is a minimum requirement on employed capital and working capital for projects in the public sector in Hong Kong. Contractors for both public and private sector projects might be required to provide customers with retention money which generally ranges from 1% to 10% of the total contract sum or to take out performance or surety bonds (generally not exceeding 10% of the total contract sums) issued by a bank or an

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insurance company in favour of the customers according to the contract terms. It is therefore beneficial to our Group to strengthen its capital base through raising funds under the Share Offer so that our Group will be able to tender for a greater volume of projects and projects of larger contract sums after Listing.

Assuming that the Offer Size Adjustment Option is not exercised and assuming an Offer Price of HK\$1.1, being the mid-point of the proposed Offer Price range, our Directors estimate that the net proceeds to be received by our Company from the Share Offer will be about HK\$37.7 million, after deducting the underwriting commissions and other estimated expenses payable by our Company in relation to the Share Offer.

Our Directors presently intend to use the net proceeds from the Share Offer as follows:

- approximately 80% or HK\$30.1 million of the total estimated net proceeds will be used for the operation of the current projects and prospective projects;
- approximately 5% or HK\$1.9 million of the total estimated net proceeds will be used for the employment of additional staff for current and new projects and the expansion of the business of our Group;
- approximately 5% or HK\$1.9 million of the total estimated net proceeds will be used to support the increase of the performance bonds facilities available to our Group for satisfying performance bonds requirement of prospective projects; and
- approximately 10% or HK\$3.8 million of the total estimated net proceeds will be used for the working capital and other general corporate purposes.

For further details, please refer to the section headed “Future Plans and Use of Proceeds” on pages 247 to 248 in this prospectus.

RISK FACTORS

We believe that there are certain risks involved in our operations, many of which are beyond our control. These risks are set forth in the section headed “Risk Factors” on pages 33 to 52 in this prospectus and we believe that some of the material risks are:

- Our business is concentrated on our major customers and our performance largely depends on our ability to tender for and us being awarded works from some of our major customers.
- Cessation of building construction and maintenance business by us upon completion of TW7 Project may have a material adverse effect on our business, operating results and financial condition.
- Expiration of R&R Programme may lead to a reduction of waterworks opportunities available for tender in Hong Kong in the future.
- We are subject to the risks associated with tendering process. Our contracts are normally awarded through competitive tendering process.

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- Failure to accurately estimate the overall risks, revenues or costs of our contracts, or to agree to the pricing of work done pursuant to change orders may lead to lower than anticipated profits or losses.

Impact of cessation of income generation from certain major customers and projects after Listing

Cessation of TW7 Project

In the past, the undertaking of building construction works by our Group was mainly due to the corporate strategy of the Vantage Group on diversification of risks, and establishing track records on different nature of construction projects, among its member companies. After the Spin-off, our Group shall cease all building construction and maintenance business upon completion of TW7 Project which accounted for approximately 55.11%, 30.89%, 53.33% and 66.53% of our revenue for the three years ended 31 March 2013 and the four months ended 31 July 2013 respectively. The outstanding amount yet to be recognised for TW7 Project as at 31 July 2013 was approximately HK\$494 million.

Our Group intends to maintain its position as one of the leading civil engineering construction companies in Hong Kong and to continue to build on its existing competitive strengths set out in the “Business — Our Competitive Strengths” section on pages 111 to 114 in this prospectus. The retention money receivables from TW7 Project amounted to approximately HK\$80.3 million and HK\$80.3 million as at 31 July 2013 and 30 September 2013 respectively. 50% of the final retention money will be settled upon project completion which is expected to be mid-2014 while the remaining 50% balance will be settled upon expiry of the maintenance period which is expected to be mid-2015 according to the relevant contract terms. Upon release of the retention money we have put up for TW7 Project, our Group will have more working capital and human resources available for tendering new civil engineering works. Given the scale of TW7 Project, it is possible that the total revenue of our Group in the few years after the completion of TW7 Project may reduce because contract sums of typical civil engineering works are smaller. However, our gross profit margin may increase on the basis that the gross profit margin for civil engineering works for our Group achieved during the Track Record Period was generally higher than that achieved for building construction works.

Cessation of R&R Programme

In relation to civil engineering waterworks which we are particularly active in, as of 31 July 2013, we had 5 significant projects in progress which are part of the R&R Programme launched by WSD with a total outstanding amount yet to be recognised as revenue as of 31 July 2013 of HK\$1,144 million, which represented approximately 67.18% of the total computable outstanding amount yet to be recognised of the significant projects that were in progress as at 31 July 2013 as shown in the table headed “Projects in progress” in the “Business” section on pages 132 to 134 in this prospectus. The total amount of revenue recognised during the Track Record Period of such 5 R&R Programme projects in progress together with the 2 R&R Programme projects which were completed during the Track Record Period amounted to HK\$939 million. The R&R Programme has already commenced its last stage and is expected to complete by 2015. Expiration of the R&R

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Programme may lead to a reduction of civil engineering waterworks opportunities available for tender in Hong Kong in the future. For details of the related risk, please refer to the paragraph headed “Risk Factors — Expiration of the R&R Programme may lead to a reduction of civil engineering waterworks opportunities available for tender in Hong Kong in the future” on page 35 in this prospectus.

On cessation of the R&R Programme, our Group plans to continue to tender for new waterworks projects from WSD. Besides the R&R Programme, there are plenty of waterworks civil engineering projects in the pipeline of WSD. According to the Report on the examination of the Estimates of Expenditure 2013 to 2014 issued in July 2013 by the Finance Committee of the Legislative Council of Hong Kong, a new replacement and rehabilitation programme of water mains is being planned by WSD for implementation after the current R&R Programme is completed. According to the WSD Annual Report, WSD is extending the sea water supply network and improving the existing sea water systems. According to a press release issued by WSD on 6 February 2013, a project is scheduled for commencement later in 2013 to enlarge the storage capacity of the existing Butterfly Valley Fresh Water Primary Service Reservoir in Kwai Tsing. Accordingly, our Directors believe that WSD will in the forthcoming years, invite for tenders to implement the projects as mentioned above. From a longer perspective, our Directors believe that WSD is targeting the production of reclaimed water for toilet flushing and other non-potable uses as well as liaising with other Government departments to implement trial schemes on recycling of grey water and harvesting rainwater. Further, with the Government’s policy of increasing public expenditure on infrastructure and NDAs projects, our Directors believe that such infrastructure projects will expectedly involve waterworks, roads and drainage and other civil engineering construction works at some stage which our Group possesses the requisite licences to tender for.

The retention money receivables from our R&R Programme projects in progress amounted to approximately HK\$11.7 million and HK\$12.4 million as at 31 July 2013 and 30 September 2013 respectively. The final amount of retention money as at completion of each project will be settled upon expiry of the maintenance period according to the relevant contract terms in each contract. With the freeing up of working capital and human resources of our Group upon completion of TW7 Project and the waterworks projects in the R&R Programme, our Group intends to actively tender for new waterworks, roads and drainage and other civil engineering construction works offered by various departments of the Government. Our Directors are of the view that on the basis of the extensive experience and expertise of our management team in civil engineering works and our track record of undertaking civil engineering projects for various Government departments, we are well positioned to tender for such projects in the future. Our Directors expect that our Group will continue to be awarded with new contracts from WSD in particular, in the event the new replacement and rehabilitation programme of water mains currently being planned by WSD is implemented, after cessation of the R&R Programme. Accordingly, the impact from the cessation of the R&R Programme on our Group’s revenue and profitability in future may be mitigated. So long as demand for civil engineering works exists, our Group shall continue to tender for appropriate projects, regardless of whether the R&R Programme is in place. Based on the commercial considerations and practical circumstances described, the Sole Sponsor confirms that it does not have a different

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assessment of our Group's focused strategy on the waterworks projects under the R&R Programme during the Track Record Period. In addition, on the basis of the long operating history and track record of our Group, and the nature of and demand for civil engineering and other works that our Group is positioned to tender for, the Sole Sponsor does not have concern on the future sustainability of the business of our Group after expiry of the R&R Programme.

Cessation of receipt of management fee income from the Retained Vantage Group

The management fee income received from the Retained Vantage Group during the Track Record Period consisted of (i) staff cost reimbursement from Able Contractors in connection with TW7 Project of approximately nil, HK\$1.3 million, HK\$9.9 million and HK\$2.5 million respectively for each of the three years ended 31 March 2013 and the four months ended 31 July 2013, and (ii) charging back of approximately nil, HK\$1.5 million, HK\$4.1 million and nil respectively for each of the three years ended 31 March 2013 and the four months ended 31 July 2013 from Able Contractors of the management fee paid to Vantage for sharing corporate expense of the Vantage Group attributable to MOS Project and TW7 Project on cost basis. For the staff cost reimbursement, we will no longer receive such part of management fee income from the Retained Vantage Group after the completion of TW7 Project which is expected to be in mid-2014. However, after completion of TW7 Project, staff members that were provided to the Retained Vantage Group for execution of TW7 Project will be available for assisting our Group in tendering and/or executing new civil engineering construction projects. On the condition that our Group's tenders for civil engineering works in future are successful, it is expected that our Group will generate more revenue from civil engineering works as more staff will be available for tendering and/or executing new civil engineering works and our gross profit margin in the future is also expected to increase as our Group has been receiving reimbursement in relation to the staff only on a cost basis from the Vantage Group. In addition, since April 2013, we have ceased to pay any management fee to Vantage for sharing certain corporate expense of the Vantage Group which mainly represented the salaries and bonus of Vantage's executive directors in relation to their overall management of Vantage Group. This made it unnecessary for our Group to charge back such corresponding amount from Able Contractors by way of management fee income since April 2013, and accordingly, our Directors believe that there will be no adverse financial effect to our Group in this connection.

With reference to the total number of projects tendered for by us as illustrated under the table headed "Business — Project Workflow — Preparation and submission of tender document — Tenders submitted during the Track Record Period" on page 123 in this prospectus as compared to the actual number of projects engaged by our Group during Track Record Period, our Directors consider that we did not encounter difficulty in finding suitable projects to tender for during the Track Record Period, and believe that we will have adequate opportunity to contemplate other projects in the market after cessation of TW7 Project and R&R programme.

DEFINITIONS

Unless the context otherwise requires, the following expressions have the following meanings in this prospectus. Certain other terms are explained in the section headed "Glossary of Technical Terms"

"Able Contractors"	Able Contractors Limited (formerly known as Able Contractors Company Limited), a company with limited liability incorporated in Hong Kong on 3 October 1997, a wholly-owned subsidiary of Vantage and a connected person of our Company
"Able Engineering"	Able Engineering Company Limited, a company with limited liability incorporated in Hong Kong on 21 May 1976, a wholly-owned subsidiary of Vantage and a connected person of our Company
"ACIL"	Accredited Certification International Limited
"Air Pollution Control Ordinance"	Air Pollution Control Ordinance (Chapter 311 of the Laws of Hong Kong) (as amended)
"Application Form(s)"	WHITE Application Form(s), YELLOW Application Form(s), GREEN Application Form(s) and BLUE Application Form(s) individually or collectively, as the context may require
"Architectural Services Department"	Architectural Services Department, a department of the Government
"Articles of Association" or "Articles"	our articles of association, as conditionally adopted on 21 November 2013 with effect from Listing, and as amended from time to time, a summary of which is contained in Appendix III to this prospectus
"associate(s)"	has the meaning ascribed to it under the Listing Rules
"Assured Entitlement"	the entitlement of a Qualifying Vantage Shareholder to apply for the Reserved Shares on an assured basis under the Preferential Offer on the basis of one Reserved Share for every whole multiple of 350 Vantage Shares held by that Qualifying Vantage Shareholder at close of business on the Record Date
"Audit Committee"	the audit committee of the Board
"Beneficial Vantage Shareholders"	any beneficial owner of Vantage Shares whose Vantage Shares are registered as shown in the register of members of Vantage, in the name of a registered Vantage Shareholder at 4:30 p.m. on the Record Date

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“Best Trader”	Best Trader International Limited, a company incorporated in the BVI with limited liability on 28 May 2013, and a wholly-owned subsidiary of our Company
“BLUE Application Form(s)”	the application form(s) to be sent to Qualifying Vantage Shareholders to subscribe for the Reserved Shares pursuant to the Preferential Offer
“Board of Directors” or “Board”	our board of Directors
“Buildings Department”	Buildings Department, a department of the Government
“Buildings Ordinance”	the Buildings Ordinance (Chapter 123 of the Laws of Hong Kong) as amended from time to time
“Business Day”	a day (other than a Saturday or a Sunday or a public holiday) on which banks in Hong Kong are generally open for normal banking business
“BVI”	British Virgin Islands
“CAGR”	compound annual growth rate, calculated as $\left(\frac{V(tn)}{V(to)}\right)^{\frac{1}{tn-to}} - 1$, V(to): start value, V(tn): finish value, tn-to: number of years
“Capitalisation Issue”	the issue of new Shares to be made upon capitalisation of certain sums standing to the credit of the share premium account of our Company as referred to in the section headed “A. Further information about our Company — 3. Written resolutions of our sole Shareholder” in Appendix IV to this prospectus
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“CCASS Clearing Participant(s)”	a person admitted to participate in CCASS as a direct clearing participant or general clearing participant
“CCASS Custodian Participant(s)”	a person admitted to participate in CCASS as a custodian participant
“CCASS Investor Participant(s)”	a person admitted to participate in CCASS as an investor participant, who may be an individual or joint individuals or a corporation
“CCASS Participant(s)”	a CCASS Clearing Participant, a CCASS Custodian Participant or a CCASS Investor Participant

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“CEDD”	Civil Engineering and Development Department, a department of the Government, or where the context refers to any time prior to its establishment, the relevant preceding Government department which undertook such public function
“CG Code”	the Corporate Governance Code and Corporate Governance Report set out in Appendix 14 of the Listing Rules
“China” or “PRC”	the People’s Republic of China, which for the purpose of this prospectus, excludes Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Companies Law”	the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands
“Companies Ordinance”	the Companies Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Company”, or “our Company”	Excel Development (Holdings) Limited (怡益控股有限公司)(formerly known as Excel Engineering (Holdings) Limited), an exempted company incorporated under the laws of the Cayman Islands on 30 April 2012 with limited liability
“Company A”	one of the principal property developers listed in Hong Kong and its subsidiaries from time to time, including their respective predecessors and successors, being one of our top 3 Independent Third Party customers during the Track Record Period, particulars of which are set out in the section headed “Business — Customer” in this prospectus
“Company B”	a major mass transportation operator listed in Hong Kong, being one of our top 3 Independent Third Party customers during the four months ended 31 July 2013, particulars of which are set out in the section headed “Business — Customer” in this prospectus
“Company C”	a major public utility company in Hong Kong, being an Independent Third Party customer
“Company D”	a project-based property development company jointly and indirectly held by two substantial property developers listed in Hong Kong, being an Independent Third Party customer
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules

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“Controlling Shareholder(s)”	has the meaning ascribed thereto under the Listing Rules and unless the context requires otherwise, refers to the controlling shareholders of our Company immediately after the Share Offer, being Vantage and Mr. Ngai, or any of them. Please refer to the section headed “Relationship with our Controlling Shareholders” in this prospectus for further details.
“CSD”	Census and Statistics Department, a department of the Government
“Deed of Indemnity”	the deed of indemnity dated 21 November 2013 and entered into between Vantage and our Company, particulars of which are set out in the section headed “D. Other Information — 1. Estate duty, tax and other indemnities” in Appendix IV to this prospectus
“Deed of Non-competition”	a deed of non-competition dated 21 November 2013 entered by Vantage in favour of our Company, as further described in the section headed “Relationship with Our Controlling Shareholders” in this prospectus
“Director(s)”	the director(s) of our Company or any one of them
“Employees’ Compensation Ordinance”	the Employees’ Compensation Ordinance (Chapter 282 of the Laws of Hong Kong) as amended from time to time
“Employment Ordinance”	the Employment Ordinance (Chapter 57 of the Laws of Hong Kong) as amended from time to time
“Environmental Impact Assessment Ordinance”	the Environmental Impact Assessment Ordinance (Chapter 499 of the Laws of Hong Kong) as amended from time to time
“ETWB”	Environment, Transport and Works Bureau, Government Secretariat, or where the context refers to any time prior to its establishment, the relevant predeceasing Government Secretariat or department which undertook such public function
“EXCEL”	Excel Engineering Company Limited (怡益工程有限公司), a company incorporated in Hong Kong on 7 May 1976 with limited liability, and a wholly-owned subsidiary of our Company
“Excel-China Harbour JV”	Excel-China Harbour Joint Venture (怡益中國港灣聯營), a joint venture formed between EXCEL and an Independent Third Party joint venture partner, China Harbour Engineering Company Limited (“CHEC”), with the financial interests divided in the proportion of 70/30 pursuant to a joint venture agreement entered into by EXCEL and CHEC on 9 October 2006

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“Factories and Industrial Undertakings Ordinance”	the Factories and Industrial Undertakings Ordinance (Chapter 59 of the Laws of Hong Kong) as amended from time to time
“GADELLY”	Gadelly Construction Company Limited (加德利建築有限公司) (formerly known as Gadelly Plant Company Limited (加德利機械有限公司)), a company incorporated in Hong Kong on 8 May 1981 with limited liability, and a wholly-owned subsidiary of our Company
“GDP”	gross domestic product (all references to GDP growth rates are real as opposed to nominal rates of the GDP growth), unless otherwise stated
“Government”	the Government of Hong Kong
“Government Gazette”	the official publication of the Government for, among other things, statutory notices for public tenders
“Great Jump”	Great Jump Enterprises Limited, a company incorporated in the BVI with limited liability on 6 January 2000, and a wholly-owned subsidiary of our Company
“GREEN Application Form(s)”	the application form(s) to be completed by the HK eIPO White Form Service Provider, designated by our Company
“Group”, “our Group”, “we”, “our” or “us”	our Company and its subsidiaries or, where the context so requires, with respect to the period before which our Company became the holding company of its current subsidiaries, our Company’s current subsidiaries or the businesses operated by such subsidiaries or their predecessors (as the case may be)
“HATS”	Harbour Area Treatment Scheme, a scheme initiated by the Government to coordinate the overall sewage collection on both sides of the Victoria Harbour
“Highways Department”	Highways Department (formerly known as Highways Office), a department of the Government
“HK eIPO White Form”	the application of Public Offer Shares for issue in the applicant’s own name by submitting applications online through the designated website at www.hkeipo.hk
“HK eIPO White Form Service Provider”	the HK eIPO White Form service provider designated by our Company, as specified on the designated website at www.hkeipo.hk

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“HK\$” or “Hong Kong dollars”	Hong Kong dollars and cents, the lawful currency of Hong Kong
“HKQAA”	Hong Kong Quality Assurance Agency
“HKSCC”	Hong Kong Securities Clearing Company Limited
“HKSCC Nominees”	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC
“HKT Group”	HKT Trust and HKT Limited (Stock Code: 6823) and the subsidiaries of HKT Limited from time to time including Hong Kong Telecommunications (HKT) Limited and their respective predecessors and successors, one of our top 3 Independent Third Party customers during the three years ended 31 March 2013
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Share Registrar”	Tricor Investor Services Limited
“Immigration Ordinance”	the Immigration Ordinance (Chapter 115 of the Laws of Hong Kong) as amended from time to time
“Independent Third Party(ies)”	a party which is not connected (as defined in the Listing Rules) to our Company or our connected persons
“institutional bodies”	quasi-governmental bodies or government-funded organisations
“IPTV”	internet protocol television
“ISO”	International Organisation for Standardisation, a non-government organisation based in Geneva, Switzerland, for assessing the qualify systems of business organisations
“ISO 14001”	the requirements set by ISO for assisting a company to continually improve its ability to efficiently identify, minimise, prevent and manage environmental impacts
“ISO 9001”	the requirements set by ISO for quality management system where an organisation needs to demonstrate its ability to provide products that fulfil customer and applicable regulatory requirements and aim to enhance customer satisfaction
“Latest Practicable Date”	22 November 2013, being the latest practicable date prior to the printing of this prospectus for the purpose of ascertaining certain information contained in this prospectus

DEFINITIONS

“List of Approved Contractors” or the “Contractor List”	a list issued by the Development Bureau of the Government comprising contractors who are approved for carrying out public works in one or more of the five major categories of building and civil engineering works, i.e. “Buildings”, “Port Works”, “Roads & Drainage”, “Site Formation” and “Waterworks”
“List of Approved Suppliers of Materials and Specialist Contractors” or the “Specialist List”	a list issued by the Development Bureau of the Government comprising suppliers or specialist contractors who are approved for carrying out works in the designated categories of specialist works
“Listing”	listing of the Shares on the Main Board
“Listing Committee”	the listing sub-committee of the board of directors of the Stock Exchange
“Listing Date”	the date expected to be on or around 11 December 2013 on which the Shares are listed and from which dealings therein are permitted to take place on the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time)
“LPMitP”	the Landslip Prevention and Mitigation Programme launched by the Geotechnical Engineering Office under the CEDD in 2010
“MOS Project”	the carcass works contract for the proposed residential development in Ma On Shan, New Territories entered into between Company A and EXCEL, the details of which are more particularly described in the sections headed “Business - Our Projects - Completed Projects” and “Relationship with Controlling Shareholders — Sub-contracts between our Group and Retained Vantage Group — MOS Project” in this prospectus
“Main Board”	the stock market (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with the Growth Enterprise Market of the Stock Exchange
“Memorandum” or “Memorandum of Association”	the amended and restated memorandum of association of our Company, as amended from time to time, a summary of which is contained in Appendix III to this prospectus
“Minimum Wage Ordinance”	the Minimum Wage Ordinance (Chapter 608 of the Laws of Hong Kong) as amended from time to time

DEFINITIONS

“Mizuho”, “Bookrunner”, “Sole Sponsor” or “Lead Manager”	Mizuho Securities Asia Limited, a licensed corporation under the SFO, authorised to conduct Types 1, 2, 4, 5, 6 and 9 regulated activities under the SFO, being the bookrunner and lead manager of the Share Offer and sole sponsor to the Listing
“Mr. Ngai”	Mr. Ngai Chun Hung, one of our Controlling Shareholders
“NDAs”	New Development Areas
“NENT”	North East New Territories
“Noise Control Ordinance”	The Noise Control Ordinance (Chapter 400 of the Laws of Hong Kong) (as amended)
“Occupiers Liability Ordinance”	the Occupiers Liability Ordinance (Chapter 314 of the Laws of Hong Kong) as amended from time to time
“Occupational Safety and Health Ordinance”	the Occupational Safety and Health Ordinance (Chapter 509 of the Laws of Hong Kong) as amended from time to time
“Offer Price”	the final offer price per Offer Share in Hong Kong dollar (before brokerage, SFC transaction levy and Stock Exchange trading fee) at which Offer Shares are to be subscribed for and issued or purchased and sold, pursuant to the Share Offer, to be determined as described in the section headed “Structure and Conditions of the Share Offer — Determining the Offer Price” in this prospectus
“Offer Shares”	the Public Offer Shares and the Placing Shares (including, for avoidance of doubt, the Reserved Shares); and “Offer Share” means any one of these Offer Shares
“Offer Size Adjustment Option”	the option to be granted by our Company to the Placing Underwriters, exercisable by the Lead Manager on behalf of the Placing Underwriters, at its sole and absolute discretion, whereby our Company may be required to allot and issue up to 7,500,000 additional Placing Shares representing up to 15% of the Offer Shares initially available under the Share Offer, at the Offer Price subject to the terms of the Placing Agreement
“OHSAS 18001”	the requirements for occupational health and safety management system developed for managing the occupational health and safety risks associated with a business

DEFINITIONS

“Permanent Secretary for Financial Services”	the government official appointed as the head of the Financial Services and the Treasury Bureau of the Government
“Placing”	the conditional offering of the Placing Shares for and on behalf of our Company (including professional, institutional and other investors), subject to adjustment as further described under the section headed “Structure and Conditions of the Share Offer” in this prospectus
“Placing Agreement”	the conditional underwriting agreement expected to be entered into on or about the Price Determination Date by our Company, Mizuho, the executive and non-executive Directors, the Controlling Shareholders and the Placing Underwriters relating to the Placing
“Placing Shares”	the 45,000,000 Shares initially offered by our Company for subscription under the Placing, subject to adjustment, as described under the section headed “Structure and Conditions of the Share Offer” in this prospectus
“Placing Underwriters”	the underwriters of the Placing
“Price Determination Date”	the date, expected to be on or about 3 December 2013 (Hong Kong time), when the Offer Price is determined and, in any event, no later than 10 December 2013
“Preferential Offer”	the preferential offer to the Qualifying Vantage Shareholders of up to 5,000,000 Reserved Shares at the Offer Price as Assured Entitlement on and subject to the terms and conditions stated in this prospectus and in the BLUE application form, as further described in the section headed “Structure and Conditions of the Share Offer” in this prospectus
“Profit Chain”	Profit Chain Investments Limited, a company incorporated in the BVI with limited liability on 10 May 2000, and a direct wholly-owned subsidiary of Vantage
“Public Health and Municipal Services Ordinance”	the Public Health and Municipal Services Ordinance (Chapter 132 of the Laws of Hong Kong)
“Public Offer”	the offer of the Public Offer Shares for subscription to the public in Hong Kong for cash at the Offer Price (plus brokerage, SFC transaction levy and Stock Exchange trading fee of the Offer Price) and on and subject to the terms and conditions stated in this prospectus and in the Application Forms

DEFINITIONS

“Public Offer Shares”	the 5,000,000 Shares (subject to adjustment) being initially offered by our Company for subscription in the Public Offer, as described under the section headed “Structure and Conditions of the Share Offer”
“Public Offer Underwriters”	the underwriters of the Public Offer, whose names are set out under the section headed “Underwriting — Public Offer Underwriters” in this prospectus
“Public Offer Underwriting Agreement”	the underwriting agreement dated 27 November 2013 and entered into by our Company, Mizuho, the executive and non-executive Directors, the Controlling Shareholders and the Public Offer Underwriters relating to the Public Offer
“Qualifying Vantage Shareholder(s)”	Vantage Shareholder(s) whose name(s) appear on the register of members of Vantage at 4:30 p.m. on the Record Date
“Record Date”	Wednesday, 27 November 2013, being the record date for determining the Assured Entitlement of the Qualifying Vantage Shareholders to the Reserved Shares
“Regulation S”	Regulation S under the U.S. Securities Act
“Reorganisation”	the reorganisation arrangements undertaken by our Group in preparation for the Listing, which are described in more detail in the sections headed “History and Development” and “Appendix IV — Statutory and General Information — Further Information about our Company — Reorganisation” in this prospectus
“Reserved Shares”	the 5,000,000 Offer Shares (representing approximately 11% and 10% of the Offer Shares initially available under the Placing and the Share Offer respectively (assuming that the Offer Size Adjustment Option is not exercised)) available to Qualifying Vantage Shareholder in the Preferential Offer as Assured Entitlement and which are to be allocated out of the Placing Shares
“Retained Vantage Group”	Vantage Group excluding our Group
“R&R Programme”	Replacement and Rehabilitation Programme of Water Mains launched by the WSD in 2000

DEFINITIONS

“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of our Company
“Shareholder(s)”	holder(s) of Shares
“Share Offer”	the Public Offer and the Placing
“Spin-off”	the separate listing of our Shares on the Main Board, which is expected to be effected by way of the Share Offer
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it in the Listing Rules
“Substantial Shareholder(s)”	has the meaning ascribed to it in the Listing Rules
“Takeovers Code”	the Codes on Takeovers and Mergers and Share Repurchases
“TKO Project”	the road works contract for the proposed residential development in Tseung Kwan O, New Territories entered into between Company A at the relevant time and EXCEL, the details of which are more particularly described in the section headed “Relationship with Controlling Shareholders — Sub-contracting between our Group and Retained Vantage Group — TKO Project” in this prospectus
“Top Integration”	Top Integration Limited, a company incorporated in the BVI with limited liability on 28 March 2000, and a wholly-owned subsidiary of our Company
“Track Record Period”	the period consisting of the three years ended 31 March 2013 and the four months ended 31 July 2013

DEFINITIONS

“TW7 Project”	the carcass work contract for the proposed property development at Tsuen Wan West Station, Tsuen Wan, N.T. entered into between Company A and EXCEL, the details of which are more particularly described in the sections headed “Business — Our Projects — Project in Progress” and “Connected Transactions — Non-exempt continuing connected transaction” in this prospectus
“Underwriters”	the Public Offer Underwriters and the Placing Underwriters
“Underwriting Agreements”	the Public Offer Underwriting Agreement and the Placing Agreement
“United States” or “U.S.”	the United States of America, its territories, its possessions subject to its jurisdiction
“U.S. Securities Act”	United States Securities Act of 1933, as amended
“US\$ or US dollar”	United States dollar(s), the lawful currency of the United States
“Vantage”	Vantage International (Holdings) Limited (盈信控股有限公司), a company incorporated in Bermuda with limited liability on 21 June 2000, the shares of which are listed on the Main Board (Stock Code: 15) and is one of our Controlling Shareholders
“Vantage Group”	Vantage and its subsidiaries including our Group from time to time
“Vantage Shares”	ordinary shares of HK\$0.025 each in the share capital of Vantage
“Vantage Shareholder(s)”	holder(s) of Vantage Shares
“Waste Disposal (Charges for Disposal of Construction Waste) Regulation”	the Waste Disposal (Charges for Disposal of Construction Waste) Regulation (Chapter 354N of the Laws of Hong Kong) as amended from time to time
“Waste Disposal (Chemical Waste) (General) Regulation”	the Waste Disposal (Chemical Waste) (General) Regulation (Chapter 354C of the Laws of Hong Kong) as amended from time to time
“Waste Disposal Ordinance”	Waste Disposal Ordinance (Chapter 354 of the Laws of Hong Kong) (as amended)
“Water Pollution Control Ordinance”	Water Pollution Control Ordinance (Chapter 358 of the Laws of Hong Kong) (as amended)

DEFINITIONS

“WBDB”	Works Branch Development Bureau of the Government
“WHITE Application Form(s)”	the application form(s) for use by the public who require(s) such Public Offer Shares to be issued in the applicant’s own name
“WSD”	Water Supplies Department, a department of the Government and one of our top 3 Independent Third Party customers during the Track Record Period
“WSD Annual Report”	the annual report of WSD 2011/2012
“YELLOW Application Form(s)”	the application form(s) for use by the public who require(s) such Public Offer Shares to be deposited directly into CCASS
“%”	per cent.

Unless otherwise specified, statements contained in this prospectus assume no exercise of the Offer Size Adjustment Option.

All times refer to Hong Kong time.

Unless otherwise specified, references to years in this prospectus are to calendar years.

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

GLOSSARY OF TECHNICAL TERMS

This glossary of technical terms contains explanations of certain terms used in this prospectus as they relate to our Company and as they are used in this prospectus in connection with our business or us. These terms and their given meanings may not correspond to standard industry definitions.

“approved contractor(s)”	contractor(s) who are approved for carrying out public works under the List of Approved Contractors
“building construction”	building construction mainly involves engineering construction of substructure and superstructure of building structural frames and external building envelopes constructed either by reinforced concrete facades, curtain walling, metal cladding and/or marble facades with external architectural features, fins and sun-breakers and the design of the theme of the buildings. It also provides the buildings with internal fitting out works, interior decoration works and accommodation facilities such as provisions of building services, electrical and mechanical installation, plumbing and drainage discharge systems, external landscaping hard and soft works, underground utilities services and community services
“civil engineering”	the design and/or construction of structures, infrastructures, airports, roads and railways, bridges and tunnels; utilities installations; geotechnical and underground works; marine power stations, industrial plants, and refineries (all excluding major electrical and mechanical works); public amenities and facilities with structural or aforementioned content. Excluded from “civil engineering” are residential, public and office buildings and public amenities and facilities which are largely architecturally driven
“main contractor”	one who enters into a contract directly with a property developer or the client party of a project, and assumes full responsibility for the satisfactory completion of the construction works
“sub-contractor”	one who accepts orders from the main contractor or another sub-contractor for specific tasks forming part of a main contract

FORWARD-LOOKING STATEMENTS

This prospectus contains certain statements that are, or may be deemed to be, “forward-looking statements.” These forward-looking statements may be identified by the use of forward-looking terminology, including the terms “believe(s)”, “aim(s)”, “estimate(s)”, “plan(s)”, “project(s)”, “anticipate(s)”, “expect(s)”, “intend(s)”, “may”, “seek(s)”, “can”, “could”, “ought to”, “potential”, “will” or “should” or similar expressions, or, in each case, their negative or other variations, or comparable terminology, or by discussions of strategy, plans, objectives, goals, future events or intentions. In particular, references to “*estimate(s)*” only refer to the situations whereby best estimation was adopted by our management. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this prospectus and include, but are not limited to, statements regarding our intentions, beliefs or current expectations concerning, among other things, our business, results of operations, financial position, liquidity, prospects, growth, strategies and the industries and markets in which we operate or may operate in the future.

By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. Forward-looking statements are not guarantees of future performance or the actual results of our operations, financial position and liquidity. The development of the markets and the industries in which we operate may differ materially from the description or implication suggested by the forward-looking statements contained in this prospectus. In addition, even if our results of operations, financial position and liquidity as well as the development of the markets and the industries in which we operate are consistent with the forward-looking statements contained in this prospectus, those results or developments may not be indicative of results or developments in subsequent periods. A number of risks, uncertainties and other factors could cause results and developments to differ materially from those expressed or implied by the forward-looking statements including, without limitation:

- our ability to retain core team members and recruit qualified and experienced new team members;
- our ability to acquire more customers, increase market shares, and increase revenue in civil engineering works;
- our levels of indebtedness, interest payment obligations and capital needs;
- our prospective financial information;
- our business prospects;
- future development, trends and conditions in the markets in which we operate;
- our strategies, plans, objectives and goals;
- general economic conditions;
- changes to regulatory or operating conditions in the markets in which we operate;

FORWARD-LOOKING STATEMENTS

- our ability to reduce costs;
- our dividend policy;
- our capital expenditure plans;
- the amount and nature of, and potential for, future development of our business;
- the actions and developments of our competitors;
- our relationship with, and other conditions affecting, our customers;
- changes in political, economic, legal and social conditions in Hong Kong, including the government specific policies with respect to construction industry and infrastructure; and
- the other factors that are described in this prospectus including under the sections headed “Risk Factors”, “Business” and “Financial Information”.

Forward-looking statements are based on current plans and estimates, and speak only as of the date they are made and may and often do differ materially from actual results. Any forward-looking statements in this prospectus reflect our management’s current view with respect to future events and are subject to risks relating to future events and other risks, uncertainties and assumptions. Investors should specifically consider the factors identified in this prospectus, which could cause actual results to differ, before making any investment decision. Subject to the requirements of the Listing Rules and except as may be required by applicable law, we undertake no obligation to revise any forward-looking statements that appear in this prospectus to reflect any change in our expectations, or any events or circumstances, that may occur or arise after the date of this prospectus. You should not place undue reliance on any forward-looking information. All forward-looking statements in this prospectus are qualified by reference to this cautionary statement.

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You should carefully read and consider all of the information in this prospectus, including the risks and uncertainties described below before making an investment in our Shares. Our business, financial conditions or results of operations 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 you may lose all or part of your investment as a result.

RISKS RELATING TO OUR BUSINESS

Our business is concentrated on our major customers, the top 3 of which accounted for approximately 94.7%, 95.4%, 97.2% and 95.1% of our annual revenue respectively for each of the three years ended 31 March 2013 and the four months ended 31 July 2013 and our performance largely depends on our ability to tender for and us being awarded works from some of our major customers

During the Track Record Period, we derived a very significant portion of our revenue from the undertaking of contract works to our major customers, including Company A, Company B, WSD and HKT Group. Our contract revenue received from these customers accounted for approximately 94.7%, 95.4%, 97.2% and 95.1% of our annual revenue respectively for each of the three years ended 31 March 2013 and the four months ended 31 July 2013. During the Track Record Period, our contract revenue received from our top 5 customers in civil engineering construction business accounted for approximately 44.4%, 68.4%, 46.5% and 33.5% of our annual revenue respectively for each of the three years ended 31 March 2013 and the four months ended 31 July 2013. Our civil engineering construction contract revenue received from our major customers, WSD, HKT Group, the Hong Kong Housing Society and Company B amounted to approximately HK\$289 million, HK\$463 million, HK\$452 million and HK\$217 million respectively for each of the three years ended 31 March 2013 and the four months ended 31 July 2013. We derived our building construction and maintenance contract revenue from our major customers (1) Company A, (2) a university in Hong Kong and (3) the Hong Kong Housing Society, which in aggregate amounted to approximately HK\$371 million, HK\$213 million, HK\$525 million and HK\$435 million respectively for each of the three years ended 31 March 2013 and the four months ended 31 July 2013. All of our work done was performed by us as main contractor during the Track Record Period. It is expected that we will continue to rely on our major customers. Given that our Group shall cease all building construction and maintenance business upon completion of TW7 Project, our operating results shall, to a material extent, depend on our Group's ability to tender for and us being awarded civil engineering works contracts by our major customers.

Although we had acquired extensive experience and established good relationship with such major customers, of which we had over 30 years of working relationship with WSD and HKT Group, through actively carrying out construction works and had been successful in securing contracts for construction and maintenance projects, with revenue recognised during the Track Record Period of an aggregate value of approximately HK\$2,965 million, there is no guarantee that we will continue to be awarded such contracts by way of tender submission in the future. Since our Group's principal source of revenue is from our

RISK FACTORS

provision of construction and maintenance of civil engineering works services, among other things, the related Government's policy, our Group's continual ability to maintain our status as an approved contractor on the List of Approved Contractors to tender for and obtain contracts for public sector works projects as well as our ability to maintain good working relationship and the delivery of quality service to our customers are essential to the sustainability of our Group's profits. Although during the Track Record Period, we did not experience any loss of work from any of such major customers, since all contracts from such major customers are normally awarded by way of tender, there can be no assurance that we will continue to be successful in securing such work contracts in the future. In the event that there is a significant reduction of work contracts from our top customers or if we fail to secure such work contracts as main contractor in the future, our business and profitability may be materially and adversely affected.

Cessation of building construction and maintenance business by us upon completion of TW7 Project may have a material adverse effect on our business, operating results and financial condition

During the Track Record Period, a large portion of our revenue was derived from our undertaking of building construction and maintenance works. Our building construction and maintenance contract revenue accounted for approximately 55.11%, 30.89%, 53.33% and 66.53% of our annual total revenue for each of the three years ended 31 March 2013 and the four months ended 31 July 2013 respectively. Such revenue recognised during the Track Record Period was HK\$1,544 million, which was mainly related to MOS Project which was completed in March 2011 and TW7 Project.

Upon completion of TW7 Project which is expected by mid-2014, we will cease to undertake any building construction and maintenance works. The cessation of building construction and maintenance business by us upon completion of TW7 Project may lead to a significant reduction of works by us in future. Although we have an operating history of over 37 years in civil engineering works which is our core business and had been successful in securing contracts for civil engineering construction works, there can be no assurance that we will continue to be successful in securing such contracts in the future. Given the scale of TW7 Project, it is possible that the total revenue of our Group in the few years after the completion of TW7 Project may reduce because the contract sums of building construction works are relatively larger when compared with that of civil engineering works. If we cannot secure sufficient civil engineering construction works to a value which can make up for the reduction of revenue or profits due to the cessation of our building construction and maintenance business, there might be a material adverse effect on our business, operating results and financial condition.

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Expiration of the R&R Programme may lead to a reduction of civil engineering waterworks opportunities available for tender in Hong Kong in the future

Of the 13 significant projects that were undertaken by us as of 31 July 2013, 5 of which are part of the R&R Programme launched by WSD with a total outstanding amount yet to be recognised as revenue as of 31 July 2013 of HK\$1,144 million, which represented approximately 67.18% of the total computable outstanding amount yet to be recognised of the significant projects that were in progress as at 31 July 2013 as shown in the table headed “Projects in progress”. Such amount yet to be recognised as revenue is computed based on the difference between the total contract sum of such 5 R&R Programme projects and the amount which have been recognised as revenue in our Group’s combined financial information on or before 31 July 2013. The total amount of revenue recognised during the Track Record Period of the above-mentioned 5 R&R Programme projects in progress together with the 2 R&R Programme projects which were completed during the Track Record Period amounted to HK\$939 million during the Track Record Period.

Although WSD is expected to continue to invite tenders for new waterworks projects under the R&R Programme in the short-term future, the R&R Programme has already commenced its last stage and is expected to be completed by 2015. There can be no assurance that the Government’s budget on capital expenditure relating to the R&R Programme as well as other announced plans which are expected to generate new civil engineering waterworks opportunities, such as the new replacement and rehabilitation programme of water mains currently being planned by WSD, the establishment of a desalination plant, development of NDAs in NENT and the improvements in WSD’s sea water supply network and systems, will not be changed or be put to a halt. There is no assurance that the Government will launch new civil engineering waterworks related programmes or projects as planned or announced. There is also no assurance that the new replacement and rehabilitation programme of water mains currently under planning by WSD will eventually be executed, and even if executed, there is no certainty as to the estimated amount of the total cost that the Government will incur on such new programme. Further, even if the Government launches new waterworks civil engineering related programmes or projects as planned or announced, there is no assurance that we can be successful in being awarded with any of such contracts. The combination effect of the expiration of the R&R Programme, which may lead to a reduction of civil engineering waterworks opportunities available for tender in Hong Kong in the future and our failure to successfully bid for any of the new waterworks civil engineering related projects may result in a significant reduction in our revenues, which can have a material adverse impact on our business prospect, profitability and operating results in the long run.

We are subject to the risks associated with tendering process. Our contracts are normally awarded through competitive tendering process

The success rate of our Group in tendering projects was 7.6%, 9.1%, 8.9% and 5.9% for each of the three years ended 31 March 2013 and the four months ended 31 July 2013 respectively, which details are set out under the table under “Business — Tenders submitted during the Track Record Period” section of this prospectus. Our Directors believe that there has been considerable competition in the bidding for construction works among various

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construction contractors in Hong Kong. Our ability to secure contracts out of our tenders is critical to our success. There is no guarantee that we will be able to maintain our past success rate in tendering projects after Listing or that we will be able to secure new contracts from our existing or new customers. In the event that we are unable to succeed in our competitive tenders or maintain business relationships with our existing customers, our revenue and results of operations will be adversely affected.

If we are unable to accurately estimate the overall risks, revenues or costs of our contracts, or if we fail to agree to the pricing of work done pursuant to change orders, we may realise lower than anticipated profits or incur losses on the contracts

Our contracts are normally awarded through competitive tendering process. We need to estimate the time and costs required for potential projects in order to determine the tender price. Also, substantially all of our revenues are derived from contracts on remeasurement basis, with rates being determined by reference to our bids and substantially agreed to at the time a project is awarded to us. We are typically responsible for all of our own costs, and our ability to achieve our target profitability on any project is largely dependent on our ability to accurately estimate and control these costs. Cost overruns, whether due to inefficiency, inaccurate estimates or other factors, may result in a lower profit or even a loss on a project. As a result, we will only realise profits on these contracts if we successfully estimate our project costs and avoid costs overruns. The amount of total costs we incur on a project is affected by a variety of factors, including, among other things, fluctuations in the price of raw materials, variations in labour and equipment costs over the term of a contract and changes in project scope or conditions. Such change in cost may cause the revenue, cost and gross profit realised from a contract to be lower than our originally estimated amounts, despite any buffer we may have built into our bids for any increase in labour and material costs.

Some of the public sector contracts provide for adjustment in the base contract prices in respect of variations in the cost of construction materials and labour, which reduces some of the exposure borne by our Group. We typically are required to bear some portion of the increase, however, before we can make a claim under the adjustment provision. In any event, the adjustment provision may not cover the full increase in our costs. If our estimates of the overall risks, revenues or costs prove inaccurate, or circumstances change, or if the adjustment provision in our contracts does not cover increase in costs in full, we may experience lower profits or even losses on our contracts, which could materially and adversely affect our business, financial condition, results of operations and prospects.

From time to time, we are required to perform extra or “change order” work as directed by a customer even if the customer has not agreed in advance on the scope or price of the work to be performed. This process may result in disputes over whether the work performed is beyond the scope of the work included in the original project and specifications, or over the price the customer is willing to pay for the extra work. Even when the customer agrees to pay for the extra work, we may be required to fund the cost of such work for a lengthy period of time until the change order is approved and funded by the customer. In addition, any delay caused by the extra work may adversely impact the timely

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scheduling of other project work and our ability to meet specified contract milestone dates. We cannot assure you that we will be able to invoice and recover the cost for the extra or change order work in full or at all, which may lead to business disputes or may otherwise adversely affect our business, financial condition, results of operations and prospects.

Our Group's business is project-based. Fee collection and profit margin depend on the terms of the work contract and may not be regular

Our Group's business is project-based. Fee collection and profit margin significantly depend on various factors, such as the terms of the work contracts, the length of the contractual period and the efficiency of implementation of the contractual works. In this connection, the income flow of the business of our Group is irregular and is subject to various factors beyond the control of our Group. As such, there can be no assurance that the profitability of a project can be maintained or estimated at any particular level. Furthermore, the fee collection by our Group, and the profit margin and time for profit recognition depend on the terms of the work contracts and may also be irregular. If the fee collection pattern significantly deviates from the estimation of our Directors, our financial position could be adversely affected.

Our Group is exposed to construction disputes or litigation and claims for late delivery of construction works and delivery of substandard work as well as personal injuries claims

As main contractor, we are principally responsible for the implementation of construction projects and we may receive claims in respect of various matters from customers, sub-contractors, workers and other parties concerned with the construction from time to time. Our Group may be involved in different types of claims arising from industrial accidents or the quality or the timing of the work performed under various contracts or labour compensation in relation to works.

As regards labour compensation, employees employed in the construction sites are entitled to claim for compensation against us for injuries sustained in accidents occurring in the course of their employment under the Employees' Compensation Ordinance. They are also entitled to claims for damages against our Group for injury sustained in accidents caused by the negligence, default or omission of our agent, employees or staff under the law.

Where there is any late delivery of construction works and delivery of substandard works, we may be liable to compensate our customers for losses or damages caused. For further details regarding the risks associated with such losses or damages, please refer to the paragraph below headed "If we fail to meet the requirements of our project contracts or quality standards of our services, we may face litigation, incur liquidated damages and additional costs and experience delays or difficulties in receiving payments which may adversely affect our business and reputation". As at the Latest Practicable Date, in so far as claims for late delivery of construction works and delivery of substandard works are concerned, we are not engaged in any litigation, arbitration or claim of material importance and no litigation or claim of material importance is known to our Directors to be pending or threatened against any member of our Group. In respect of employees' compensation

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and personal injuries claims, there were 53 outstanding claims as at the Latest Practicable Date. These were claims made by individuals who claim to have suffered injuries at construction sites for which we are responsible. Please refer to the section headed “Business — Litigation and claims” in this prospectus.

Although we have effected insurance policies and retained moneys from our sub-contractors to cover these claims, the outcome of any claim is subject to the relevant parties’ negotiation or the decision of the court or the relevant arbitrating authorities, and the result of any of the outstanding claims may be unfavourable to us. Should such claims fall outside the scope and/or limit of our insurance coverage or moneys retained from sub-contractors, our financial position may be affected.

During the Track Record Period, no member of our Group was required to make any additional payment for settlement of claims because of insufficient coverage in the insurance policies taken out by the main contractors.

Nevertheless, there can be no assurance that the insurance policies taken out by the main contractor are at all times sufficient to cover all actual and potential claims or would not be set aside for different reasons. If a relevant member of our Group is held liable for any claim, our Group may be required to settle all the amounts falling outside the relevant policy cover. In such event, the financial position of our Group, as well as our business reputation, could be adversely affected. Further, there are types of losses we may incur that cannot be insured against or that we believe are not commercially reasonable to insure, such as loss of business, licences and reputation. These losses, if they occur, could have a material and adverse effect on our business and results of operations. If we were held liable for amounts and claims exceeding the limits of our insurance coverage or outside the scope of our insurance coverage, our business and results of operations may be materially and adversely affected.

We rely on certain key personnel and recruit professionals from a limited pool of qualified candidates who have experience in our business, and loss of these key personnel or failure to recruit and retain qualified professionals could have a material and adverse effect on our results of operations

The existing key management team plays a significant role in the day to day operations and business development of our Group. Notwithstanding our Group’s consistent past record of senior management stability, any unanticipated departure of members of the team could have a materially adverse impact on our Group’s prospects and profitability.

Our Group is particularly reliant on our expert team of estimators, quantity surveyors, engineers and technicians for the preparation of tenders for contracts submitted to our customers. Since we obtain nearly all of our contracts for construction works through a tendering process, the ability of our Group to maintain the loyalty of our management team members is vital to our Group’s continual business operation and generation of income. Although we have good working relationships among our staff, there is no guarantee that such working relationships will be maintained in the future.

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Further, if any member of our key management team or any of our key personnel joins a competitor or begins a competing business, we may lose customers, other key professionals or staff members, and our business profitability and professional expertise in our operations could be materially and adversely affected. Competition for competent personnel in general is intense in the market where we operate our business. We cannot assure you that we will be able to maintain an adequate skilled labour force necessary for us to execute our business or to perform other corporate activities, nor can we guarantee that staff costs will not increase as a result of a shortage in the supply of skilled personnel. If we fail to attract and retain personnel with suitable managerial, technical or marketing expertise or maintain an adequate labour force on a continuous basis, our business and operation could be adversely affected and our future growth and expansions may be inhibited.

Any failure to maintain effective quality control system in our Group could have a material adverse effect on our business and operations

We believe that the reputation and brand name that we have built up over the years play a significant role in enabling us to attract customers and secure projects. The promotion and enhancement of our reputation and brand name depend largely on our ability to provide quality and timely service to our customers. If we fail to do so or our customers no longer perceive our services to be of high quality, our brand name and reputation could be adversely affected which will in turn materially and adversely affect our business, financial condition and results of operation.

Due to the nature of our operations, our employees or contract workers may be involved in accidents resulting in casualties from time to time. In the past, there were accidents occurred in connection with our construction projects, which resulted in persons being injured during the Track Record Period and up to the Latest Practicable Date. For more information, see the section headed “Business — Labour, Health and Safety Matters” in this prospectus. Past, existing and future negative publicity, media coverage or allegations on such accidents, whether or not accurate, may have a material adverse effect on our reputation and brand name. Although we have implemented safety policies, measures and procedures which we deem adequate on our construction sites, we cannot assure you that there will not be any further negative publicity, media coverage or allegations related to our safety management, which could materially and adversely affect our business, financial position and results of operations.

The quality of the works that we provide is critical to our success. In order to sustain such success, we need to continue to maintain an effective quality control system for our project management service and works provided to our customers. The effectiveness of our quality control system depends significantly on a number of factors, including a timely update of our quality control system to suit the ever-changing business needs, training programme as well as our ability to ensure that our quality control policies and guidelines are adhered to. Any failure or deterioration of our quality control system could result in defects in our services, which in turn may jeopardise our reputation, reduce demands for our services or even subject us to contractual liabilities and other claims. Any such claims, regardless of whether they are ultimately successful, could cause us to incur significant

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costs, harm our reputation and/or result in significant disruption to our operations. Furthermore, if any of such claims were ultimately successful, we could be required to pay substantial monetary damages or penalties, which could have a material adverse impact on our business, financial condition and results of operations.

We are heavily dependent on sub-contractors

We, in common with many construction companies in Hong Kong, rely, to a significant extent, on sub-contractors to assist us in completing construction projects since this minimises the need to employ a large workforce including skilled labour in different specialised areas and semi-skilled labour, and increases flexibility and cost effectiveness in carrying out contracts. All of our construction works were carried out by third party sub-contractors (other than Able Contractors which is a connected person of our Company by virtue of it being a wholly-owned subsidiary of Vantage) for the three years ended 31 March 2013 and the four months ended 31 July 2013. Our Group's five largest suppliers are our sub-contractors. Able Contractors, our largest sub-contractor, accounted for approximately 62.7%, 34.0%, 54.9% and 69.6% of the total sub-contracting fees charged to our Group for each of the three years ended 31 March 2013 and the four months ended 31 July 2013 respectively. The sub-contracting fees charged by our sub-contractors (three sub-contractors in total) for building construction and maintenance projects accounted for approximately 62.8% and 34.0% of the total sub-contracting fees charged to our Group for each of the two years ended 31 March 2011 and 2012 respectively. There were four and two sub-contractors for building construction and maintenance projects for the year ended 31 March 2013 and the four months ended 31 July 2013, respectively and the sub-contracting fees charged by them accounted for approximately 55.0% and 69.9% respectively of the total sub-contracting fees charged to our Group for the same period. Our Group's five largest sub-contractors in civil engineering construction business accounted for approximately 35.1%, 63.9%, 44.4% and 30.1% of the total sub-contracting fees charged to our Group for each of the three years ended 31 March 2013 and the four months ended 31 July 2013 respectively. We have established a system with respect to the selection and control of Independent Third Party sub-contractors, including maintaining a regularly updated list of authorised sub-contractors, and entering into agreements with them to set forth each party's rights and obligations. Nevertheless, we may not be able to monitor the performance of these sub-contractors as directly and efficiently as with our own staff. In addition, qualified sub-contractors may not always be readily available when our needs for outsourcing arise. Notwithstanding our Group's proven good working relationship with, in particular, our established group of sub-contractors, which enhances the cost effectiveness and efficiency of our Group's operation, there is no assurance that we will be able to continue to maintain and foster such good relationships with existing and new sub-contractors in the future. If we are unable to hire qualified sub-contractors, our ability to complete projects could be impaired. Although our Directors do not foresee any difficulty in replacing its Independent Third Party sub-contractors, there is no guarantee that we can always find Independent Third Party sub-contractors with the requisite knowledge, expertise, experience and capability that meet our Group's project needs and works requirements to complete construction works in accordance with the terms of the contracts for the projects.

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In addition, the use of Independent Third Party sub-contractors does expose our Group to risks associated with either their non-performance or sub-standard performance, and risks that such third-party sub-contractors may not complete a project in accordance with its originally tendered time and cost schedules. In that event, we may be required to source these services on a delayed basis or elsewhere, or at a price higher than anticipated, which could adversely impact the profitability of our business. If a sub-contractor's performance does not meet our standards, the quality of the project may be affected, which could harm our reputation and business prospect, and this potentially exposes us to litigation and damages claims.

We rely on Able Contractors as our only sub-contractor for our building construction business. Although Able Contractors is a connected person and we have seconded certain staff to Able Contractors, there can be no assurance that we will be able to monitor its performance before the completion of the single remaining building construction works as directly and efficiently as with our own staff.

Our customers pay us by way of progress payment and require retention money, and there is no guarantee that progress payment is paid to us on time and in full, or that retention money is fully released to us upon completion of a project

We normally receive progress payment from customers on a monthly remeasurement basis, with reference to the value of work done. Generally, the authorised person, usually the engineer or quantity surveyors employed by the customers, would issue a progress certificate certifying the work progress in the preceding month. It normally takes approximately three to four weeks for such certificates to be issued. The customers then effect payment with reference to such certificate. Payments are generally made within 30 days after the issue of the progress certificate.

A portion of contract sum, normally between 1% to 10%, is usually withheld by the customers as retention money and will generally be released upon expiry of the guaranteed maintenance period. As at 31 July 2013, approximately HK\$113 million of retention money was retained by customers in respect of our Group's projects. Please also refer to the section headed "Business — Inspection and quality assurance — Application for payment and certification" in this prospectus.

During each of the three years ended 31 March 2013 and the four months ended 31 July 2013, there was no allowance for construction revenue receivable arising from such payment practice. Our Group recorded no bad debt from such payment practice during the Track Record Period.

Delays in progress payments or release of retention money from our customers may increase our working capital needs. If a customer defaults in making its payments on a project to which we have devoted significant resources, it could also affect our liquidity and decrease the capital resources that are otherwise available for other uses. We may file a claim for compensation of the loss that we incurred pursuant to our contracts but settlement of disputes generally takes time and financial and other resources, and the outcome is often uncertain. In general, we make provisions for bad debts, including those arising from progress payments or release of retention money, based primarily on ageing

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and other factors such as special circumstances relating to specific customers. There can be no assurance that the retained money or any future retention money will be remitted by our customers to us on a timely basis or that the level of bad debt arising from such payment practice can be maintained at the same level as in the Track Record Period. Any failure by our customers to make timely remittance may have an adverse effect on our future liquidity position.

We are reliant on suppliers in supplying the requisite construction materials for carrying out our construction projects and we may be adversely affected if our suppliers fail to supply the desired materials up to the required standard or delay in their supply

Our purchases of construction materials for carrying out our projects from our five largest material suppliers from which we purchased materials for the use of our sub-contractors together accounted for approximately 50.2%, 67.9%, 78.8% and 84.5% of our total purchase of construction materials for the three years ended 31 March 2013 and the four months ended 31 July 2013 respectively. Should there be any disruption in the supply of construction materials from our major materials suppliers, and we are unable to identify alternative sources of supply with competitive prices, sufficient quantity and satisfactory quality, our ability to deliver works of acceptable quality standards and to complete our projects on time and thereby our profitability and financial performance may be adversely affected.

Also, these material suppliers may not have sufficient capacity to meet our needs in a timely manner or in accordance with our required quality standards. Therefore, there is no assurance that we will not encounter problems with our material suppliers in the future, or that alternative material suppliers will be identified to replace unsatisfactory material suppliers. Any delays or shortages in the supply of construction materials for carrying out our works projects from our material suppliers may adversely affect our business operations and financial results.

Labour shortages or increases in labour costs could slow our growth, harm our business and reduce our profitability

Our businesses are labour intensive and therefore, our success depends in part upon our sub-contractors' and our ability to attract, retain and motivate a sufficient number of qualified construction workers. Qualified individuals are in short supply and competition for these workers is intense. Any future inability to recruit and retain qualified individuals may delay the completion of construction works and could result in deduction of liquidated and ascertained damages from the contract sum payable to our Group. For further details regarding the risks associated with such liquidated damages, please refer to the paragraph below headed "If we fail to meet the requirements of our project contracts or quality standards of our services, we may face litigation, incur liquidated damages and additional costs and experience delays or difficulties in receiving payments which may adversely affect our business and reputation" in this section. Any such delays could have a material adverse effect on our business and results of operations. In addition, competition for qualified construction workers could also require us to pay higher wages, which could result in higher labour costs.

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Moreover, the minimum wage requirement in Hong Kong has increased and can continue to increase our labour costs in future. The salary level of construction workers in Hong Kong has been increasing in the past several years. We may not be able to increase our prices in order to pass these increased labour costs on to our customers for contracts without price adjustments, in which case our business and results of operations would be negatively affected.

Our qualifications and licences from the Government are important to us as they dictate the range and size of public works in which we are eligible to participate as main contractor. Our participation in Government projects may, more likely than in the case of projects for private sector customers, draw public attention which may associate with adverse publicity

In order to tender for public sector contracts, a contractor is usually required to be on the appropriate List of Approved Contractors. If the capability, performance, tendering record or financial standing of a particular contractor is found to be unsatisfactory by the Government, the Government may remove a contractor from such list or take other regulatory actions against the contractor such as revocation, suspension, extending probationary period, downgrading to probationary status, or demotion to a lower group in respect of all or any work category in which the contractor is listed. In the event of a withdrawal, revocation or downgrading, there would be a detrimental impact on our Group's prospects. In addition, any changes or alterations in the licensing requirements and/or standards for admission into the List of Approved Contractors may require us to make necessary corresponding adjustments of whatever kind and nature to meet any new requirements and/or standards resulting from such changes, thus requiring our Group to incur extra costs. Please see the section headed "Regulatory Overview" in this prospectus for more information on the licence requirements applicable to us. If any of our licences becomes revoked, suspended, downgraded or demoted, it may seriously prejudice our Group's ability to tender for and be awarded contracts for public construction works and thereby reduce our turnover and profit.

If a contractor has violated any law or regulation, the relevant Government authority may take disciplinary actions against the contractor, such as amendment, variation (e.g. demotion of licences to a lower grade), suspension and revocation of licences. Further, in awarding contracts to a contractor, the Government authorities will take into account a contractor's performance and track record and whether disciplinary action has been taken against it.

Our participation in Government projects may, more likely than in the case of projects for private sector customers, draw public attention. Such publicity may be adverse and there is no assurance that any such publicity, whether adverse to our Company or not, will not be overstated. Since those projects are publicly funded, changes in government budget and policy considerations could result in delays or changes to these projects. In addition, disputes with public bodies may last for considerably longer periods of time than for those that occur with private sector counter parties, and payments from the public bodies may be delayed as a result. All these risks may affect our performance of, and collection on, contracts with public bodies, and may have a material adverse effect on our results of operations.

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If we fail to meet the requirements of our project contracts or quality standards of our services, we may face litigation, incur liquidated damages and additional costs and experience delays or difficulties in receiving payments, which may adversely affect our business and reputation

We are typically required to complete each project according to a fixed schedule by an agreed date as stated in the relevant contract. If we fail to complete a project in a timely manner resulting in a breach of our contractual obligations, we may be liable to compensate our customers for losses or damages caused by the delay. For the projects undertaken by our Group, it is common for a clause for payment of damages for non-completion of works to be included in the contract made between our Group and the customer involved. Such a clause usually provides that in case of delay in the completion of works, a sum of liquidated damages calculated on the basis of a fixed sum of money per day (as stated in the contracts) will have to be paid by our Group to the customer for the period during which the works so remain incomplete. Any delay in the completion of a project, whether or not caused by us, could also lead to additional costs being incurred, including costs to hire additional manpower and to provide temporary storage for construction materials used. Since there is always a risk that construction projects undertaken by our Group may not be completed in accordance with the pre-set time schedule, our Group is subject to the risk of being claimed for the said liquidated damages when a construction project undertaken by our Group is not completed on time. Such claims for liquidated damages when construction project undertaken is not completed on time will affect the profitability of our Group if no extension of time is granted by the engineer as the customer is entitled to deduct such liquidated damages from the contract sum under the relevant contract. The effect to our Group depends on the number of days of construction work extended. Further, any failure on our part to complete a project in a timely manner could harm our reputation in the industry and hinder our ability to win future contracts and, as a result, our business, financial condition and results of operations could be materially and adversely affected.

In addition, we may be liable to compensate our customers for any losses sustained by them if any of our employees, contract workers or installation service providers do not complete projects in accordance with the terms specified in the relevant contracts. These litigation costs, together with the payment of damages, could adversely affect our profitability and financial performance.

Our short-term operating results may not be indicative of our long-term operating results

The durations of our construction contracts are relatively long, typically spanning approximately 12 to 60 months. Revenue from ongoing contracts is usually recognised over time in subsequent years. Therefore, our future results may fluctuate in connection with our entry into new contracts. Additionally, our profitability may not be in line with the progress of the project. The completion of large projects may significantly impact profitability for the year, which may result in substantial fluctuations of our profitability from year to year. Accordingly, there can be no assurance that our short-term operating results are indicative of our long-term operating results.

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Our sub-contractors may employ illegal foreign workers or may be in breach of laws or requirements

Since our Group usually acts as the main contractor in construction projects which we undertake, we typically appoint sub-contractors to carry out the various specific works involved. Although our Group's major role is to provide overall project management and supervision over those sub-contractors and we have implemented system and procedures to prevent the employment of illegal foreign workers or the breach of laws or requirements by our sub-contractors, there is no assurance that the sub-contractors will always comply with the Immigration Ordinance (Chapter 115 of the Laws of Hong Kong) and refrain from employing illegal foreign workers or not be in breach of laws or requirements. As such, there is a risk that we, as the main contractor, may be liable to payment of fine and/or other statutory punishments when illegal foreign workers employed by the sub-contractors are found to be working in the construction sites managed by our Group or that sub-contractors are in breach of laws or requirements.

Our levels of cashflow may fluctuate

As far as a single project is concerned, net cash outflow is normally recorded at the early stage of construction when we are required to pay the setting up expenditures. As explained in the paragraph headed "Business — Inspection and quality assurance — Application for payment and certification" in this prospectus, progress payments will only be received after the construction commences and after the works and payments are certified by our Group's customer. Although the cash flow for a particular project may turn from net outflow at the early stage gradually into accumulative net inflow as the construction progresses, if we fail to manage the fluctuations in our cashflows from projects appropriately, our business, financial condition and results of operations could be materially and adversely affected.

The interests of our Controlling Shareholders may conflict with the interests of our Group's public shareholders

Immediately upon the completion of the Share Offer, Vantage, one of our Controlling Shareholders, whose shares are listed on the Stock Exchange, will own approximately 75% of our enlarged issued share capital, assuming the Offer Size Adjustment Option is not exercised. Accordingly, our Controlling Shareholders will be able to exercise substantial control or influence over our business by directly or indirectly voting at shareholders' meetings in matters that are significant to us and our public Shareholders, including, but not limited to, matters relating to the following:

- mergers or other business combinations;
- acquisition or disposition of assets;
- issuance of any additional Shares or other equity securities;
- timing and amount of dividend payments; and
- management of our Company.

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The interest of our Controlling Shareholders may not be the same as, and may conflict with, those of our public Shareholders. Our Controlling Shareholders may take actions, and exercise influence that favour their interests over the interests of us or our public Shareholders. We cannot assure you that our Controlling Shareholders will not cause us to enter into transactions or take, or fail to take, other actions or make decisions that conflict with the best interests of our other Shareholders.

Furthermore, if other businesses affiliated with our Controlling Shareholders compete with us for qualified construction workers and other resources, it could materially and adversely affect our business operations. Any actual or perceived competition from our Controlling Shareholders' outside businesses could have a material adverse effect on our business operations and investors' confidence in us.

RISKS RELATING TO THE INDUSTRY

We face significant competition in the construction market, and failure to compete efficiently could materially and adversely affect our business

We operate in a highly competitive industry in which our competitors include a number of approved contractors that comprise of various global, Hong Kong and China-based companies that provide services similar to ours. Some of our competitors may have stronger brand names, greater access to capital, longer operating histories, longer and more established relationship with their customers, and greater marketing and other resources than we do. Due to the evolving markets in which we compete, additional competitors with significant market presence and financial resources may enter those markets provided that they have the appropriate skills and are granted the requisite licences, and thereby intensify the competition. These competitors may be able to reduce our market share by adopting more aggressive pricing policies than we can or by developing services that gain wider market acceptance than our service does. Existing and potential competitors may also develop relationships with our customers in a manner that could significantly harm our ability to secure contracts.

For our business, our market position depends on our ability to anticipate and respond to various competitive factors, including effective cost control, technical expertise and timely completion of the contracts to meet customers' schedules. There can be no assurance that the competition in the tendering process will not intensify in the future and if we fail to maintain or improve our market position or fail to respond successfully to changes in the competitive landscape, our business, financial condition, results of operations and prospects may be materially and adversely affected.

We are exposed to a variety of project risks which may have a material and adverse impact on the returns of our Group

Construction contracts are normally awarded through competitive tendering process. We need to estimate the construction time and costs in order to determine the tender price. It often takes many months to complete projects such as those undertaken by our Group. The time taken and the costs involved in completing a project can be adversely affected by many factors, including shortages and escalating costs of materials and labour, disputes

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with sub-contractors, labour disputes, adverse weather conditions, natural disasters, accidents, changes in government priorities or regulations, and other unforeseen problems and circumstances. Any of these factors could give rise to delays in the completion of a project and result in cost overruns or even unilateral termination of projects by customers. Such losses in contract time and costs overruns, some of which are not recoverable under the terms of contracts with customers, may reduce the profitability of a project. Delays in the process of obtaining any specific licences, permits or approvals from government agencies or authorities in carrying out any particular construction project can also increase the cost or delay the progress of a project. Failure to complete construction according to pre-set time schedules, specifications and quality standards may result in disputes, contract termination, liabilities, reduced efficiency and/or lower returns than anticipated on the construction project concerned, and may adversely affect our Group's ability to fetch further construction projects contracts in the future. In construction works and projects, increasing emphasis placed by the government and regulatory authorities on environmental and safety issues, whether on sites or in respect of the completed works, may increase construction costs and have a material and adverse impact on the returns of our Group.

We are subject to a number of applicable ordinances and regulations in relation to labour, health, safety and environmental protection and liability. Changes in, or any failure to comply with, applicable laws or regulations may adversely affect our business and our growth strategy

Our relationships with employees are governed by various labour laws and regulations in Hong Kong, including minimum wage requirements, breaks, overtime pay, fringe benefits, safety and health requirements, working conditions and workers' compensation rates.

Besides, the construction works undertaken by our Group is subject to the regulations and guidelines issued by the Environmental Protection Department of the Government which apply to the operation of all construction projects in Hong Kong, governing, inter alia, noise control, air and water pollution and disposal of waste. For details, please refer to the section headed "Regulatory Overview" in this prospectus. Any non-compliance may lead to fines and/or suspension of works and/or disciplinary actions by the relevant government authorities, including revocation, suspension or variation of licences held by our Group. Hence, any breaches of applicable ordinances and regulations may adversely affect the business prospect of our Group.

During the Track Record Period, our Group has not been subject to any material claim for breach of environmental, safety and health laws, regulations and requirements. For the three years ended 31 March 2013 and the four months ended 31 July 2013, the amount of fines our Group was subject to as a result of breach of ordinances in Hong Kong in relation to environmental, safety and health applicable to our Group (including the fines relating to the breaches of the Public Health and Municipal Services Ordinance and the Factories and Industrial Undertakings Ordinance mentioned below) was HK\$2,800, HK\$2,500, HK\$21,000 and nil respectively. For the three years ended 31 March 2013 and the four months ended 31 July 2013, the amount of fines our Group was subject to as a result of breaches of the Public Health and Municipal Services Ordinance was HK\$2,800, HK\$2,500,

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nil and nil respectively. Such breaches related to Sections 27(3) and 150 of the Public Health and Municipal Services Ordinance and involved larvae of mosquito found in the relevant construction site. For the same period, the amount of fines our Group was subject to as a result of breaches of the Factories and Industrial Undertakings Ordinance was nil, nil, HK\$21,000 and nil respectively.

There can be no assurance that the legal and regulatory environment under which we operate our business will not become more stringent or complex in the future. We may have to incur more costs to comply with any changing laws and regulations in relation to the construction industry in Hong Kong. As a result, our business and results of operations could be adversely affected.

Our performance is dependent on market conditions and trends in the construction industry and in the overall economy which may change adversely

All our operations and management are currently located in Hong Kong. Any policies that may have a negative impact upon investment sentiment in Hong Kong may, in turn, have an adverse effect on the general economy of Hong Kong and hence the prospects of the construction industry in Hong Kong. The future growth and level of profitability of the construction industry in Hong Kong are likely to depend primarily upon the continued availability of major construction projects. The nature, extent and timing of such projects will, however, be determined by the interplay of a variety of factors, in particular, the Government's spending patterns on the construction industry in Hong Kong and the general conditions and prospects of Hong Kong's economy. These factors may affect the availability of construction projects from the public sector, private sector or institutional bodies.

The Hong Kong economy, however, has experienced considerable volatility since late 1997. Being one of Hong Kong's primary economic sectors, the construction industry has declined as a result of Hong Kong's general economic downturn. Although a number of infrastructure projects are in the pipeline as set out in the section headed "Industry Overview — Perspective of public works in civil engineering" in this prospectus, these projects are susceptible to delays and the availability of Government funds. There are also many other factors affecting the construction industry, including cyclical trends in the economy as a whole, fluctuations in interest rates and the availability of new projects in the private sector. If Hong Kong experiences any adverse economic conditions due to events beyond our control, such as a local economic downturn, natural disasters, contagious disease outbreaks or terrorist attacks, a reduction in the capital expenditure by the Government on infrastructure projects, or if the local authorities adopt regulations that place additional restrictions or burdens on us or on our industry in general, our overall business and results of operations and profits could be materially and adversely affected. In addition, we have no experience in operating businesses in other places, and may have difficulties in relocating our business to other geographic markets. Therefore, if there is any deterioration in the economic, political and regulatory environment in Hong Kong, our business may be materially and adversely affected.

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RISKS RELATING TO THE SHARE OFFER

There has been no prior public market for our Shares and an active trading market for our Shares may not develop or be sustained

Prior to the Share Offer, no public market for our Shares existed. Following the completion of the Share Offer, the Stock Exchange will be the only market on which the Shares are publicly traded. We cannot assure you that an active trading market for our Shares will be developed or be sustained after the Share Offer. In addition, we cannot assure you that our Shares will trade in the public market subsequent to the Share Offer at or above the Offer Price. The Offer Price for the Shares is expected to be fixed by agreement among Mizuho (for itself and on behalf of the Underwriters) and us, and may not be indicative of the market price of the Shares following the completion of the Share Offer. If an active trading market for our Shares does not develop or is not sustained after the Share Offer, the market price and liquidity of Shares could be materially and adversely affected.

The trading prices and volume of our Shares may be volatile, which could result in substantial losses to you

The trading price of our Shares may be volatile and could fluctuate widely in response to factors beyond our control, including variations in the level of liquidity of our Shares; changes in securities analysts' (if any) estimates of our financial performance; investors' perceptions of our Group and the general investment environment; changes in laws, regulations and taxation systems which affect our operations; general market conditions of the securities markets in Hong Kong. In particular, the trading price performance of our competitors which securities are listed on the Stock Exchange may affect trading price of our Shares. These broad market and industry factors may significantly affect the market price and volatility of our Shares, regardless of our actual operating performance.

In addition to market and industry factors, the price and trading volume for our Shares may be highly volatile for specific business reasons. In particular, factors such as variations in our revenue, net income and cash flow, success or failure of our efforts in implementing business and growth strategies; involvement in material litigation as well as recruitment or departure of key personnel, could cause the market price of our Shares to change unexpectedly. Any of these factors may result in large and sudden changes in the volume and trading price of our Shares.

Since there will be a gap of several days between pricing and trading of our Offer Shares, holders of our Offer Shares are subject to the risk that the price of our Offer Shares could fall during the period before trading of our Offer Shares begins

The Offer Price of our Shares is expected to be determined on the Price Determination Date. However, it is expected that our Shares will not commence trading on the Stock Exchange until on the sixth Business Day after the pricing date after they are delivered. As a result, investors may not be able to sell or otherwise deal in our Shares during that period. Accordingly, holders of our Shares are subject to the risk that the price of our Shares could fall before trading begins as a result of adverse market conditions or other adverse developments that could occur between the time of sale and the time trading begins.

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Substantial future sales of our Shares in the public market could adversely affect their trading price

Sales of substantial amounts of our Shares in the public market after the completion of the Share Offer, or the perception that these sales could occur, could adversely affect the market price of our Shares and could materially impair our future ability to raise capital through offerings of our Shares. There is no assurance that our major Shareholders would not dispose of their shareholdings. Any significant disposal of the Shares by any of the major Shareholders may materially affect the prevailing market price of the Shares. In addition, these disposals may induce more difficulties for us to issue new Shares in the future at a time and price we deem appropriate, thereby limiting our liability to raise further capital.

We cannot predict what effect, if any, significant future sale will have on the market price of our Shares.

Investors in the Share Offer may experience dilution if we issue additional Shares in the future

In order to expand our business, we may consider issuing additional Shares in the future. Investors of our Shares may experience immediate dilution in the net tangible asset book value per Share of their Shares if we issue additional Shares in the future at a price which is lower than the then net tangible asset book value per Share.

Historical dividends are not indicative of future dividends

Prior to the Reorganisation, EXCEL declared a one-off and non-recurring dividend of HK\$60 million to the then shareholder, Great Jump on 21 November 2013. On the same day, Great Jump declared the entire HK\$60 million as dividend to the then shareholder, Profit Chain. Such dividend will be funded by using our internal resources and paid before the Listing in December 2013. Investors in the Share Offer and persons becoming our Shareholders after the Listing will not be entitled to such dividend. After completion of the Share Offer, our Shareholders will be entitled to receive dividends only when declared by our Board. Save as aforesaid, no dividend has been paid or declared by companies comprising our Group or our Company during the Track Record Period and from 1 August 2013 up to the Latest Practicable Date. Such historical dividends should not be used by the potential investors as a guide to our future dividend policy. There is no assurance that dividends will be declared or paid in the future, at a similar level or at all. The past dividend rates should not be used as a reference or basis to determine the amount of dividends in the

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future. The amount of future dividends to be declared by our Company will depend on factors such as our profitability, financial condition, business development requirements, future prospects and cash requirements. Any declaration and payment, as well as the amount of dividends, will be subject to our constitutional documents and Cayman Islands laws, including the approval of our Shareholders and our Directors.

Certain facts, forecast and other statistics in this prospectus obtained from publicly available sources have not been independently verified

Certain facts, forecast and other statistics in this prospectus have been derived from various government and official resources. However, our Directors cannot guarantee the quality or reliability of such source materials. We believe that the sources of the said information are appropriate sources for such information and have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading or that any fact has been omitted that would render such information false or misleading. Nevertheless, such information has not been independently verified by us, Mizuho, the Underwriters or any of their respective affiliates or advisers and, therefore, we make no representation as to the accuracy of such facts and statistics. Further, we cannot assure you that they are stated or compiled on the same basis or with the same degree of accuracy as similar statistics presented elsewhere. In all cases, you should consider carefully how much weight or importance you should attach to or place on such facts or statistics.

Forward-looking statements contained in this prospectus are subject to risks and uncertainties

This prospectus contains certain statements that are “forward-looking” and indicated by the use of forward-looking terminology such as “believe”, “intend”, “anticipate”, “estimate”, “plan”, “potential”, “will”, “would”, “may”, “should”, “expect”, “seek” or similar terms. Prospective investors are cautioned that reliance on any forward-looking statement involves risk and uncertainties and that, although our Directors believe the assumptions related to those forward-looking statements are reasonable, any or all of those assumptions could prove to be inaccurate and as a result, the forward-looking statements based on those assumptions could also be incorrect. The risks and uncertainties in this regard consist of those identified in the risk factors discussed above. In light of these and other risks and uncertainties, the enclosure of forward-looking statements in this prospectus should not be regarded as representations by us that the plans and objectives will be achieved, and investors should not place undue reliance on such statements.

We strongly caution you not to place any reliance on any information contained in press articles or media regarding our Group or the Share Offer

Prior to the publication of this prospectus, there may be press and media coverage regarding our Group or the Share Offer, which may include certain financial information, financial projections and other information about our Group that do not appear in this prospectus. We have not authorised the disclosure of any such information in the press or media. We do not accept any responsibility for any such press or media coverage or the accuracy or completeness or reliability of any such information. To the extent that any such information appearing in publications other than this prospectus is inconsistent or conflicts

RISK FACTORS

with the information contained in this prospectus, we expressly disclaim it. Accordingly, prospective investors should not rely on any such information. In making your decision as to whether to purchase our Shares, you should rely only on the financial, operational and other information included in this prospectus.

CONNECTED TRANSACTIONS

A member of our Group has entered into and is expected to continue a transaction which will constitute a non-exempt continuing connected transaction of our Company under the Listing Rules upon Listing. We have applied to the Stock Exchange for, and the Stock Exchange has agreed to grant, a waiver in relation to the continuing connected transaction between our Group and a connected person of our Company under Chapter 14A of the Listing Rules. For further details, please refer to the section headed “Connected Transactions” in this prospectus.

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 Ordinance, the Securities and Futures (Stock Market Listing) Rules (Chapter 571V of the Laws of Hong Kong) and the Listing Rules for the purpose of giving information to the public with regard to our Group. Our Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this prospectus is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement in this prospectus misleading.

UNDERWRITING

This prospectus is published solely in connection with the Public Offer and the Preferential Offer. For applicants under the Public Offer and for Qualifying Vantage Shareholders under the Preferential Offer, this prospectus and the relevant Application Forms contain the terms and conditions of the Public Offer and the Preferential Offer.

The Share Offer comprises the Public Offer and the Placing and the Listing is sponsored by the Sole Sponsor which is also the Bookrunner and Lead Manager of the Share Offer. All the Public Offer Shares will be fully underwritten by the Public Offer Underwriters pursuant to the Public Offer Underwriting Agreement and all the Placing Shares are expected to be fully underwritten by the Placing Underwriters pursuant to the Placing Agreement each being subject to the Lead Manager and our Company agreeing the Offer Price. For further information about the Underwriters and the underwriting arrangements, please refer to the section headed "Underwriting" in this prospectus.

DETERMINATION OF THE OFFER PRICE

The Offer Shares are being offered at the Offer Price which is expected to be determined by Mizuho (on behalf of the Underwriters) and our Company on or around 3 December 2013, or such later date as may be agreed between Mizuho (on behalf of the Underwriters) and our Company but in any event no later than 10 December 2013.

If, for any reason, Mizuho (on behalf of the Underwriters) and our Company are unable to reach an agreement on the Offer Price on or before the Price Determination Date, the Share Offer will not become unconditional and will lapse.

PROCEDURES FOR APPLICATION FOR THE PUBLIC OFFER SHARES AND RESERVED SHARES

The application procedures for the Public Offer Shares and the Reserved Shares are set out in the section headed "How to apply for Public Offer Shares and Reserved Shares" in this prospectus and on the relevant Application Forms.

INFORMATION ABOUT THIS PROSPECTUS AND THE SHARE OFFER

SELLING RESTRICTIONS

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

No action has been taken to permit a public offering of the Offer Shares in any jurisdiction other than Hong Kong or the distribution of this prospectus and/or the relevant application forms in any jurisdiction other than Hong Kong. Accordingly, this prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in any jurisdiction or in any circumstances in which such an offer or invitation is not authorised or to any person to whom it is unlawful to make such an offer or invitation. The distribution of this prospectus and the offering and sales of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorisation by the relevant securities regulatory authorities or an exemption therefrom. In particular, the Offer Shares have not been publicly offered or sold, and will not be offered or sold, directly or indirectly, in the PRC or the United States.

INFORMATION ABOUT THE SHARE OFFER

The Public Offer Shares are offered to the public in Hong Kong for subscription solely on the basis of the information contained and the representations made in this prospectus and the related Application Forms. No person is authorised in connection with the Share Offer to give any information or to make any representation not contained in this prospectus, and any information or representation not contained in this prospectus must not be relied upon as having been authorised by our Company, the Lead Manager, the Bookrunner, the Sole Sponsor, the Underwriters, any of their respective directors, agents or advisers or any other person involved in the Share Offer.

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 of applying for the Offer Shares and any applicable exchange control regulations and applicable taxes in the countries of their respective citizenship, residence or domicile.

INFORMATION ABOUT THIS PROSPECTUS AND THE SHARE OFFER

APPLICATION FOR LISTING ON THE STOCK EXCHANGE

We have applied to the Listing Committee for the listing of, and permission to deal in, the Shares in issue, Shares to be issued pursuant to the Share Offer (including any shares which may be issued pursuant to the exercise of the Offer Size Adjustment Option) and the Capitalisation Issue on the Main Board.

Save as disclosed herein, no part of the Shares or loan capital of our Company is listed or dealt in on the Main Board or on any other stock exchange and at present, no such listing or permission to deal is being or is proposed to be sought on the Main Board or any other stock exchange in the near future.

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

SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

Subject to the granting of listing of, and permission to deal in, our Shares on the Stock Exchange and our Company's compliance with the stock admission requirements of HKSCC, our Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the Listing Date or any other date as determined by HKSCC.

Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second Business Day after any trading day. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. All necessary arrangements have been made for our Shares to be admitted into CCASS. Investors should seek the advice of their stockbrokers or other professional advisers for details of those settlement arrangements and how such arrangements will affect their rights and interests.

PROFESSIONAL TAX ADVICE RECOMMENDED

Potential investors in the Share Offer are recommended to consult their professional advisors if they are in any doubt as to the tax implications of subscription for, purchasing, holding, disposing of and dealing in, or exercise of any rights in relation to, our Offer Shares. It is emphasised that none of our Group, the Sole Sponsor, the Bookrunner, the Lead Manager, the Underwriters, any of our or their respective directors, agents or advisors or any other person involved in the Share Offer accepts responsibility for the tax effects on or liabilities of any holder of Shares resulting from your subscription for, purchase, holding, disposal of, or, dealing in, or the exercise of any rights in relation to, our Offer Shares.

STRUCTURE OF THE SHARE OFFER

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

HONG KONG SHARE REGISTER AND STAMP DUTY

All Shares issued pursuant to applications made in the Share Offer will be registered on our Company’s share register of members to be maintained in Hong Kong. Our principal register of members will be maintained by our Company’s principal share registrar in the Cayman Islands.

Dealings in our Shares registered in the share register of our Company in Hong Kong will be subject to Hong Kong stamp duty.

Unless determined otherwise by our Company, dividends payable in Hong Kong dollars in respect of Shares will be paid to our Shareholders listed on the Hong Kong share register of our Company, by ordinary post, at the Shareholders’ risk, to the registered address of each Shareholder.

OFFER SIZE ADJUSTMENT OPTION

It is expected that our Company will grant the Offer Size Adjustment Option, exercisable by the Lead Manager on behalf of the Placing Underwriters at any time before 6:00 p.m. on the business day immediately before the date of the announcement of the results of applications and the basis of allocation of the Public Offer Shares, to require our Company to allot and issue up to an aggregate of 7,500,000 additional Shares, representing 15% 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 Futures (Price Stabilising) Rules of the SFO (Chapter 571W of the Laws of Hong Kong). 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, the Lead Manager in their absolute discretion 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 7,500,000 Shares and the Offer Shares will represent approximately 3.61% of our Company’s enlarged share capital immediately after completion of the Share Offer and the exercise of the Offer Size Adjustment Option.

Our Company will disclose in the announcement of the results of the applications 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 the Lead Manager, our Company will confirm in such announcement that the Offer Size Adjustment Option has lapsed and cannot be exercised at any future date.

INFORMATION ABOUT THIS PROSPECTUS AND THE SHARE OFFER

COMMENCEMENT OF DEALINGS IN THE SHARES

Dealings in the Shares on the Stock Exchange are expected to commence on 11 December 2013. Shares will be traded in board lots of 2,000 Shares each.

ROUNDING

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

DIRECTORS AND PARTIES INVOLVED IN THE SHARE OFFER

DIRECTORS

Name	Address	Nationality
Executive Directors		
Mr. Li Chi Pong	Flat G, 24/F, Block 18 Mei Hay Court South Horizons 18 South Horizon Drive Hong Kong	Chinese
Mr. Poon Yan Min	38E, Tower 10, Le Point 8 King Ling Road Tseung Kwan O New Territories, Hong Kong	Chinese
Non-executive Director		
Mr. Yau Kwok Fai	Flat A, 1/F Pine Tree Gardens 4 Ede Road Kowloon Tong Kowloon, Hong Kong	Chinese
Independent non-executive Directors		
Dr. Law Kwok Sang	Flat C, 4/F Perth Apartments 29 Perth Street Ho Man Tin Kowloon, Hong Kong	Chinese
Professor Patrick Wong Lung Tak <i>B.B.S., J.P.</i>	Flat 6A, Cumine Court 52 King's Road North Point Hong Kong	Chinese
Ms. Mak Suk Hing	Flat B, 10/F Block 5 11 Farm Road Majestic Park To Kwa Wan Kowloon, Hong Kong	Chinese

DIRECTORS AND PARTIES INVOLVED IN THE SHARE OFFER

PARTIES INVOLVED

**Sole Sponsor, Bookrunner and
Lead Manager**

Mizuho Securities Asia Limited
12th Floor, Chater House
8 Connaught Road Central
Hong Kong

Public Offer Underwriters

Mizuho Securities Asia Limited
12th Floor, Chater House
8 Connaught Road Central
Hong Kong

RaffAello Securities (HK) Limited
3rd Floor, Plaza 168
166–168 Des Voeux Road Central
Hong Kong

Phillip Securities (Hong Kong) Limited
11–12th Floor
United Centre
95 Queensway
Hong Kong

Phoenix Capital Securities Limited
Unit 3006, 30/F, COSCO Tower
Grand Millennium Plaza
183 Queen's Road Central
Hong Kong

Placing Underwriters

Mizuho Securities Asia Limited
12th Floor, Chater House
8 Connaught Road Central
Hong Kong

RaffAello Securities (HK) Limited
3rd Floor, Plaza 168
166–168 Des Voeux Road Central
Hong Kong

Phillip Securities (Hong Kong) Limited
11–12th Floor
United Centre
95 Queensway
Hong Kong

DIRECTORS AND PARTIES INVOLVED IN THE SHARE OFFER

Phoenix Capital Securities Limited
Unit 3006, 30/F, COSCO Tower
Grand Millennium Plaza
183 Queen's Road Central
Hong Kong

Legal advisers to our Company

As to Hong Kong law:

Iu, Lai & Li Solicitors & Notaries
Rooms 2201, 2201A & 2202
22nd Floor
Tower I
Admiralty Centre
No. 18 Harcourt Road
Hong Kong

As to Cayman Islands law:

Conyers Dill & Pearman (Cayman) Limited
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman
KY1-1111
Cayman Islands

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

As to Hong Kong law:

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

Auditors and reporting accountants

Ernst & Young
Certified Public Accountants
22nd Floor
CITIC Tower
1 Tim Mei Avenue
Central
Hong Kong

Receiving banker

DBS Bank (Hong Kong) Limited
16/F, The Center
99 Queen's Road Central

CORPORATE INFORMATION

Registered office	Cricket Square, Hutchins Drive PO Box 2681 Grand Cayman KY1-1111 Cayman Islands
Headquarter and principal place of business in Hong Kong	No. 155 Waterloo Road, Kowloon Tong Kowloon, Hong Kong
Company's website	www.excelengco.com <i>(The information of this website does not form part of this prospectus)</i>
Company secretary	Mr. Liu Shiu Yuen, HKICPA
Authorised representatives	Mr. Li Chi Pong Flat G, 24/F, Block 18 Mei Hay Court South Horizons 18 South Horizon Drive Hong Kong Mr. Liu Shiu Yuen Flat F, 4/F, Phase 2 Boland Court No. 12 Broadcast Drive Kowloon Tong Kowloon, Hong Kong
Audit committee	Professor Patrick Wong Lung Tak <i>B.B.S., J.P.</i> <i>(Chairman)</i> Dr. Law Kwok Sang Ms. Mak Suk Hing
Remuneration committee	Dr. Law Kwok Sang <i>(Chairman)</i> Professor Patrick Wong Lung Tak <i>B.B.S., JP</i> Ms. Mak Suk Hing Mr. Li Chi Pong
Nomination committee	Mr. Yau Kwok Fai <i>(Chairman)</i> Dr. Law Kwok Sang Professor Patrick Wong Lung Tak <i>B.B.S., JP</i> Ms. Mak Suk Hing
Compliance adviser	Mizuho Securities Asia Limited 12th Floor, Chater House 8 Connaught Road Central Hong Kong

CORPORATE INFORMATION

Cayman Islands principal share registrar and transfer office	Codan Trust Company (Cayman) Limited Cricket Square, Hutchins Drive PO Box 2681 Grand Cayman KY1-1111 Cayman Islands
Hong Kong branch share registrar and transfer office	Tricor Investor Services Limited 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai Hong Kong
Principal bankers	The Hongkong and Shanghai Banking Corporation Limited 1 Queen's Road Central Hong Kong DBS Bank (Hong Kong) Limited 16/F, The Center 99 Queen's Road Central Central, Hong Kong

INDUSTRY OVERVIEW

This section and elsewhere in this prospectus contain information and statistics primarily relating to the industry we operate in and related industry sectors and in particular in Hong Kong. We have derived such information and statistics from various official Government sources. We believe that the sources of this information are appropriate sources for such information and have taken reasonable care in extracting and reproducing such information. However, we cannot guarantee the quality or reliability of such source materials. We have no reason to believe that such information is false or misleading in any material respects or that any fact has been omitted that would render such information false or misleading in any material respects. Whilst our Directors have taken all reasonable care to ensure that the relevant facts and statistics are accurately reproduced from the government official publications, the information and statistics have not been independently verified by our Company, the Bookrunner, the Sole Sponsor, the Lead Manager, the Underwriters or their respective advisers or affiliates or any other party involved in the Share Offer and no representation is given as to its accuracy, completeness or fairness, and accordingly, the information contained herein should not be unduly relied upon.

OVERVIEW

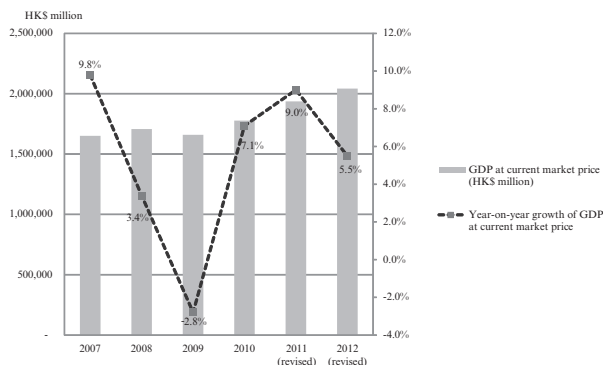
Overview of the Hong Kong economy

Construction works projects are commissioned during both the times of economic downturn and boom.

Despite the adverse impact of the global financial crisis in 2008, the GDP of Hong Kong has demonstrated an overall upward trend over the past six years from approximately HK\$1,650.8 billion in 2007 to approximately HK\$2,041.9 billion in 2012, representing a CAGR of approximately 4.35% from 2007 to 2012 according to the CSD. The global financial crisis caused the GDP growth rate to drop from about 3.4% in 2008 to -2.8% in 2009. The total GDP value declined from about HK\$1,707 billion in 2008 to about HK\$1,659 billion in 2009. The economy of Hong Kong rebounded quickly in 2010 at GDP annual growth rate of about 7.1%. Apart from an expanding domestic market due to increasing intra-regional production activities and growing number of tourists from China, the ten major infrastructure projects announced by the Government in 2007 has also supported the GDP growth in Hong Kong.

INDUSTRY OVERVIEW

The following chart shows the GDP and GDP growth rate of Hong Kong for the periods specified.

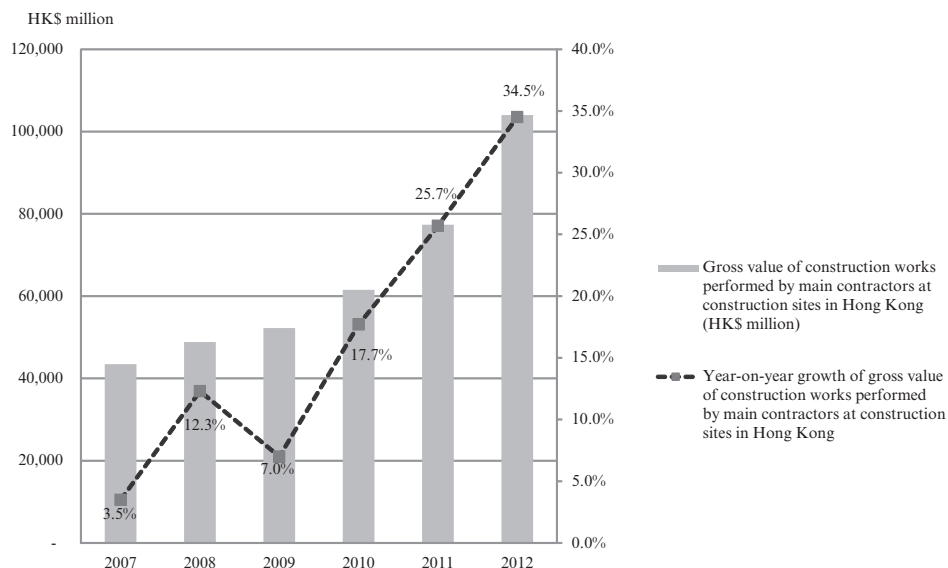


Source: The website of CSD — www.censtatd.gov.hk, August 2013

Construction activities in Hong Kong

As boosted by the ten major infrastructure projects announced by the Government in 2007, the construction industry has enjoyed a steady growth in the past few years. The gross value of construction works at construction sites increased by approximately HK\$58.4 billion from approximately HK\$43.5 billion in 2007 to approximately HK\$104.0 billion in 2012, representing a CAGR of approximately 19.06% from 2007 to 2012 which significantly outperformed the CAGR of the GDP of Hong Kong for the same period.

The chart below shows the gross value of construction works at construction sites in Hong Kong and its growth rate for the periods specified.



Source: The website of CSD — www.censtatd.gov.hk, September 2013

INDUSTRY OVERVIEW

Value added of the construction industry, being a measure of the construction industry's output to the economy, is determined as the sum of construction works performed and other income, less the sum of payment for sub-contract works rendered by fee sub-contractors, consumption of materials and supplies, fuels, electricity and water, maintenance services and miscellaneous operating expenses (excluding interest payments).

Value added of the construction industry grew from approximately HK\$42.4 billion in 2007 to approximately HK\$65.4 billion in 2011, which represented a CAGR of approximately 11.42% from 2007 to 2011. Furthermore, the contribution of the construction industry to the GDP of Hong Kong has also grown significantly in the past few years. Whilst the value added of the construction industry represented approximately 2.57% of the GDP of Hong Kong in 2007, it has grown to represent approximately 3.38% of the GDP of Hong Kong in 2011. The following table illustrates the significance of the construction industry to the economy of Hong Kong analysed by certain information of the construction industry from 2007 to 2011.

Year	Number of establishments ⁽¹⁾	Number of persons directly engaged ('000)	Total labour force ('000)	Share of labour force	Value added ⁽²⁾ (HK\$ million)	GDP (HK\$ million)	Value added as a % to GDP
2007	19,399	114	3,622	3.15%	42,441	1,650,756	2.57%
2008	20,100	136	3,637	3.74%	49,929	1,707,487	2.92%
2009	20,216	135	3,660	3.69%	51,106	1,659,245	3.08%
2010	20,506	147	3,631	4.05%	56,383	1,776,783	3.17%
2011	23,417	170	3,703	4.59%	65,406	1,936,083	3.38%

Notes:

(1) An establishment is defined as an economic unit which engages, under a single ownership or control, in one or predominantly one kind of economic activity at a single physical location.

(2) Value added = Gross value of construction works performed + Other income – Payment for sub-contract works rendered by fee sub-contractors – Consumption of materials and supplies; fuels, electricity and water, and maintenance services – Miscellaneous operating expenses (excluding interest payments)

Source: The website of CSD — www.censtatd.gov.hk, August 2013

CONSTRUCTION INDUSTRY

Structure of construction industry

The construction industry in Hong Kong can broadly be divided into the following two categories:

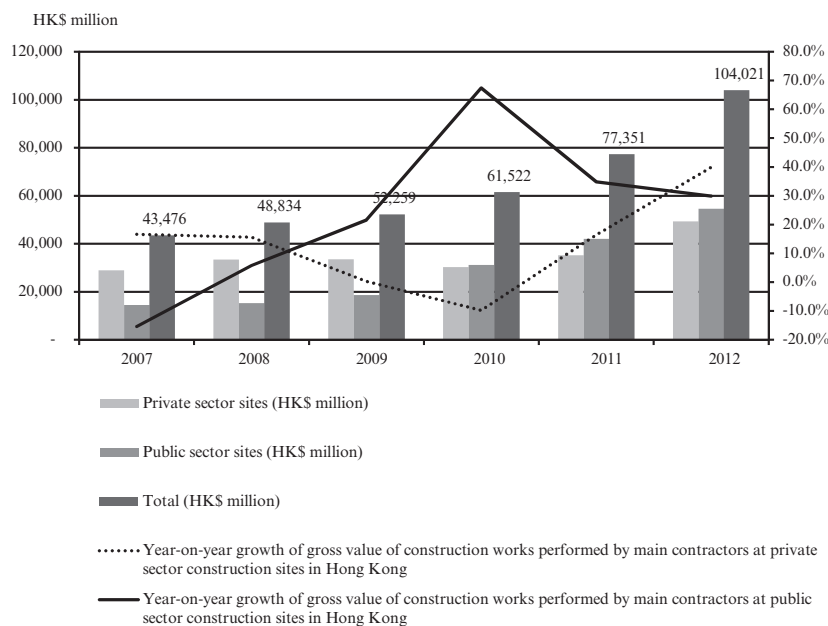
- Building construction: erection of architectural superstructures, new building construction, alteration and addition works, fitting out, repair and maintenance for buildings, where both the Government and private property developers and owners are active participants; and

INDUSTRY OVERVIEW

- Civil engineering construction: waterworks, roads and drainage works, landslip preventive and remedial works to slopes and utilities works, where the Government is the predominant participant.

Apart from the above works nature, the construction industry can also be divided into public and private sectors, depending on whether the contracting party is a private company or the Government. Due to the increase in capital expenditure spent by the Government in infrastructure projects in the past few years, the gross value of construction works at public sector construction sites have outgrown those in the private sector. The gross value of construction works at public sector construction sites increased by approximately HK\$40.2 billion from approximately HK\$14.5 billion in 2007 to approximately HK\$54.7 billion in 2012, representing a CAGR of approximately 30.39% from 2007 to 2012. Such growth rate has significantly outperformed the CAGR of the gross value of construction works at all construction sites as well as at private sector construction sites for the same period.

The chart below shows the gross value of private and public sector construction works at construction sites in Hong Kong and their respective growth rate for the periods specified.



Source: The website of CSD — www.censtatd.gov.hk, September 2013

As set out in the section headed “Relationship with Controlling Shareholders” in this prospectus, for ensuring clear delineation of business activities between our Group and the Retained Vantage Group after the Spin-off, our Group will focus on civil engineering construction business which is our core business, and shall cease to engage in building construction and maintenance works except for TW7 Project which is expected to be completed in mid-2014. After Listing, our Group will no longer record any revenue and profit from building construction and maintenance business other than from TW7 Project.

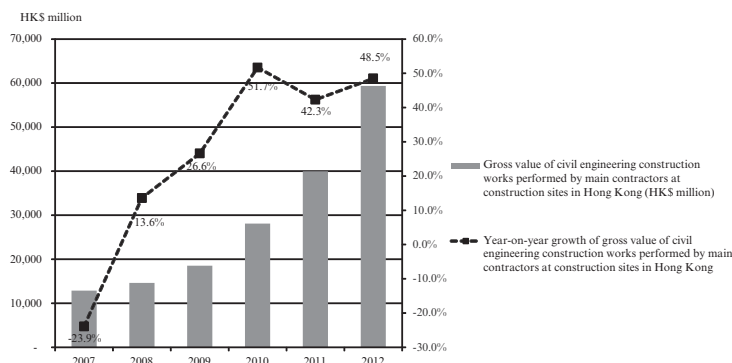
INDUSTRY OVERVIEW

Accordingly, our Directors believe that the outlook of the building construction sector in Hong Kong would have less influence on our Group's prospects after Listing. As such, we only set out industry information below relating to civil engineering construction sector in Hong Kong, but not building construction sector in Hong Kong.

CIVIL ENGINEERING CONSTRUCTION

Growth of civil engineering construction sector

Benefited by the Government's strategy of promoting economic growth through infrastructure development, the civil engineering construction sector (which our Group's business is principally engaged as described in this prospectus) has experienced an upward trend from 2007 to 2012. The gross value of civil engineering construction increased by approximately HK\$46.4 billion from approximately HK\$12.9 billion in 2007 to approximately HK\$59.3 billion in 2012, representing a CAGR of approximately 35.73% from 2007 to 2012 according to the official website of CSD. The following chart shows the gross value of civil engineering construction performed by main contractors at construction sites in Hong Kong and its growth rate for the periods specified.



Source: The website of CSD — www.censtatd.gov.hk, September 2013

Note: The nature of construction activities in the above chart represented “site formation and clearance”, “piling and related foundation works” and “civil engineering construction”.

INDUSTRY OVERVIEW

The civil engineering construction sector comprises predominantly public sector works as infrastructures are primarily the responsibility of the Government. The table below sets out the number of construction sites and manual workers engaged by the public and private sectors in the civil engineering construction industry in Hong Kong during the period from September 2010 to March 2013:

Civil engineering construction sector

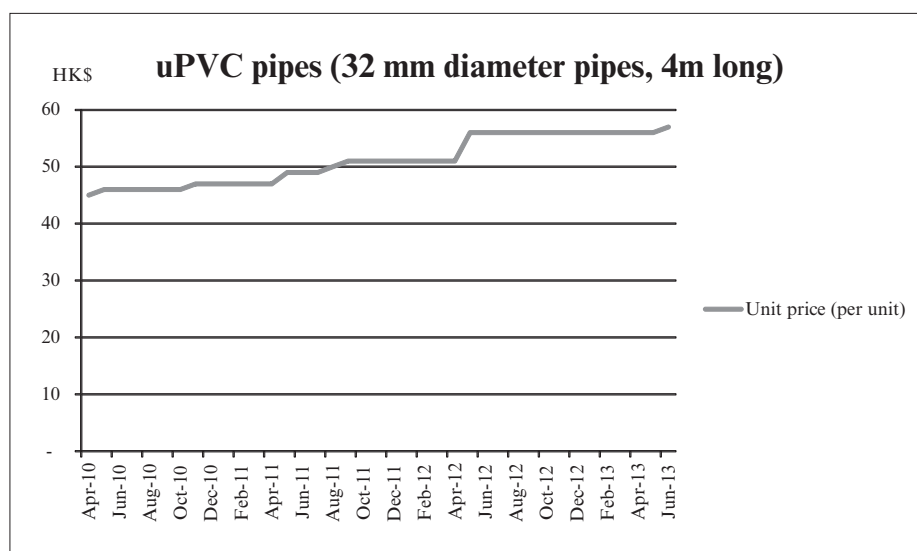
	September 2010	March 2011	September 2011	March 2012	December 2012	March 2013
Number of construction sites:						
— Public	287	305	296	309	297	327
— Private	118	78	85	72	91	79
Total	405	383	381	381	388	406
Number of manual workers engaged at sites:						
— Public	14,115	16,885	17,279	20,810	22,179	25,159
— Private	1,873	1,068	1,254	1,372	1,359	1,055
Total	15,988	17,953	18,533	22,182	23,538	26,214

Source: The website of CSD — www.censtatd.gov.hk, September 2013

Historical trend of prices of principal construction materials and labour costs used in our projects

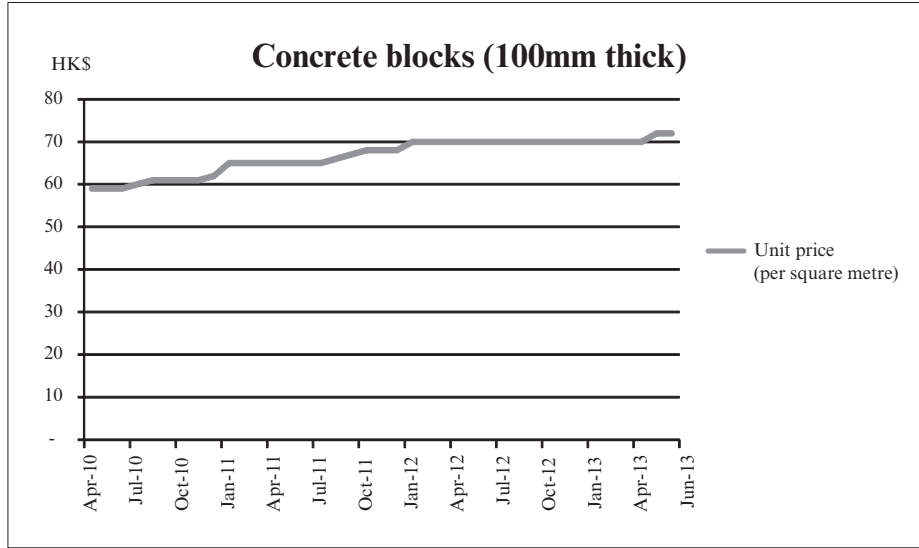
The below charts show the historical price movement of the principal construction materials, namely pipes and fittings, concrete and steel, and labour costs used in our projects, from April 2010 to June 2013.

Monthly wholesale price of uPVC pipes

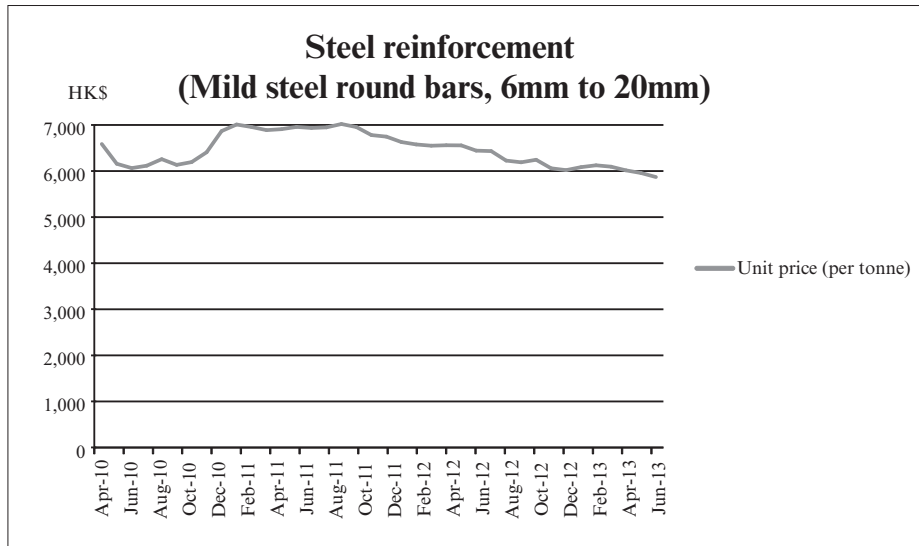


INDUSTRY OVERVIEW

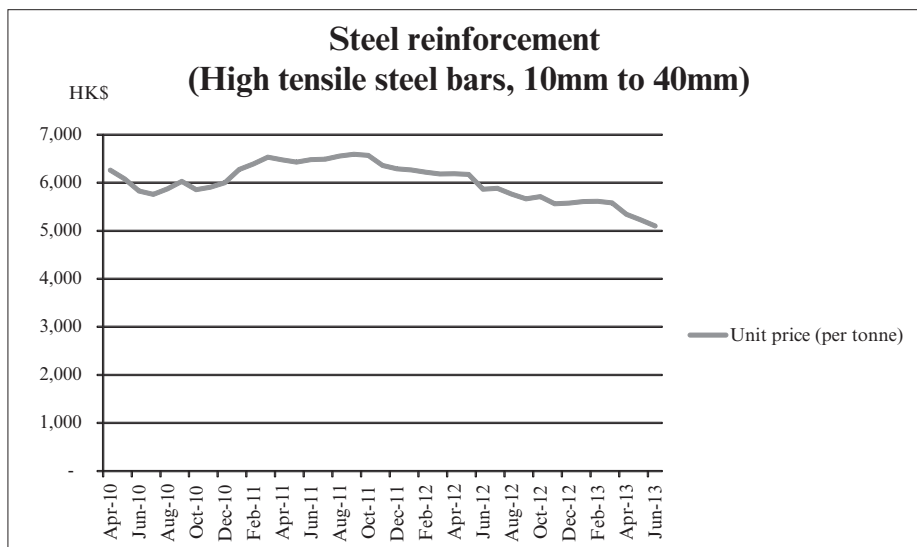
Monthly wholesale price of concrete blocks



Monthly wholesale price of steel reinforcement

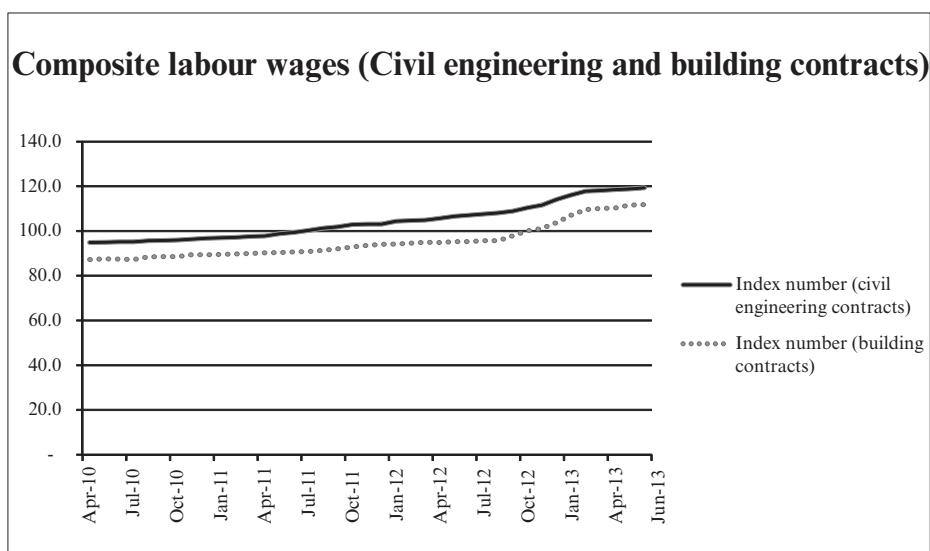


INDUSTRY OVERVIEW



Source: The website of CSD — www.censtatd.gov.hk, September 2013

Monthly index numbers of composite labour wages (for civil engineering contracts and building contracts respectively)



Source: The website of CSD — www.censtatd.gov.hk, October 2013

The average wholesale price of uPVC pipes increased from approximately HK\$45 per unit from April 2010 to approximately HK\$56 per unit in May 2012 and stayed steady at approximately HK\$56 to HK\$57 per unit till June 2013. From April 2010 to June 2013, the average wholesale price of concrete blocks increased steadily from approximately HK\$59 per square metre to approximately HK\$72 per square meter. From April 2010 to June 2013, the composite labour wages for civil engineering contracts and building contracts increased

INDUSTRY OVERVIEW

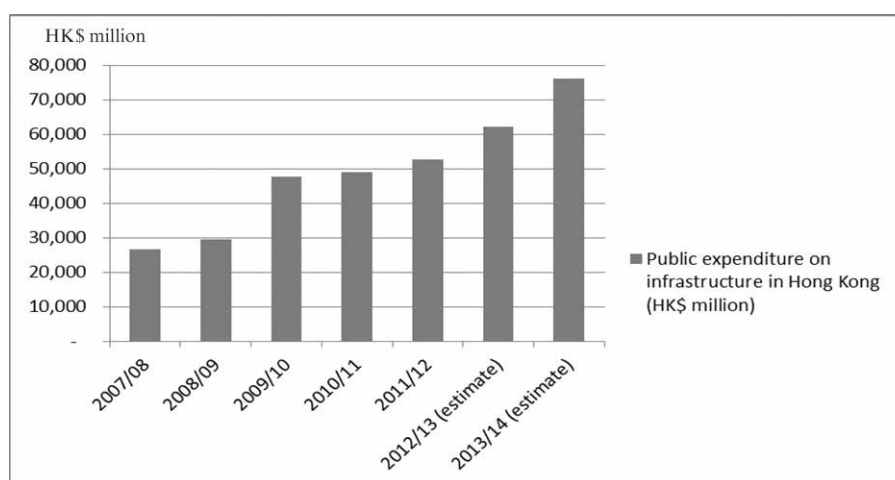
steadily by approximately 25.7% and 28.1%. The general increasing trends in the average wholesale prices of such materials and labour costs were due to, among other factors, the relatively strong demand in construction and relatively higher inflation in Hong Kong as well as recovery of commodity prices.

Due to impact from global financial crisis, the average wholesale price of steel reinforcement (mild steel round bars, 6mm to 20mm) decreased from HK\$6,885 per tonne in April 2010 to approximately HK\$6,064 per tonne in July 2010 and then started increasing substantially back to a level of approximately HK\$7,000 per tonne until October 2011 as a result of recovery of the global economy. It then started decreasing to approximately HK\$5,870 per tonne in June 2013 mainly due to the impact of European debt crisis in 2011. The average wholesale price of steel reinforcement (high tensile steel bars, 10mm to 40mm) followed a similar trend. It decreased from approximately HK\$6,263 per tonne in April 2010 to HK\$5,758 per tonne in July 2010 and then started increasing substantially back to a level of approximately HK\$6,600 per tonne until October 2011, and afterwards started decreasing to approximately HK\$5,099 in June 2013.

Perspective of public works in civil engineering

As the Government is committed to implement the policy objective of promoting economic development through investment in infrastructure development, such policy has brought sustained impetus to the construction industry and the economy of Hong Kong. With the commencement of various major infrastructure projects, the expenditure on capital works has risen progressively from approximately HK\$26.6 billion in 2007/08 to approximately HK\$52.5 billion in 2011/12. According to the Government's Budget 2013/14, it is estimated that capital works expenditure will increase to over HK\$70 billion for each of the next few years since major infrastructure projects are entering their construction peaks, with an expected increase of approximately 44.9% as compared to the amount in 2011/12.

The following graph sets out the actual and estimated public expenditure on infrastructure in Hong Kong from 2007/08 to 2013/14:



Source: *Hong Kong Annual Digest of Statistics 2012 & Government's Budget 2013/14*

INDUSTRY OVERVIEW

In the policy address of 2007/08, the Chief Executive of Hong Kong announced the undertaking of ten major infrastructure projects to boost economic activities and improve the living environment in Hong Kong. They include (1) transportation infrastructure — South Island Line; Shatin to Central Link and the Tuen Mun Western Bypass and Tuen Mun-Chek Lap Kok Link; (2) cross-boundary infrastructure projects — The Guangzhou-Shenzhen-Hong Kong Express Rail Link; Hong Kong-Zhuhai-Macao Bridge; Hong Kong-Shenzhen Airport Co-operation and Hong Kong-Shenzhen Joint Development of the Lok Ma Chau Loop; and (3) New Urban Development Areas — West Kowloon Cultural District; Kai Tak Development Plan and NDAs.

Opportunities from major infrastructure projects

Land development of NDAs

Due to the shortage in the supply of residential flats in Hong Kong, the Chief Executive of Hong Kong, in his policy address of 2013, has introduced various plans to increase the supply of land in the future. Amongst other things, the Government has announced that it will push forward the development of NDAs to address the long-term land supply issue.

The Planning and Development Study on NENT commissioned in 1998, identified Kwu Tung North, Fanling North and Ping Che/Ta Kwu Ling as suitable NDAs.

To initiate the implementation of these NDAs, the CEDD and the Planning Department (“**PlanD**”) of the Government jointly commissioned The North East New Territories New Development Areas Planning and Engineering Study (the “**Study**”) in June 2008. The results of the Study were announced on 4 July 2013. According to the press release of the Government dated 4 July 2013, the Government will first proceed with two NDAs in Kwu Tung North and Fanling North. The number of housing units to be provided in the new extension areas will increase by about 13,400 from about 47,300 to 60,700 to accommodate 174,900 people, more than the 53,800 units originally planned for the three NDAs in the NENT.

To tie in with future development, the NDAs will be developed in phases. The detailed design of works is scheduled to commence as early as in 2013. Construction works is scheduled to commence in 2017 and will be completed progressively from 2022 for the first population intake. Other major works will commence in 2 to 3 years after the commencement of the advance works. The entire NENT NDA project is expected to be completed by 2031.

Use of underground space and cavern development

The CEDD, with the support of the PlanD, also commissioned the study on the development of underground spaces aiming at promoting the enhanced use of rock caverns in March 2010. This study explored the opportunities to enhance the effective use of land resources in Hong Kong from a new perspective through the planned development of underground space. The study was completed in March 2011.

INDUSTRY OVERVIEW

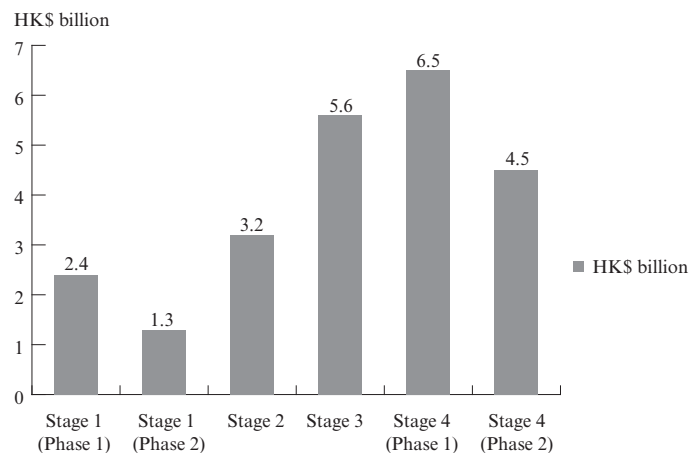
To maintain the impetus of the cavern development initiative, CEDD commenced a new study on the “Long-term Strategy for Cavern Development” in September 2012 to formulate a long-term strategy for cavern development. Moreover, the potential of developing underground spaces in the urban areas will be further explored. This includes studying the possibility of linking up the underground spaces of existing or planned structures in the urban areas, such as the underground shopping street is proposed to connect Kai Tak with Kowloon City and San Po Kong with future Kai Tak Station.

Opportunities from waterworks

R&R Programme of water mains

According to WSD, the fresh water and salt water supplies in Hong Kong are provided through a network of about 7,800 kilometres of water mains. Most of these water mains are approaching the end of their service life as substantial portion of them were laid more than 30 years ago. As a result of the ageing problem, WSD has implemented a cost-effective management plan for the water supply network which started from 2000. It is a comprehensive and systemic programme to replace and rehabilitate about 3,000 kilometres of aged water mains in 15 years to the existing water supply network.

The total estimated cost of the R&R Programme is approximately HK\$23.6 billion and the programme is divided into four stages. The chart below sets out the estimated costs in individual stages of the programme:

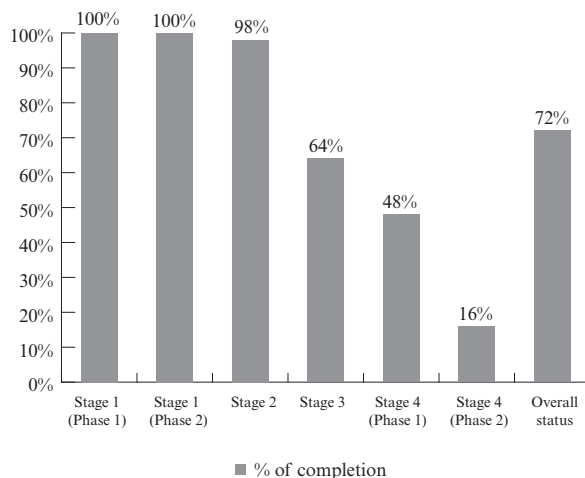


R&R works

Source: The website of WSD — www.wsd.gov.hk, August 2013

INDUSTRY OVERVIEW

Progress works in respect of various stages of the R & R Programme as of June 2013 is presented in the table below:



Source: The website of WSD — www.wsd.gov.hk, August 2013

Accordingly, as of June 2013, the Government is expected to further incur approximately HK\$9.2 billion (being approximately 39% of the estimated total cost of HK\$23.6 billion) to complete the R&R Programme.

According to WSD, the R&R Programme is expected to complete by 2015. However, a new replacement and rehabilitation programme of water mains is being planned by WSD for implementation after the current R&R Programme is completed, according to the Report on the Examination of the Estimates of Expenditure 2013 to 2014 issued in July 2013 by the Finance Committee of the Legislative Council of Hong Kong.

Further, in the Government's 2013/14 Budget, the Government has also announced that it will continue to carry out infrastructure works such as improvement of fresh water supply to Cheung Chau, Kai Tak development (stages 3A and 4), water supply to Pak Shek Kok reclamation area and reconstruction and rehabilitation of Kai Tak nullah from Tung Kwong Road to Prince Edward Road East. According to the Report on the examination of the Estimates of Expenditure 2013 to 2014 issued in July 2013 by the Finance Committee of the Legislative Council of Hong Kong, the Secretary for Development will, in the coming year, be seeking funding approval for different types of projects, including Kai Tak development (stages 3A and 4) at an estimated expenditure of HK\$2.3 billion, reconstruction and rehabilitation of Kai Tak nullah from Tung Kwong Road to Prince Edward Road East at a cost of HK\$1.3 billion, and fresh water supply to Pak Shek Kok reclamation area, Tai Po — Stage 2 at a cost of HK\$160 million. In addition, the expansion of Tai Po water treatment works and ancillary raw water and fresh water transfer facilities — part 2 works at an estimated expenditure of HK\$6.2 billion has already commenced in January 2013.

INDUSTRY OVERVIEW

Long term maintenance programme

WSD from time to time launches term contracts in respect of maintenance of water supply systems to approved contractors. For the provision of water supply services and maintenance of the relevant facilities, WSD divides Hong Kong into several districts and in each district, the maintenance of waterworks installations is fully covered by the relevant term contract. The maintenance contracts offered by WSD are usually for a term of three years. Works orders instructed by WSD during the term of the contract will usually cover the maintenance of waterworks installations, such as catchwaters, water mains, pumping stations, service reservoirs, treatment works, watercourses and all the associated construction works in the district. The awarded contractor is also required to manage the maintenance works to the waterworks installations on behalf of WSD in emergency situation.

Improvement and upgrading of water treatment facilities

WSD also undertakes to renew, upgrade and expand the water supply infrastructures to meet the new demand and to improve the water supply system. This includes the construction of service reservoirs, construction/upgrading of pumping stations and main laying.

Alternative water resources to accommodate future demand

Hong Kong cannot acquire all of its water resources locally to support growth and development due to its geography and population reasons. Apart from Dongjiang water supplies, WSD is constantly looking for viable water source alternatives that will become valuable sources of water in the long run.

According to the WSD Annual Report, in June 2012, the Finance Committee of Legislative Council of Hong Kong approved the funding of HK\$34.3 million for a feasibility study into the establishment of a desalination plant at 10 hectare site at Tseung Kwan O with an initial output capacity of 50 million cubic metres per annum, with provisions for future expansion to an ultimate capacity of 90 million cubic metres per annum. This will meet about 10% of Hong Kong's fresh water demand. According to WSD, the study is target to be completed by 2014 and the planned commissioning date for the desalination plant is 2020, subject to the completion of statutory and financial procedures.

Improvement in sea water network and systems

According to the WSD Annual Report, WSD is currently extending the sea water supply network and improving the existing sea water systems. There are plans for implementation of a sea water supply system for Pok Fu Lam, Yuen Long and Tin Shui Wai while those for an extension to the existing system in the Tung Chung area have been finalised. The sea water supply system in Wan Chai is also being upgraded and extended to meet the needs of the district's increasing population. A ring sea water supply system is also being designed for Cheung Sha Wan.

To meet the increased demand for flushing water in Wan Chai, Central and Mid-level areas, the sea water supply system is being upgraded with a reprovisioned sea water pumping station, a new service reservoir at Magazine Gap Road, an additional pumping station on Bowen Drive and 7 kilometres of new salt water mains.

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WSD is also targeting the production of reclaimed water for toilet flushing and other non-potable uses. The pilot schemes for the recycling of treated effluent in Ngong Ping and Shek Wu Hui Sewage Treatment Works have demonstrated that the use of reclaimed water for non-potable applications is technically feasible in Hong Kong. WSD anticipates providing this water to residents in the Sheung Shui, Fanling and the NENT NDAs for toilet flushing and other non-potable uses. Apart from this, WSD is also liaising with other departments to implement trial schemes on recycling of grey water and harvesting rainwater.

Waterworks projects not related to the R&R Programme in the pipeline

Besides the R&R Programme which is currently in its last stage, waterworks civil engineering projects of WSD are continuing in the pipeline as set out in the above paragraphs. Accordingly, our Directors believe that WSD will in the forthcoming years, invite for tenders to implement the projects as mentioned above.

Opportunities from drainage works

Long term improvement measures for flood prevention

In September 1989, the Government established the Drainage Services Department of the Government (“DSD”) to take up the overall responsibility of providing an efficient approach to resolving the flooding problem in Hong Kong. Since then, DSD has completed studies on flood prevention strategy, drainage master plan (“DMP”) studies and drainage studies covering the flood-prone areas of the territory. DSD has commenced the review studies for DMPs of different regions in phases to cope with the latest developments in the community and also the changes in the weather pattern. From 1989 to 2012, DSD has completed a series of major flood prevention works costing about HK\$22.3 billion.

According to DSD, it will spend more than HK\$13 billion to carry out anti-flooding works in Hong Kong, including more than HK\$5 billion to widen the Kai Tak River to prevent flooding, of which HK\$2.6 billion will be used to improve the upstream and midstream works and HK\$2.48 billion will be used to improve the low stream works of Kai Tak River. The river runs 2.4 kilometers and the projects are expected to be completed by 2018. After such works are completed, the river can handle 150 cubic meters of water per second. The works will also be done on the design of the river to cope with major flooding that occurs once every 200 years.

In addition to the improvement works for Kai Tak River, other projects include Happy Valley Underground Stormwater Storage Scheme and Shenzhen River Regulation Project Stage IV. According to the press release of the Government dated 30 August 2013, the Development Bureau of the Government signed an agreement with the Shenzhen Municipal People’s Government to entrust the duties of management and supervision for the first contract under the Shenzhen River Regulation Project Stage IV to the Shenzhen Municipal People’s Government. The first river works contract for the project, of a value of Renminbi 177.5 million, was awarded to China Road and Bridge Corporation on 30 August 2013. It is anticipated that the whole project will complete by the end of 2017. DSD also keeps on conducting review studies for the drainage master plans for different districts with a view to review the adequacy of the existing drainage system, update and establish flood prevention plans having regard to the latest land development and land use proposals as well as the effect brought about by climate change.

INDUSTRY OVERVIEW

The construction of the Tsuen Wan Drainage Tunnel commenced in December 2007 and according to the press release of the Government dated 28 March 2013, the Tsuen Wan Drainage Tunnel was completed and commissioned on 28 March 2013, and the relevant department will commence the review studies of the Drainage Master Plans in Sha Tin, Sai Kung and Tai Po.

Sewage and harbour treatment facilities

According to DSD, about 93% of the population is now served by the public sewerage system. This system includes a sewerage network of about 1,600 kilometres in total length and around 280 sewage treatment facilities collecting and treating 2.7 million cubic metres of sewage per day from residential, commercial and industrial premises in the territory prior to disposal to the sea for dilution and dispersion through submarine outfalls.

In the past, whilst new towns in the New Territories have been provided with modern secondary sewage treatment works, the sewage infrastructure for the older urban areas has not been upgraded to cater for the level of development of Hong Kong. In order to cope with the development and the rise in standard of living, the sewage infrastructure is now being upgraded under a territory-wide sewerage rehabilitation and improvement programme. For instance, the Sha Tin Sewage Treatment Works was completed in March 2011 and the works costed about HK\$13 million. Various projects, such as Tolo Harbour sewerage of unsewered areas (stage 2, phase 1), sewerage in Nam Wa Po, Wai Tau and Outlying Islands sewerage (stage 2) were recommended under these circumstances and progressively proceed to cater for the present and future development needs.

Furthermore, the Government has implemented HATS in two phases, aimed at improving the water quality of Victoria Harbour. The first stage of HATS was fully commissioned in 2001 while the full commissioning of Stage 2A will be commenced in 2014. The Government is continuing to invest considerable resources in the sewerage infrastructure in order to improve the environment. Over HK\$20 billion have been committed in HATS Stage 2A and the sewerage rehabilitation and improvement programme, and more will be spent on further stages of the scheme.

Opportunities from slope works

LPMitP

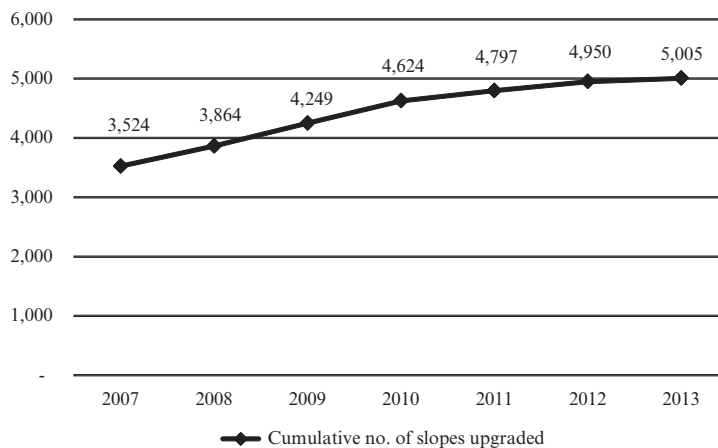
The Geotechnical Engineering Office of the CEDD (“**GEO**”) (formally known as the Geotechnical Control Office before 1991) was set up in 1977 to provide geotechnical control on new developments and redevelopments, and to develop strategy in dealing with the large stock of potentially substandard man-made slopes. The designs of new slopes which have been built since then have generally been checked by the GEO to ensure that they conform with the required safety standards. In 2010, the GEO launched a rolling LPMitP to systematically deal with the landslide risk associated with both man-made slopes and natural hillside. Under the LPMitP, the most deserving man-made slopes and natural hillside catchments are selected for studies each year in accordance with a risk based priority ranking system. The necessary landslip prevention and mitigation works, as identified by the studies, for man-made slopes and natural hillside catchments under

INDUSTRY OVERVIEW

Government's maintenance responsibility are implemented under the LPMitP. For private slopes found to be liable to become dangerous, statutory actions are taken against the responsible private owners by the Buildings Department through the Buildings Ordinance to ensure its rectification.

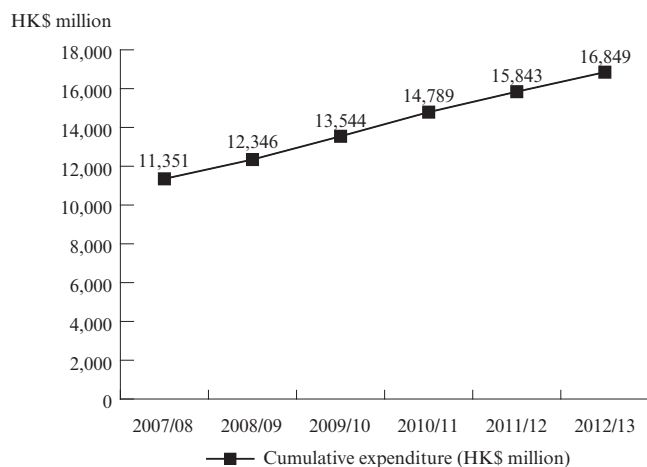
Since 1977, GEO had spent more than HK\$16 billion on landslip prevention and mitigation studies.

The cumulative number of slopes upgraded by GEO from 2007 to 2013 (up to 31 March 2013) is shown on the table below.



Source: The website of CEDD — www.cedd.gov.hk, July 2013

The cumulative expenditure from 2007 to March 2013 (up to 31 March 2013) is shown on the table below.



Source: The website of CEDD — www.cedd.gov.hk, July 2013

GEO is continuing with the LPMitP to upgrade Government man-made slopes, mitigate landslide hazards arising from natural hillside catchments and conduct safety screening for private man-made slopes. According to the Report on the Examination of the Estimates of Expenditure 2013 to 2014 issued in July 2013 by the Finance Committee of the Legislative Council of Hong Kong, the Government plans, to upgrade 150 government

INDUSTRY OVERVIEW

man-made slopes; carry out safety-screening studies on 100 private man-made slopes; and conduct studies and implement necessary risk mitigation measures for 30 natural hillsides. Our Directors believe that the LPMitP launched by GEO continues to open up numerous opportunities of landslip prevention and remedial works to slopes for our Group.

With the freeing up of working capital and human resources of our Group upon completion of TW7 Project and the waterworks projects in the R&R Programme, our Group intends to actively tender for new waterworks, roads and drainage and other civil engineering construction works offered by various departments of the Government. Our Directors are of the view that on the basis of the extensive experience and expertise of our management team in civil engineering works and the track record of our Group of undertaking civil engineering projects for various departments of the Government, our Group is well positioned to tender for such projects in the future.

Business from private sector

Opportunities from utilities works

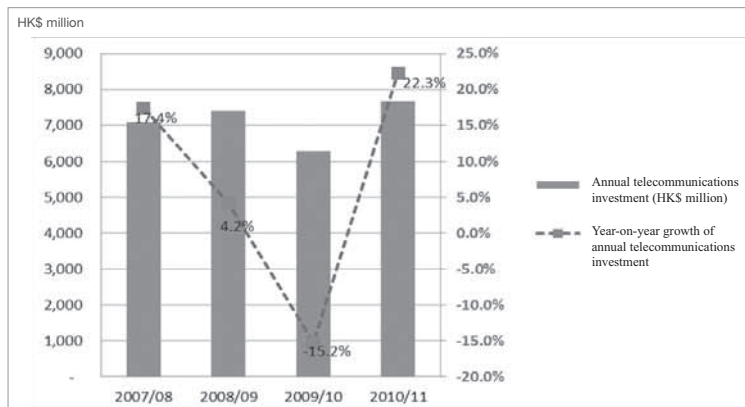
Hong Kong has one of the most sophisticated telecommunications markets in the world. All sectors of Hong Kong's telecommunications market have been liberalised and have no foreign ownership restrictions. The local fixed carrier services market is fully liberalised. There is no specific requirement on network rollout or investment. As at June 2013, there were over 4.3 million exchange lines. The telephone density was 103 lines per 100 households or 60% by population, which was among the highest in the world. As at March 2012, 86.7% and 76.3% of residential households were able to enjoy a choice of at least two and three local fixed networks respectively.

Fixed broadband internet access services are also very popular in Hong Kong. With the increased competition and coverage of broadband service using a range of access platforms, broadband networks cover virtually all commercial buildings and households. As at June 2013, there were about 2.25 million registered customers using fixed broadband services with speed up to 1,000 megabits per second. 85% of the households in the residential market in Hong Kong are using fixed broadband service.

The high penetration rate together with the high bandwidth of broadband services in Hong Kong formed a suitable platform for the launch of IPTV services. By November 2012, there were about 1.36 million IPTV subscribers in Hong Kong.

The following chart sets out the annual telecommunications investment in Hong Kong and its growth rate for the periods specified.

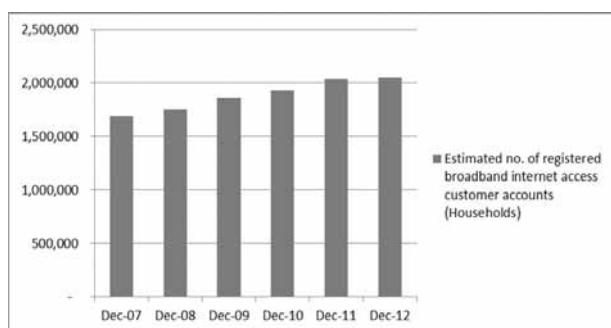
INDUSTRY OVERVIEW



Annual telecommunications investment (HK\$ million)

Source: The website of Office of the Communications Authority — <http://www.ofca.gov.hk>, March 2013

The cumulative number of registered broadband internet access customer accounts (households) from December 2007 to December 2012 can be shown on the table below.



Source: The website of Office of the Communications Authority — <http://www.ofca.gov.hk>, March 2013

Note: The above statistics are estimated figures based on the return from the Internet Service Providers (“ISPs”). They do not include users who are not customers of the licensed ISPs, such as users of the campus networks in the universities.

Taking advantage of the extensive experiences accumulated through working with HKT Group and other utilities service companies in Hong Kong, our Group has developed advanced skills and technologies in trenching and laying of ducts and cables, constructing of jointing chambers and providing integrated blockwiring infrastructure in Hong Kong.

With the freeing up of working capital and human resources of our Group upon completion of TW7 Project and the waterworks projects in the R&R Programme, it is expected that our Group will actively tender for the utilities civil engineering works offered by HKT Group and other utilities service companies. Our Directors are of the view that since our Group has undertaken utilities civil engineering works for HKT Group and a number of other utilities service companies in the past, our Group is well positioned to tender for such projects in the future.

INDUSTRY OVERVIEW

COMPETITIVE LANDSCAPE

Competitive situation

The key contractor players of the construction industry in Hong Kong comprise local main contractors and overseas contractors, and a large numbers of sub-contractors. A number of the players are both developers and contractors.

We consider the companies engaged in civil engineering construction works in Hong Kong that have been approved by the WBDB as Group C contractors under the “Waterworks” category to be our major competitors in the provision of civil engineering construction works. As at the Latest Practicable Date, there were 36 contractors that have been approved by the WBDB as Group C contractors under the “Waterworks” category. Approved contractors in other categories can also be our competitors depending on the nature of the projects.

The WBDB is responsible for ensuring the effective planning, management and implementation of public sector infrastructure development and works programme in a safe, timely and cost-effective manner and to maintain high quality and standards. The WBDB has maintained the Contractor List and the List of Approved Suppliers of Materials and Specialist Contractors. Except for contracts invited by way of open tendering, a contractor must be included in at least one of the aforesaid lists in order to be eligible to tender for public works contracts.

The Government awards construction contracts to qualified main contractors through open tender, taking into account the tender costs submitted. Due to the complexity and scale of project, the Government, and occasionally customers in the private sector, will require main contractors to make pre-qualification submission in order to assess their eligibility to tender. In such cases, other factors including prior job experience, company resources, safety and environmental protection track record could come into play.

The competition in the industry in Hong Kong has been fierce in the past few years. We are able to withstand the intense competition due to our competitive strengths that were illustrated under the paragraph headed “Business — Our Competitive Strengths” in this prospectus.

According to the WBDB, the number of approved contractors listed on the Contractor List under the categories of “Waterworks” as at the Latest Practicable Date are as follows:

Group	Waterworks	
	<i>Confirmed</i>	<i>Probationary</i>
A	2	19
B	3	9
C	22	14

INDUSTRY OVERVIEW

Ranking of waterworks civil engineering constructors in Hong Kong

The following tables illustrate the market conditions in terms of contract sum of the waterworks contracts awarded to waterworks civil engineering constructors in Hong Kong by WSD in relation to tenders invited during the Track Record Period:

Tenders invited during the year ended 31 March 2011

Rank	Awardee	Contract Sum (HK\$ million)
1	Company V	1,168
2	Company W	975
3	Our Group	617

Source: The website of The Government of the Hong Kong Special Administrative Region (Gazette) — <http://www.gld.gov.hk/egazette>

Note: The amount represented the contract sum of waterworks contracts in which only contractors on the List of Approved Contractors under “Waterworks” category (Group C) were eligible to tender.

Tenders invited during the year ended 31 March 2012

Rank	Awardee	Contract Sum (HK\$ million)
1	Company V	1,623
2	Company X	1,495
3	Company Z and its joint venture	805
4	Company Y	740
5	Company W	533
6	Our Group	345

Source: The website of The Government of the Hong Kong Special Administrative Region (Gazette) — <http://www.gld.gov.hk/egazette>

Note: The amount represented the contract sum of waterworks contracts in which only contractors on the List of Approved Contractors under “Waterworks” category (Group C) were eligible to tender.

Tender invited during the year ended 31 March 2013

Rank	Awardee	Contract Sum (HK\$ million)
1	Our Group	467
2	Company X	412
3	Company U	327

Source: The website of The Government of the Hong Kong Special Administrative Region (Gazette) — <http://www.gld.gov.hk/egazette>

INDUSTRY OVERVIEW

Note: The amount represented the contract sum of waterworks contracts in which only contractors on the List of Approved Contractors under “Waterworks” category (Group C) were eligible to tender.

Tenders invited during the four months ended 31 July 2013

Rank	Awardee	Contract Sum (HK\$ million)
1	Company Z and its joint venture	336
2	Company T	182
3	Company V	127

Source: The website of The Government of the Hong Kong Special Administrative Region (Gazette) — <http://www.gld.gov.hk/egazette>

Note: The amount represented the contract sum of waterworks contracts in which only contractors on the List of Approved Contractors under “Waterworks” category (Group C) were eligible to tender. Up to the Latest Practicable Date, only three projects were awarded among all the tenders of waterworks contracts in which only contractors on the List of Approved Contractors under “Waterworks” category (Group C) were eligible to tender invited by WSD during the four months ended 31 July 2013.

Market drivers and industry requirements of waterworks civil engineering construction in Hong Kong

On the basis of the continual increase in public expenditure on infrastructure by the Government in the forthcoming years and the need to supply more land through land development in NDAs, it is believed that the demand for civil engineering construction work in Hong Kong shall increase in the forthcoming years. It is also believed that the number of competitors in the industry shall not increase very rapidly given the requirement for getting approval by WBDB in order to be eligible to be awarded construction contracts by the Government.

Market drivers

- Since the announcement of the undertaking of 10 major infrastructure projects by the Government in 2007, the budgeted expenditure on capital works by the Government has risen progressively from approximately HK\$26.6 billion in 2007/08 to approximately HK\$52.5 billion in 2011/12 and it is expected that capital works expenditure will increase to over HK\$70 billion in the forthcoming years. Such increase of capital expenditure will drive demand as well as sustain growth in the civil engineering construction industry in Hong Kong.
- In order to address the long-term land supply issue, the Government has announced that it will push forward the development of NDAs. Such land development is expected to generate significant amount of civil engineering construction work including but not limited to, roads and drainage works, waterworks and utilities works.
- With the commencement of a feasibility study into the establishment of a desalination plant in June 2012 and the improvements proposed by WSD in its sea water supply network and systems as well as the implementation of Stage 4 of the R&R Programme, a substantial amount of civil engineering construction works are expected to be undertaken in Hong Kong in the forthcoming years.

INDUSTRY OVERVIEW

Industry requirements

- To be eligible for providing civil engineering services to the Government in the capacity of a main contractor, contractors are required to comply with the licence requirements set forth in the Contractor Management Handbook (Revision B) July 2005 issued by ETWB. The suitability of a contractor for inclusion in one or more of the works categories is assessed on the basis of a number of factors which include whether the applicant meets the minimum financial criteria, technical and management criteria and number of full time management and technical personnel with relevant experience in engineering and project management as set forth therein. In particular, there are requirements on (i) minimum employed capital and working capital; (ii) adequate relevant civil engineering works experience including but not limited to a satisfactory completion of a specified number of relevant contracts of a specified minimum value within a specified time frame; and (iii) minimum number of years of local management experience and possession of relevant qualification from the top management and technical staff.
- It is a requirement of the WBDB that all Group C contractors in Hong Kong must obtain ISO 9000 certification as one of the qualifications for tendering for Government contracts.
- There are requirements on the financial, technical and management aspects of a contractor for inclusion on the Contractor List. International and local contractors who are not currently on such list shall need to satisfy such requirements in order to be approved as a main contractor.

Details of the licensing requirements for a contractor to be eligible to tender for work contracts of the Government are set out in the section headed “Regulatory Overview” in this prospectus.

REGULATORY OVERVIEW

HONG KONG LAWS

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

Laws and Regulations in relation to Construction Labour, Health and Safety

Factories and Industrial Undertakings Ordinance

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

- providing and maintaining plant and work systems that do not endanger safety or health;
- making arrangements for ensuring safety and health in connection with the use, handling, storage and transport of articles and substances;
- providing all necessary information, instructions, training and supervision for ensuring safety and health;
- providing and maintaining safe access to and egress from the workplaces; and
- providing and maintaining a safe and healthy working environment.

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

Matters regulated under the subsidiary regulations of the Factories and Industrial Undertakings Ordinance, including the Construction Sites (Safety) Regulations (Chapter 59I of the laws of Hong Kong), include (i) the prohibition of employment of persons under 18 years of age (save for certain exceptions); (ii) the maintenance and operation of hoists; (iii) the duty to ensure safety of places of work; (iv) prevention of falls; (v) safety of excavations; (vi) the duty to comply with miscellaneous safety requirements; and (vii) provision of first aid facilities. Non-compliance with any of these rules commits an offence and different levels of penalty will be imposed and a contractor guilty of the relevant offence could be liable to a fine up to HK\$200,000 and imprisonment up to 12 months.

Occupational Safety and Health Ordinance

The Occupational Safety and Health Ordinance provides for the safety and health protection to employees in workplaces, both industrial and non-industrial.

REGULATORY OVERVIEW

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

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

Failure to comply with any of the above provisions constitutes an offence and the employer is liable on conviction to a fine of HK\$200,000. An employer who fails to do so intentionally knowingly or recklessly commits an offence and is liable on conviction to a fine of HK\$200,000 and to imprisonment for 6 months.

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

Employees' Compensation Ordinance

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

Under the Employees' Compensation Ordinance, if an employee sustains an injury or dies as a result of an accident arising out of and in the course of his employment, his employer is in general liable to pay compensation even if the employee might have committed acts of faults or negligence when the accident occurred. Similarly, an employee who suffers incapacity arising from an occupational disease is entitled to receive the same compensation as that payable to employees injured in occupational accidents.

REGULATORY OVERVIEW

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

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

An employer who fails to comply with this ordinance to secure an insurance cover is liable on conviction upon indictment to a fine at level 6 (currently at HK\$100,000) and to imprisonment for 2 years.

Employment Ordinance

A principal contractor shall be subject to the provisions on sub-contractor's employees' wages in the Employment Ordinance. According to section 43C of the Employment Ordinance, a principal contractor or a principal contractor and every superior sub-contractor jointly and severally is/are liable to pay any wages that become due to an employee who is employed by a sub-contractor on any work which the sub-contractor has contracted to perform, and such wages are not paid within the period specified in the Employment Ordinance. The liability of a principal contractor and superior sub-contractor (where applicable) shall be limited (a) to the wages of an employee whose employment relates wholly to the work which the principal contractor has contracted to perform and whose place of employment is wholly on the site of the building works; and (b) to the wages due to such an employee for 2 months (such months shall be the first 2 months of the period in respect of which the wages are due). An employee who has outstanding wage payments from sub-contractor must serve a notice in writing on the principal contractor within 60 days after the wage due date. A principal contractor and superior sub-contractor (where applicable) shall not be liable to pay any wages to the employee of the sub-contractor if that employee fails to serve a notice on the principal contractor.

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

REGULATORY OVERVIEW

Pursuant to section 43F of the Employment Ordinance, if a principal contractor or superior sub-contractor pays to an employee any wages under section 43C of Employment Ordinance, the wages so paid shall be a debt due by the employer of that employee to the principal contractor or superior sub-contractor, as the case may be. The principal contractor or superior sub-contractor may either (1) claim contribution from every superior sub-contractor to the employee's employer or from the principal contractor and every other such superior sub-contractor as the case may be, or (2) deduct by way of setoff the amount paid by him from any sum due or may become due to the sub-contractor in respect of the work that he has sub-contracted.

Occupiers Liability Ordinance

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

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

Immigration Ordinance

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

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

Minimum Wage Ordinance

The Minimum Wage Ordinance provides for a prescribed minimum hourly wage rate (currently set at HK\$30 per hour) during the wage period for every employee engaged under a contract of employment under the Employment Ordinance. Any provision of the employment contract which purports to extinguish or reduce the right, benefit or protection conferred on the employee by this ordinance is void.

REGULATORY OVERVIEW

Laws and Regulations in relation to Environmental Protection

Air Pollution Control Ordinance

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

A contractor shall observe and comply with the Air Pollution Control Ordinance and its subsidiary regulations, including without limitation the Air Pollution Control (Open Burning) Regulation (Chapter 311O of the Laws of Hong Kong), the Air Pollution Control (Construction Dust) Regulation (Chapter 311R of the Laws of Hong Kong) and the Air Pollution Control (Smoke) Regulations (Chapter 311C of the Laws of Hong Kong). The contractor responsible for a construction site shall devise, arrange methods of working and carry out the works in such a manner so as to minimise dust impacts on the surrounding environment, and shall provide experienced personnel with suitable training to ensure that these methods are implemented. Asbestos control provisions in the Air Pollution Control Ordinance require that building works involving asbestos must be conducted only by registered qualified personnel and under the supervision of a registered consultant.

Noise Control Ordinance

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

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

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

REGULATORY OVERVIEW

Water Pollution Control Ordinance

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

All discharges, other than domestic sewage to a communal foul sewer or unpolluted water to a storm drain, must be covered by an effluent discharge licence. The licence specifies the permitted physical, chemical and microbial quality of the effluent. The general guidelines are that the effluent does not damage sewers or pollute inland or inshore marine waters.

According to the Water Pollution Control Ordinance, unless being licensed under the Water Pollution Control Ordinance, a person who discharges any waste or polluting matter into the waters of Hong Kong in a water control zone or discharges any matter, other than domestic sewage and unpolluted water, into a communal sewer or communal drain in a water control zone commits an offence and is liable to imprisonment for 6 months and (a) for a first offence, a fine of HK\$200,000; (b) for a second or subsequent offence, a fine of HK\$400,000, and in addition, if the offence is a continuing offence, to a fine of HK\$10,000 for each day during which it is proved to the satisfaction of the court that the offence has continued.

Waste Disposal Ordinance

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

A contractor shall observe and comply with the Waste Disposal Ordinance and its subsidiary regulations, including without limitation the Waste Disposal (Charges for Disposal of Construction Waste) Regulation and the Waste Disposal (Chemical Waste) (General) Regulation.

Under the Waste Disposal (Charges for Disposal of Construction Waste) Regulation, construction waste can only be disposed at prescribed facilities and a main contractor who undertakes construction work with a value of HK\$1 million or above will be required, within 21 days after being awarded the contract, to establish a billing account in respect of that particular contract with the Director of the Environmental Protection Department to pay any disposal charges for the construction waste generated from the construction work under that contract.

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Under the Waste Disposal (Chemical Waste) (General) Regulation, a person who produces chemical waste or causes it to be produced has to register as a chemical waste producer. Any chemical waste produced must be packaged, labeled and stored properly before disposal. Only a licensed waste collector can transport the waste to a licensed chemical waste disposal site for disposal. Chemical waste producers also need to keep records of their chemical waste disposal for inspection by the Environmental Protection Department.

Under the Waste Disposal Ordinance, a person shall not use, or permit to be used, any land or premises for the disposal of waste unless he has a licence from the Director of the Environmental Protection Department. A person who except under and in accordance with a permit or authorisation, does, causes or allows another person to do anything for which such a permit or authorisation is required commits an offence and is liable to a fine of HK\$200,000 and to imprisonment for 6 months for the first offence, and to a fine of HK\$500,000 and to imprisonment for 2 years for a second or subsequent offence.

Dumping at Sea Ordinance

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

Under the Dumping at Sea Ordinance, a person who except under and in accordance with a permit, does anything or causes or allows another person to do anything for which a permit is needed commits an offence and is liable on conviction to a fine of HK\$200,000 and to imprisonment for 6 months on a first conviction; and to a fine of HK\$500,000 and to imprisonment for 2 years on a second or subsequent conviction; and in addition, to a further fine of HK\$10,000 for each day if the court is satisfied that the operation has continued.

Environmental Impact Assessment Ordinance

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

According to the Environmental Impact Assessment Ordinance, a person commits an offence if he constructs or operates a designated project as listed in Part I of Schedule 2 of the Environmental Impact Assessment Ordinance (which includes roads, railways and depots, dredging operation, residential and other developments, etc.) or decommissions a designated project listed in Part II of Schedule 2 of the Ordinance without an environmental permit for the project; or contrary to the conditions, if any, set out in the permit. The offender is liable (a) on a first conviction on indictment to a fine of HK\$2,000,000 and to imprisonment for 6 months; (b) on a second or subsequent conviction on indictment to a

REGULATORY OVERVIEW

fine of HK\$5,000,000 and to imprisonment for 2 years; (c) on a first summary conviction to a fine at level 6 (currently at HK\$100,000) and to imprisonment for 6 months; (d) on a second or subsequent summary conviction to a fine of HK\$1,000,000 and to imprisonment for 1 year, and in any case where the offence is of a continuing nature, the court or magistrate may impose a fine of HK\$10,000 for each day on which he is satisfied the offence continued.

Contractor List maintained by the WBDB

The Contractor List comprises contractors who are approved for carrying out public works in one or more of the five works categories, namely, port works, roads and drainage, site formation, buildings and waterworks. There are three groups in each of the works categories, namely Group A (except that there are no Group A in port works and site formation categories), Group B and Group C. Each group has its particular tendering limits. According to the ETWB Contractor Management Handbook, the minimum probationary period is 24 months. After the probationary period, approved contractors may apply to the WBDB for confirmed status provided they have met the following requirements:

- (i) the technical and management criteria for confirmed status of each category of works; and
- (ii) the capital requirements applicable to confirmed status for each category of works.

A contractor may apply for “confirmed” status after the satisfactory completion of works appropriate to its probationary status. “Confirmed” contractors may apply to be elevated to a higher group which is subject to similar but more stringent criteria/requirements to that described above.

It is a requirement of the WBDB that all Group C contractors in Hong Kong must obtain ISO 9000 certification as one of the qualification for tendering for Government contracts.

REGULATORY OVERVIEW

The following table sets out the value of works for which contractors in the respective categories and statuses may tender:

Category	Authorised contract sum
Group A (probation)	Any number of Group A contracts provided that the total value of works in any one category does not exceed HK\$30 million
Group A (confirmed)	Contracts of value up to HK\$30 million
Group B (probation)	Any number of Group A and any number of Group B contracts provided that the total value of Group B works in any one category does not exceed HK\$75 million
Group B (confirmed)	contracts of value up to HK\$75 million
Group C (probation)	a maximum of two contracts exceeding HK\$75 million in any one category provided that the total value of Group C works in any one category does not exceed HK\$220 million
Group C (confirmed)	contracts of any value exceeding HK\$75 million

Specialist List maintained by the WBDB

The Specialist List shall comprise suppliers and contractors who are approved for carrying out public works in one or more of 50 categories. For retention on the Specialist List, a contractor should generally possess at least a positive capital value. In addition, a contractor is required to maintain certain minimum levels of employed and working capital applicable to the appropriate category and group. For category “Landslip Preventive/ Remedial Works to Slopes/Retaining Walls”, the minimum employed capital and the minimum working capital are HK\$8,600,000 and HK\$8,600,000 respectively.

Contractors qualified/licensed with the WBDB are subject to a regulatory regime which is put in place to ensure that standards of financial capability, expertise, management and safety are maintained by contractors carrying out Government works.

General Building Contractor Licensing Regime

Under the current contractors registration system in Hong Kong, a contractor must be registered with the Buildings Department either as general building contractor or as specialist contractor or as minor works contractors. Registered general building contractors may carry out general building works and street works which do not include any specialised works designated for registered specialist contractors.

Set out below are the requirements to register as a general building contractor, specialist contractor in foundation works and specialist contractor in site formation works under the Building Authority.

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

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

Under section 8C(2) of the Buildings Ordinance, a registered contractor should apply to the Building Authority for renewal of registration not earlier than 4 months and not later than 28 days prior to the date of expiry of the registration.

Approved Contractors of the Hong Kong Housing Authority projects

If a contractor wishes to carry out maintenance works of the Hong Kong Housing Authority, it must be included in either “Group M1” or “Group M2” of the List of Building Contractors for Public Works which is administered by the Hong Kong Housing Authority under the category of “Building Work (Maintenance Works)”. Group M1 contractor is eligible to tender for maintenance and improvement contracts with a value of HK\$20 million and for term maintenance and improvement contracts with an average annual expenditure of up to HK\$20 million. Group M2 contractor is eligible to tender for maintenance and improvement contracts of unlimited value.

To carry out decoration works of the Hong Kong Housing Authority, a contractor must be included in the List of Approved Decoration Contractors which is administered by the Hong Kong Housing Authority.

REGULATORY OVERVIEW

Electrical Contractors

All contractors engaged in electrical work on fixed installations must be registered with the Electrical and Mechanical Services Department.

To be qualified as a registered electrical contractor, an applicant must either employ at least one registered electrical worker or:

- (i) if the applicant is an individual, he/she must be a registered electrical worker; or
- (ii) if the applicant is a partnership, at least one of the partners must be a registered electrical worker.

Under regulation 13 of the Electricity (Registration) Regulations, a registered contractor should apply to the Director of Electrical and Mechanical Services for renewal of registration at least one month before and no earlier than four months before to the date of expiry of the registration.

Regulatory actions against contractors by the Development Bureau and the Hong Kong Housing Authority

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

For instance, if a qualified contractor is convicted of a series of safety or environmental offences within a short period of time in a project, or if a fatal construction accident occurs at a construction site for which the contractor is responsible, the Government may take regulatory actions against the responsible contractor, which include the removal, suspension (which means a contractor is prohibited from tendering for works of the relevant category during the suspension period) and downgrading (which includes downgrading or demoting the contractor's qualification to a lower status or class in all or any specified category) of the contractor's licence, depending on the seriousness of the incident triggering the regulatory actions.

Compliance with the relevant requirements

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

REGULATORY OVERVIEW

In order to ensure the ongoing compliance with the applicable requirements, laws and regulations, our administration department shall be responsible for the followings:

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

HISTORY AND DEVELOPMENT

GENERAL

Our Company was incorporated in the Cayman Islands with limited liability on 30 April 2012. Through the Reorganisation, our Company became the holding company of our subsidiaries. Prior to its incorporation, our Company did not exist and our subsidiaries were subsidiaries indirectly held by Vantage, a company whose shares are listed on the Main Board of the Stock Exchange.

EXCEL was established by the late Mr. Shek Yu Ming, Joseph (“**Mr. Shek**”) and his wife in 1976 to provide principally civil engineering construction services in Hong Kong. Subsequently, in 1981, Mr. Shek and an Independent Third Party established GADELLEY. In 1986, all the shares of GADELLEY were transferred to EXCEL.

Before Mr. Shek passed away in October 2012, he was a non-executive director and business consultant of Vantage. He had over 30 years experience in the executive role in construction companies and had completed a large number of contracts for public and private sectors.

Since their respective incorporations, EXCEL and GADELLEY have engaged in waterworks, roads and drainage works, landslip preventive and remedial works to slopes and retaining walls, utilities civil engineering works and building construction and maintenance works in the public and private sectors in Hong Kong. In May 2000, shortly prior to the listing of the shares of Vantage on the Stock Exchange, Able Engineering, a wholly-owned subsidiary of Vantage, acquired 51.45% equity interest in the shares of EXCEL and subsequently in April 2001, Great Jump acquired the remaining equity interest in the shares of EXCEL.

EXCEL and GADELLEY have been managed and operated by Mr. Shek since their respective incorporations and by Mr. Li Chi Pong (“**Mr. Li**”), one of our Directors and one of the directors of EXCEL and GADELLEY, since 1988 and 1989 respectively. Mr. Shek, until his resignation as managing director and chief executive officer of EXCEL in 2007 and Mr. Li, since his appointment as managing director and chief executive officer of EXCEL in 2007, have been responsible for the operations and daily management of EXCEL.

The following table sets forth the significant milestones in our history:

- 1976 ● Establishment of EXCEL
- 1976 ● Commenced working relationship with WSD
- 1981 ● Establishment of GADELLEY
- 1982 ● EXCEL obtained a confirmed Group A licence as an approved contractor on buildings category issued by the WBDB
- 1983 ● Commenced working relationship with HKT Group
- 1993 ● EXCEL obtained a probationary Group M2 licence as an approved building contractor on maintenance category issued by Hong Kong Housing Authority
- 1994 ● Our quality management system was first accredited by HKQAA with ISO 9001 certification

HISTORY AND DEVELOPMENT

- 1997 ● EXCEL obtained a probationary Group C licence as an approved contractor on roads and drainage category issued by the WBDB
- 1998 ● GADELLY obtained a probationary Group B licence as an approved contractor on waterworks category issued by the WBDB
- 2005 ● EXCEL obtained a confirmed Group C licence as an approved contractor on waterworks category issued by WBDB
- 2007 ● Our environmental management system was accredited by ACIL with ISO 14001 certification
- 2010 ● EXCEL was an approved specialist contractor on landslip preventive/remedial works to slopes/retaining walls category issued by WBDB
- 2010 ● Our occupational health and safety management system was first accredited by ACIL with OHSAS 18001 certification

BUSINESS DEVELOPMENT

We are principally engaged in civil engineering construction works in the public and private sectors in Hong Kong and are particularly active in civil engineering waterworks. Some of our civil engineering construction works completed during the Track Record Period include:

Year of Completion	Projects
2011	Civil engineering works term contract for HKT Group in laying of ducts, cables and construction of jointing chambers and related facilities for telecommunication networks
2011	Replacement and rehabilitation of water mains stage 1, phase 2 — Mains on Hong Kong Island (15/WSD/05)
2011	Replacement and rehabilitation of water mains stage 2 — Mains in Tsuen Wan (19/WSD/06)
2012	Improvement to Hong Kong Central mid-level and high-level areas water supply — Remaining works, construction of service reservoirs, pumping stations and associated main laying (5/WSD/07)
2012	Main contract for upgrading of electricity supply to Lok Man Sun Chuen in To Kwa Wan

Our only private residential building construction project completed during the Track Record Period was MOS Project.

HISTORY AND DEVELOPMENT

CORPORATE DEVELOPMENT

The following sets forth the corporate development of each member of our Group since their respective dates of incorporation.

Our Company

Our Company was incorporated on 30 April 2012 in the Cayman Islands. At the time of incorporation, our Company had an authorised share capital of HK\$370,000 divided into 37,000,000 Shares of HK\$0.01 each. On 30 April 2012, one Share was issued nil paid to the subscriber and transferred on the same day to Profit Chain. Pursuant to the written resolutions passed by the sole shareholder of our Company on 21 November 2013, the authorised share capital of our Company was increased from HK\$370,000 to HK\$5,000,000 by the creation of an additional 463,000,000 Shares.

Best Trader

Best Trader was incorporated on 28 May 2013 in the BVI as an intermediate holding company. Upon its incorporation, it was authorised to issue a maximum of 50,000 shares of a single class each with a par value of US\$1.00. On 4 June 2013, one subscriber share was issued and allotted to our Company at par credited as fully paid and Best Trader became our wholly owned subsidiary. As part of the Reorganisation, on 21 November 2013, Vantage assigned the shareholder's loans in the amount of HK\$39,046,297 and HK\$6,876,934 owed by Great Jump and Top Integration respectively to Profit Chain. On the same day, Best Trader acquired the entire issued share capital and related shareholder's loans of Great Jump and Top Integration from Profit Chain, the then sole shareholder of our Company at the relevant time, and in consideration therefor, our Company allotted and issued 49,999,999 new Shares at par credited as fully paid to Profit Chain. The transfer, issue and allotment of new Shares and assignment of the shareholder's loans were properly and legally completed and settled.

Great Jump

Great Jump was incorporated on 6 January 2000 in the BVI as an intermediate holding company. Upon its incorporation, it had an authorised share capital of US\$50,000 divided into 50,000 shares of US\$1.00 each. On 14 June 2000, one subscriber share was issued and allotted to Able Engineering at par credited as fully paid. On 17 August 2000, Able Engineering transferred such subscriber share at par to Profit Chain which was the sole shareholder of our Company at the relevant time on 30 April 2012. As part of the Reorganisation, on 21 November 2013, Vantage assigned the shareholder's loan in the amount of HK\$39,046,297 owed by Great Jump to Profit Chain. On the same day, Profit Chain transferred its entire interest in Great Jump to Best Trader, a wholly-owned subsidiary of our Company and assigned the shareholder's loan owed by Great Jump to Best Trader. The transfer of share and assignment of the shareholder's loan were settled by the issue and allotment of 42,500,000 Shares in the share capital of our Company at an issue price of HK\$0.92 per Share to Profit Chain. The said share transfers, issue and allotment of new Shares and assignment of the shareholder's loan were properly and legally completed and settled. After the transfer, Best Trader became the sole shareholder of Great Jump.

HISTORY AND DEVELOPMENT

Top Integration

Top Integration was incorporated on 28 March 2000 in the BVI as an intermediate holding company. Upon its incorporation, it had an authorised share capital of US\$50,000 divided into 50,000 shares of US\$1.00 each. On 14 June 2000, one share was issued and allotted at par credited as fully paid to Able Engineering. On 17 August 2000, 9,999 shares were issued and allotted to Able Engineering at par credited as fully paid and on the same date, Able Engineering transferred all of such 10,000 issued shares in Top Integration to Profit Chain which was the sole shareholder of our Company at the relevant time on 30 April 2012, at a consideration of US\$10,000 which was satisfied by Profit Chain by the issue and allotment of 10,000 shares of US\$1.00 each in Profit Chain credited as fully paid. As part of the Reorganisation, on 21 November 2013, Vantage assigned the shareholder's loan in the amount of HK\$6,876,934 owed by Top Integration to Profit Chain. On the same day, Profit Chain transferred its entire interest in Top Integration to Best Trader, a wholly-owned subsidiary of our Company and assigned the shareholder's loan owed by Top Integration to Best Trader. The transfer of shares and assignment of shareholder's loan were settled by the issue and allotment of 7,499,999 Shares at an issue price of HK\$0.92 per Share in the share capital of our Company to Profit Chain. The said share transfers, issue and allotment of new Shares and assignment of shareholder's loan were properly and legally completed and settled. After the transfer, Best Trader became the sole shareholder of Top Integration.

EXCEL

EXCEL was incorporated on 7 May 1976 in Hong Kong and commenced business on 13 May 1976. It is principally engaged in building construction, maintenance and civil engineering works in Hong Kong.

On 8 May 2000, Able Engineering entered into a sale and purchase agreement (the “**8 May 2000 SPA**”) with the six then shareholders of EXCEL (which included our Director, Mr. Li; a sibling of Mr. Shek; and to the best of our Directors' knowledge, four Independent Third Parties at the relevant time) pursuant to which (a) Able Engineering acquired 2,350,000 shares, which represented approximately 34.06% of the then enlarged issued share capital of EXCEL from the six then shareholders of EXCEL at a consideration of HK\$11,139,000; and (b) EXCEL granted an option to Able Engineering to subscribe for 1,200,000 new shares, which represented approximately 17.39% of the then enlarged issued share capital of EXCEL at an aggregate exercise price of HK\$5,688,000. The basis of consideration was decided on the basis of (a) the net assets value of EXCEL and GADELLY of approximately HK\$16,000,000 according to the management accounts of EXCEL and GADELLY for the year ended 31 March 2000 and a premium of approximately HK\$11,000,000 decided by the parties by mutual agreement in the light of EXCEL and GADELLY's market position in the industry; (b) the contracts on hand and the expected profit of EXCEL and GADELLY; (c) the licences held by EXCEL and GADELLY; (d) 5,700,000 shares in issue (before the exercise of the option granted to Able Engineering under the 8 May 2000 SPA to subscribe for 1,200,000 shares); and (e) acquisition of 51.45% interest in the enlarged issued share capital of EXCEL after the exercise of the option to subscribe for 1,200,000 share. Great Jump, a nominee of Able Engineering exercised the option and was allotted and issued 1,200,000 new shares on 22

HISTORY AND DEVELOPMENT

May 2000 and acquired an aggregate of 2,350,000 shares of EXCEL on 24 and 30 May 2000 from the six then shareholders of EXCEL. Able Engineering thereby held an aggregate of 51.45% interest of EXCEL through its nominee, Great Jump. The said share transfer, allotment and issue were properly and legally completed and settled.

On 9 March 2001, Great Jump, the then wholly-owned subsidiary of Vantage, entered into a sale and purchase agreement (the “**9 March 2001 SPA**”) to acquire the remaining 3,350,000 shares, which represented approximately 48.55% of the then issued share capital of EXCEL. The aggregate consideration payable by the Vantage Group for the acquisition of the 48.55% interests in each of EXCEL and GADELLY was settled by the allotment and issue of 16,000,000 consideration shares, representing 10% of the then issued share capital and approximately 9.09% of the then enlarged issued share capital of Vantage to the four vendors of the 9 March 2001 SPA. The 9 March 2001 SPA did not specify the issue price of such shares. For the purpose of recording the cost of investment in the books and records of the Vantage Group, the amount of the consideration was determined by Vantage according to the closing share price of HK\$1.9 on 27 April 2001. The consideration amounted to HK\$30,400,000.

Such consideration was agreed after an arm’s length negotiation between the Vantage Group and the four vendors to the 9 March 2001 SPA and was determined with reference to the net profit and net assets value of each of EXCEL and GADELLY as per their unaudited financial statements for the nine months ended 31 December 2000 and as of 31 December 2000 respectively and the licences required for performing construction works held by EXCEL and GADELLY (the aggregate value of the aforesaid licences have not been reflected in the net assets value of EXCEL and GADELLY as at 31 December 2000). The consideration amount of HK\$30,400,000 represented a premium of approximately 160% over the combined net assets value of EXCEL and GADELLY attributable to 48.55% of equity interests in each of EXCEL and GADELLY of approximately HK\$11.7 million as per the unaudited financial statements of EXCEL and GADELLY as of 31 December 2000. As a result, Great Jump, was transferred 3,350,000 shares of EXCEL (1 share of which was transferred to and held by Mr. Yau Kwok Fai, our Director and a director of Vantage on behalf of Great Jump) on 27 April 2001. Since then, EXCEL became a wholly-owned subsidiary of Great Jump and 4,100,000, 2,000,000, 3,000,000 new shares of EXCEL were allotted and issued, credited as fully paid, to Great Jump on 26 May 2003, 15 March 2005, 29 September 2009 respectively. The said share transfers, allotment and issue were properly and legally completed and settled.

GADELLY

GADELLY was incorporated in Hong Kong on 8 May 1981 and commenced business on 11 May 1981. It is principally engaged in construction, maintenance and civil engineering works in Hong Kong. On 10 May 2000, 400,000 shares were transferred from the four then shareholders of GADELLY (which included our Director, Mr. Li; a sibling of Mr. Shek; and to the best of our Directors’ knowledge, two Independent Third Parties at the relevant time) to EXCEL at a total consideration of HK\$600,000 which was determined with reference to (a) the net asset value of GADELLY of approximately HK\$3,000,000 according to the management accounts of GADELLY for the year ended 31 March 2000;

HISTORY AND DEVELOPMENT

and (b) 2,000,000 shares of GADELLY in issue at the relevant time. Upon completion of such transfer, EXCEL became legally and beneficially interested in 1,999,999 shares in GADELLY while Mr. Shek was legally interested in 1 share of GADELLY (holding on trust for EXCEL). On 21 August 2000, (i) 970,999 shares were transferred nil paid (due to distribution to the then shareholders of GADELLY as a result of reorganisation) from EXCEL to the five then shareholders of EXCEL (which included our Director, Mr. Li; a sibling of Mr. Shek; a Hong Kong incorporated company wholly-owned by two siblings of Mr. Shek, and to the best of our Directors' knowledge, two Independent Third Parties at the relevant time); (ii) 1,029,000 shares were transferred from EXCEL to Top Integration at a consideration which was satisfied by Top Integration issuing and allotting 9,999 shares of Top Integration of US\$1.00 each to Able Engineering as the designated allottee by EXCEL on 17 August 2000, credited as fully paid at par; and (iii) 1 share was transferred nil paid (due to distribution to the then shareholders of GADELLY as a result of reorganisation) from Mr. Shek to an Independent Third Party. Upon completion of such transfer, Vantage through its wholly-owned subsidiary was interested in 51.45% of the issued share capital of GADELLY. The said share transfers were properly and legally completed and settled.

On 9 March 2001, Top Integration entered into the 9 March 2001 SPA to acquire the remaining 48.55% interest in the share capital of GADELLY from the four then shareholders of GADELLY. As a result, on 27 April 2001, a total of 971,000 shares were transferred from the four then shareholders of GADELLY (which included our Director, Mr. Li; a sibling of Mr. Shek; a Hong Kong incorporated company wholly-owned by two siblings of Mr. Shek, and to the best of our Directors' knowledge, an Independent Third Parties) to Top Integration and 1 share of which was transferred to Mr. Yau Kwok Fai, our Director and a director of Vantage holding on behalf of Top Integration. On 16 December 2002 and 20 November 2009, 1,700,000 shares and 500,000 shares respectively were issued and allotted, credited as fully paid to Top Integration. The said share transfers, allotment and issue were properly and legally completed and settled. For the aggregate consideration for the acquisition of the above-mentioned 48.55% interests in each of EXCEL and GADELLY and the related basis, please see the above paragraphs headed "EXCEL".

Excel-China Harbour JV

On 9 October 2006, EXCEL and CHEC, an Independent Third Party entered into a joint venture agreement pursuant to which:

- (i) Excel-China Harbour JV was formed in respect of the project of the replacement and rehabilitation of Water Mains, Stage 1 Phase 2 — Mains in Kowloon City, Wong Tai Sin and Kwun Tong (Contract No. 14/WSD/05); and
- (ii) the financial interests of EXCEL and CHEC would be divided in the proportion of 70/30.

The relevant project was completed in July 2010, and the final account of the project was only issued by WSD during the year ended 31 March 2013. Excel-China Harbour JV will be liquidated after making the final payment to the sub-contractor and distribute the remaining profit to its ventures, if any.

HISTORY AND DEVELOPMENT

SPECIAL DIVIDEND

Prior to the Reorganisation, EXCEL declared a one-off and non-recurring dividend of HK\$60 million to the then shareholder, Great Jump on 21 November 2013. Such dividend will be paid before the Listing in December 2013. On the same day, Great Jump declared the entire HK\$60 million as dividend to the then shareholder, Profit Chain.

REORGANISATION

The companies comprising our Group underwent a reorganisation in preparation for the Listing. The reorganisation involved the following:

- (a) On 30 April 2012, our Company was incorporated in the Cayman Islands to act as the holding company of our Group. Upon incorporation, one Share was issued nil paid to the subscriber and transferred on the same day to Profit Chain;
- (b) On 4 June 2013, one subscriber share was issued and allotted by Best Trader to our Company at par credited as fully paid and Best Trader became a wholly-owned subsidiary of our Company;
- (c) On 21 November 2013, Vantage assigned the shareholder's loans owed by Great Jump and Top Integration to Profit Chain.
- (d) On 21 November 2013, Profit Chain and Best Trader entered into a reorganisation agreement pursuant to which Profit Chain transferred its entire interests in Great Jump and Top Integration and assigned the shareholder's loans owed by Great Jump and Top Integration to Best Trader, a wholly-owned subsidiary of our Company and in consideration our Company credited as fully paid the nil paid share registered in the name of Profit Chain and allotted and issued 49,999,999 Shares at an issue price of HK\$0.92 per Share credited as fully paid to Profit Chain. As a result, Great Jump and Top Integration became wholly-owned subsidiaries of Best Trader; and
- (e) Pursuant to the Capitalisation Issue, conditional upon the share premium account of our Company being credited as a result of the issue of the Offer Shares by our Company pursuant to the Share Offer, our Company will allot and issue 100,000,000 Shares, credited as fully paid, to Profit Chain, by capitalising certain sums standing to the credit of the share premium account of our Company.

OUR GROUP STRUCTURE

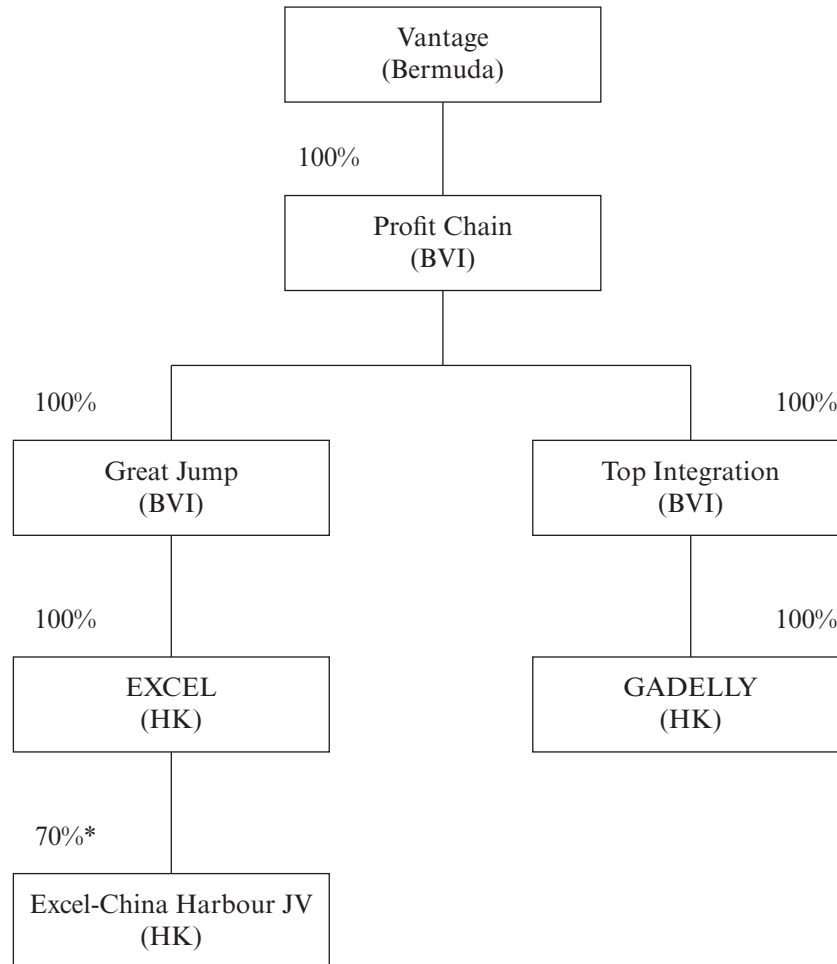
Our Group comprises the following companies engaged in the businesses described below:

- (a) our Company, Best Trader, Great Jump and Top Integration, being investment holding companies; and

HISTORY AND DEVELOPMENT

- (b) EXCEL, GADELLY and Excel-China Harbour JV, engaged in, civil engineering construction works in the public and private sectors in Hong Kong, including (i) waterworks; (ii) roads and drainage works; (iii) landslip preventive and remedial works to slopes and retaining walls; and (iv) utilities civil engineering works as well as building construction and maintenance works.

The shareholding structure of our Group immediately prior to the Reorganisation was as follows:

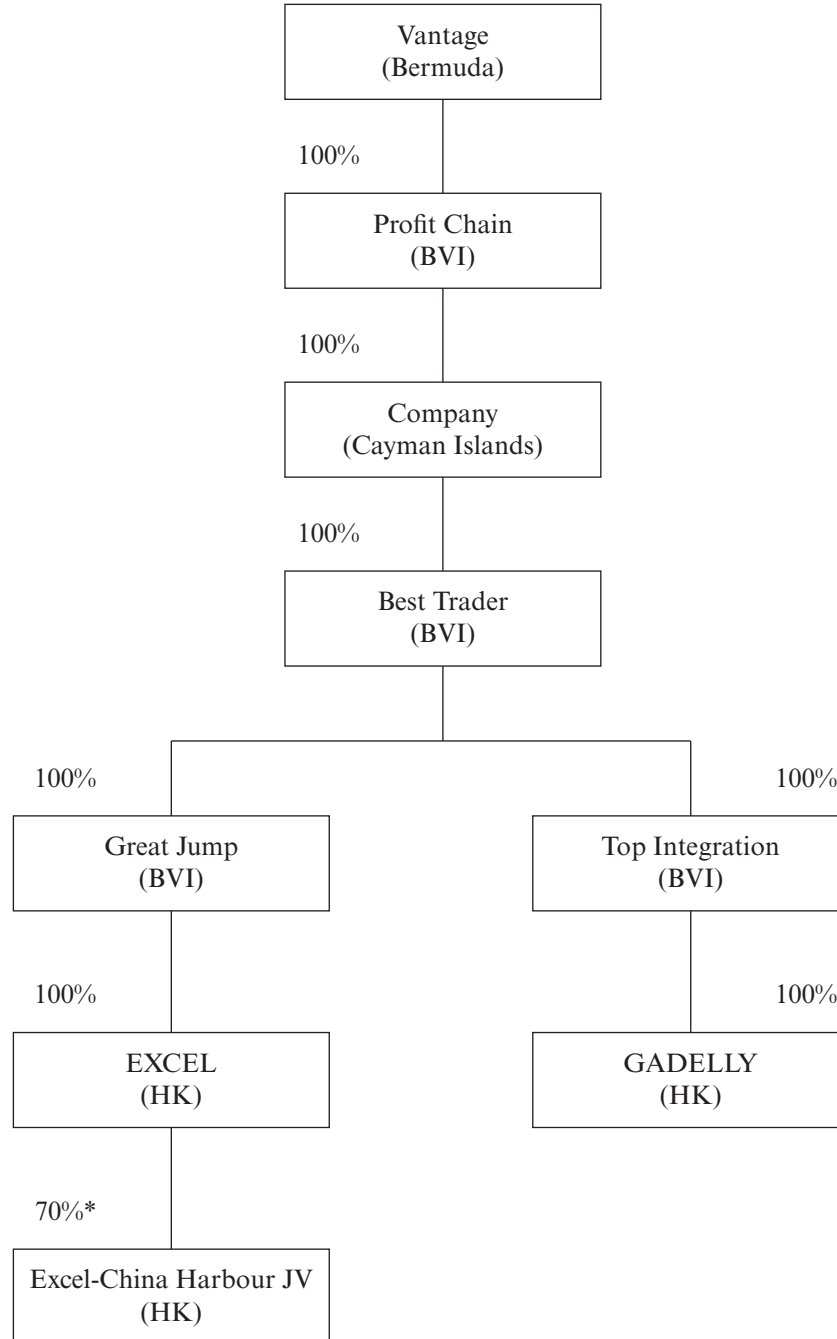


Note:

- * EXCEL has a 50% voting power in Excel-China Harbour JV. 70% of the ownership interest and 70% of the profit of Excel-China Harbour JV are shared by EXCEL.

HISTORY AND DEVELOPMENT

The shareholding structure of our Group immediately after completion of the Reorganisation but before completion of the Share Offer and Capitalisation Issue was as follows:

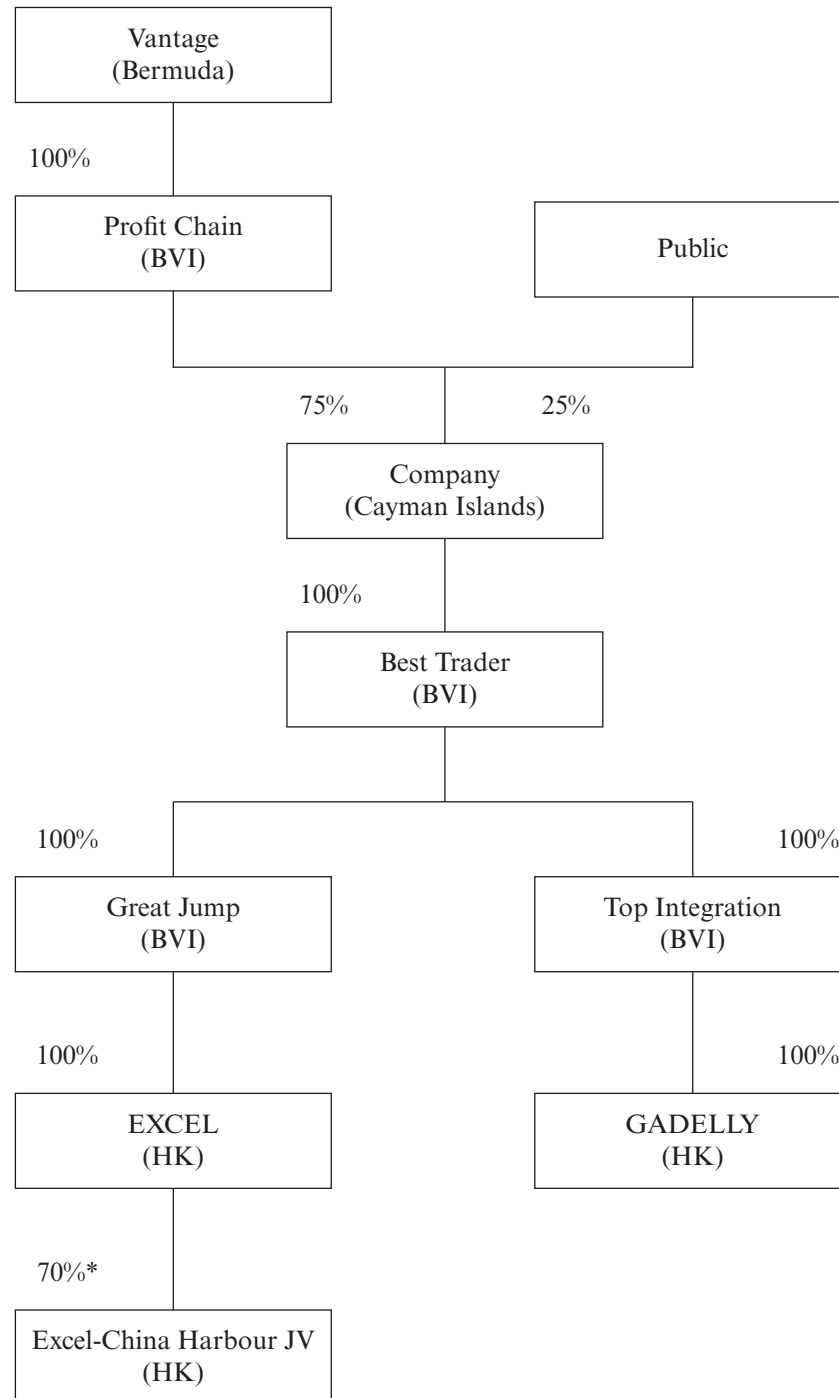


Note:

* EXCEL has a 50% voting power in Excel-China Harbour JV. 70% of the ownership interest and 70% of the profit of Excel-China Harbour JV are shared by EXCEL.

HISTORY AND DEVELOPMENT

The shareholding structure of our Group immediately after completion of the Share Offer (without taking into account of any Shares which may be issued upon the exercise of the Offer Size Adjustment Option) will be as follows:



Note:

* *EXCEL has a 50% voting power in Excel-China Harbour JV. 70% of the ownership interest and 70% of the profit of Excel-China Harbour JV are shared by EXCEL.*

HISTORY AND DEVELOPMENT

Spin-off by Vantage

On 3 July 2013, Vantage announced, among others, that on 3 May 2013, it had submitted a Spin-off proposal to the Stock Exchange pursuant to Practice Note 15 of the Listing Rules in relation to the proposed Spin-off of our Company by way of a separate listing of the Shares on the Main Board of the Stock Exchange and that the Stock Exchange had, on 4 June 2013, granted approval on the Spin-off proposal and confirmed that Vantage may proceed with the Spin-off. In the same announcement, Vantage also announced, among others, that the Spin-off would be expected to constitute a deemed disposal under Rule 14.29 of the Listing Rules and a discloseable transaction of Vantage under Chapter 14 of the Listing Rules. Accordingly, the Spin-off would be subject to the reporting and announcement requirements, but would be exempt from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

BUSINESS OVERVIEW

We are a main contractor providing both civil engineering and building construction services to the public and private sectors in Hong Kong in which civil engineering construction works is the core business of our Group. We are particularly active in civil engineering waterworks. We have established a strong reputation through our over 37 years' experience and 4 years' experience in the civil engineering construction industry and the building construction industry in Hong Kong respectively. We are an approved contractor and our customers include various departments of the Government such as WSD, Drainage Services Department and Highways Department. Our customers also include certain public utilities companies, non-governmental and private organisations in Hong Kong.

Some of our key civil engineering construction projects completed during the Track Record Period include:

- Replacement and rehabilitation of water mains stage 2 — mains in Tsuen Wan (19/WSD/06);
- Replacement and rehabilitation of water mains stage 1, phase 2 — mains on Hong Kong Island (15/WSD/05);
- Main contract for upgrading of electricity supply to Lok Man Sun Chuen in To Kwa Wan;
- Improvement to Hong Kong Central mid-level and high-level areas water supply — Remaining works, construction of service reservoirs, pumping stations and associated main laying (5/WSD/07); and
- Civil engineering works term contract for HKT Group in laying of ducts, cables and construction of jointing chambers and related facilities for telecommunication networks.

Our only private residential building construction project completed during the Track Record Period was MOS Project.

For details of the above construction projects, please refer to the paragraph headed “Completed Projects” of this section.

As a main contractor, we offer construction services that encompass the procurement of materials and equipment, selection of sub-contractors to on-site supervision, work progress monitoring and overall co-ordination of the day-to-day work of the project. Our civil engineering construction services are mainly applied to (i) waterworks; (ii) roads and drainage works; (iii) landslip preventive and remedial works to slopes and retaining walls; and (iv) utilities civil engineering works, for the public and private sectors in Hong Kong. Our building construction services are applied to carcass works for private residential

BUSINESS

development in Hong Kong. To a lesser extent, we are also engaged in building repairs and maintenance works, which only contributed approximately 0.05%, 0.03%, 0.10% and 0.33% of our total revenue respectively during each of the three years ended 31 March 2013 and the four months ended 31 July 2013.

Below is a list of some of the civil engineering construction projects undertaken by us in our operating history:

- Basement construction and design and construction of piled foundations for Building 5, Science Park at Pak Shek Kok, New Territories;
- Construction of village flood protection works for Pok Wai, New Territories and stormwater intercepting drain for Wang Chau, New Territories;
- Construction of permanent public transport terminus at Tin Yan Road contract for the proposed government, institution and community/public car park and residential development at Tin Shui Wai, New Territories;
- Reconstruction of catchwater channels and upgrading of adjoining priority slopes on Hong Kong Island and Lantau Island;
- Site formation works for wind turbine in Lamma Power Wind Station; and
- Laying of ducts, cables and construction of jointing chambers and related facilities for HKT Group's telecommunication networks in Hong Kong Island, Kowloon, New Territories and Outlying Island for 30 years.

Below is a list of all of the building construction projects undertaken by us, details of which are set out in the paragraphs headed "Completed projects" and "Projects in progress" sections respectively in this prospectus, in our operating history:

- MOS Project (completed in March 2011); and
- TW7 Project (commenced in August 2011 and expected to be completed in mid-2014).

We completed a total of 9 projects during the Track Record Period. 8 of such projects were civil engineering construction projects while the remaining one was a building construction project, namely MOS Project. As of 31 July 2013, we had 13 significant projects in progress, including 5 projects with the public sector and 8 projects with the private sector, the largest of which by contract sum was TW7 Project, a private residential building construction project which has been sub-contracted to our connected person, Able Contractors. All such significant projects in progress, except TW7 Project, are civil engineering construction projects. The total contract sum of our projects in progress was approximately HK\$3,885 million as at 31 July 2013, of which the contract sum of our building construction project in progress was approximately HK\$1,605 million and the contract sum of our civil engineering projects was approximately HK\$2,280 million.

The total amount not yet been recognised as revenue for our projects in progress as at 31 July 2013 was approximately HK\$1,703 million, of which the amount not yet been recognised as revenue from building construction project was approximately HK\$494 million and the amount not yet been recognised as revenue from civil engineering projects was approximately HK\$1,209 million.

OUR COMPETITIVE STRENGTHS

With an operating history of over 37 years in the civil engineering construction industry, our Directors believe that our Group, with its experienced management team and extensive experience in implementation of civil engineering construction works, has established a reputation in the civil engineering construction industry in Hong Kong. In particular, our Directors believe that our Group possesses the following competitive strengths:

- **Established operating history and track record in civil engineering construction projects**

We have established a strong reputation in civil engineering construction works through our 37 years' experience in the civil engineering construction industry in Hong Kong. Our Group commenced operations in Hong Kong in 1976. We are an approved contractor and hold confirmed Group C licence on waterworks category and probationary Group C licence on roads and drainage category issued by the WBDB. Over the years, our Group has completed major civil engineering waterworks projects and been able to secure contracts as main contractor for the construction or maintenance of various waterworks infrastructure, undertaking various waterworks engineering services in different operational regions of WSD, including Central, Kwai Tsing, Kwun Tong, Lantau Island, Tsuen Wan, Wan Chai and Wong Tai Sin.

We believe that our good reputation in civil engineering waterworks, our successful completion of numerous waterworks projects in Hong Kong, our possession of the requisite licences to undertake these works and our capability of delivering our job on time and to the satisfaction of our customers give us a competitive edge in pursuing new opportunities with the Government.

Further, we believe our strong reputation in the civil engineering construction industry and experience of working on Government projects have led to us being included in a selected group of contractors to whom the private sector utilities companies such as HKT Group and Company C make invitations to bid for their projects. We are one of the contractors of HKT Group and have been undertaking work in the laying of ducts, cables and construction of jointing chambers and related facilities for telecommunication networks in Hong Kong Island, Kowloon, New Territories and Outlying Island for HKT Group since 1983. During the year ended 31 March 2012, our Group was awarded certain contracts by HKT Group for the provision of telephone and broadband installation and the provision of works for integrated blockwiring infrastructure. We believe that the established operating history of our Group supports our Group in establishing its reputation and will assist our Group in tendering future contracts.

- **Well-positioned to capture the emerging business opportunities**

As the Government is committed to implementing the policy objective of promoting economic development through investment in infrastructure development, such policy has brought sustained impetus to the construction industry and the economy of Hong Kong. With the commencement of various major infrastructure projects, the expenditure on capital works has risen progressively from approximately HK\$26.6 billion in 2007/08 to approximately HK\$52.5 billion in 2011/12. According to the Government's Budget 2013/14, it is estimated that capital works expenditure will increase to over HK\$70 billion for each of the next few years.

According to the latest population projections in NENT, there will be an increase of about 1.4 million people in the coming 30 years. There is a strong demand for land for housing and economic development. To tie in with future development, the NDAs in NENT will be developed in phases with the entire NENT NDA project expected to be completed by 2031.

In addition, WSD is also targeting the production of reclaimed water for toilet flushing and other non-potable uses. WSD anticipates providing this water to residents in Sheung Shui, Fanling and the NENT NDAs for toilet flushing and other non-potable uses. Apart from this, WSD is also liaising with other Government departments to implement trial schemes on recycling of grey water and harvesting rainwater.

In view of the increasing public expenditure on infrastructure and NDAs projects and our experience in the industry with the possession of the requisite licences for Government's projects, we consider that our Group is well positioned to capture the emerging business opportunities as our Directors believe such infrastructure projects would expectedly involve waterworks, roads and drainage and other civil engineering construction works at some stage.

Our Directors also believe that our Group will be benefited from its proven track record of participation in the existing R&R Programme launched by WSD and other waterworks contracts and its experienced management team in having an edge to capture the emerging business opportunities from WSD.

- **Consistent delivery of high quality services through stringent quality assurance and strong commitment to high safety standard and environmental impact control**

Our Group has adopted a set of stringent quality assurance measures which comprise of monitoring, verifying and validating the construction, installation works and materials to ensure that high quality civil engineering construction works are delivered to our customers. In recognition of the quality assurance procedures in place, the quality management systems of EXCEL and GADELLY were accredited with the ISO 9001 certificates in 1994 and 2001, respectively.

At material procurement stage, to ensure consistency in the quality of the materials purchased, purchase orders shall only be placed with companies which are on our list of authorised material suppliers. Further, before a supplier is admitted to our list of authorised material suppliers, we have to assess its background or job references to ascertain the reputation of the supplier in the market as well as the stability of the material supplier. When the materials are delivered to the site, site engineer is responsible for ensuring that the purchased materials or products meet the specified requirements. For materials or products that require further inspection or testing, project manager is required to conduct further inspection and sign off the delivery.

During the project implementation stage, we will conduct inspection on all works on a regular basis to ensure that the works performed by us comply with the requirements as set out in the relevant contract. Under normal circumstances, a further inspection will be conducted together with the representative of the engineer or architect appointed by the customer before application for interim payment.

We have set up an occupational health and safety management system to promote safe working practices among all employees and to prevent the occurrence of accidents through safety inspections. Further, we have also set up an environmental management system to promote environmental awareness and to prevent pollution of the environment resulting from our civil construction works. As a result, our occupational health and safety management system has been certified compliance with OHSAS 18001 by ACIL and our environmental management system was accredited by ACIL with ISO 14001 certification.

We believe that our stringent quality assurance system and strong commitment to environmental and occupational health and safety management will allow us to be better positioned to deliver quality works on time and within budget to customers and thereby enhancing our reputation as a quality and reliable civil engineering construction company.

- **Systematic and effective tender review procedure**

We adopt a systematic tender review procedure to price our tenders in which our Directors and our engineering manager will work together to ensure that we are able to submit a tender proposal at a competitive price with adequate profit margin.

Our systematic tender review procedures involve (i) a feasibility study on the technical requirements, completion time, quality expectation and possible risks involved with the project to determine whether a tender proposal is to be made; (ii) our engineering manager visiting site and examining the site to assess the surrounding and ground conditions so that he can work out the outline construction method, site set up and resources capability for the works; and (iii) our Directors finalising the pricing based on their experience and market knowledge.

BUSINESS

We believe that such systematic tender review procedure will ensure that we are able to allocate manpower more efficiently, select the more appropriate sub-contractors and procure materials more appropriately for the potential projects and thereby allowing us to submit competitive tender proposals.

- **Long-standing relationship with sub-contractors**

We believe that, throughout our operating history, we have established good and long-standing business relationships with a team of sub-contractors that can constantly provide quality construction services to us and assist us to complete each project efficiently. Our Group has maintained over 30 sub-contractors on our Group's list of authorised sub-contractors, some of which have been working with our Group for at least 7 years. We believe that such long business relationships with sub-contractors can facilitate the timely completion of projects and are crucial to the day-to-day business operations and the future business development of our Group.

- **Experienced management team**

Our Group's performance and success are, to a significant extent, attributable to the expertise and experience of our key management personnel. Our core management team is led by our executive Director, Mr. Li Chi Pong, who has been a director of EXCEL since 1988 and has over 30 years' experience in handling civil engineering construction projects. He is responsible for the overall business planning, corporate strategy and operation of our Group. Mr. Poon Yan Min, our executive Director, has over 25 years' experience in the construction of road and drainage, site formation, waterworks and building works and is responsible for the implementation of works and the overall management of contracts. In addition to these executive directors who have been in charge of the business development of our Group over the years, our Group also has a professional management team with members having strong academic background and industry experience. We believe the extensive experience and in-depth knowledge of our management team in the civil engineering construction industry, as well as their ability to select projects that can be profitable and enhance our profile has enabled us and will enable us to continue to expand our business.

For the biographical details of our management team, please refer to the section headed "Directors, Senior Management and Employees" in this prospectus.

BUSINESS STRATEGIES

Our business objectives are to achieve sustainable growth in our businesses and to create long-term shareholder's value. As our Group will not take up any new building construction projects and maintenance works, and will cease all building construction and maintenance business upon completion of TW7 Project, in this connection, we intend to maintain our position as one of the leading civil engineering construction companies in Hong Kong and to continue to build on our existing competitive strengths stated above.

To achieve our business objectives, we intend to pursue the following business strategies:

- **Strengthen our Group's growth in civil engineering construction businesses**

With our strong track record in waterworks civil engineering construction business in Hong Kong, we plan to continue building on our current business relationships with our existing clients in Hong Kong. In addition, we will continue to selectively undertake new projects by the Government and other sizeable utilities companies in Hong Kong. More importantly, we will continue to focus on providing quality civil engineering construction works to our clients in a timely manner, which we believe will also help to strengthen our clients' confidence in us and the business relationships that we have built over the years.

Not only will the existing R&R Programme launched by WSD (details of which are set out in the section headed "Industry Overview" in this prospectus) continue to provide waterworks opportunities to our Group, our Directors believe that the infrastructure and NDAs projects being currently implemented or to be implemented by the Government will expectedly involve waterworks, roads and drainage works and other civil engineering construction works at some stage. Such public works will also create numerous business opportunities to our Group in the coming years. Our Directors believe that the civil engineering construction industry has significant market potential and promising prospects. We intend to make use of our competitive strengths by continuing to improve our quality of services and competitiveness to capitalise on the trend of increasing civil engineering construction works projects in Hong Kong in the coming years to further strengthen our Group's business growth.

- **Further enhancement in work quality and project safety**

Our Directors believe that our Group's success depends considerably on its ability to deliver works of high quality under a sound safety system. Our Directors consider that maintaining work quality and providing a safe and healthy working environment are of utmost importance to our Group's ongoing development in the civil engineering construction business. In order to uphold the work quality of our Group and enhance our Group's safety system, our Directors plan to recruit additional personnel to strengthen the quality assurance and safety team of our Group.

- **Maintain a disciplined financial strategy**

Our Group will continue to maintain a disciplined financial strategy in its business operations. Our Group has maintained a strong statement of financial position in terms of a prudent net gearing ratio. We intend to continue to maintain such strong statement of financial position without exposing to aggressive gearing in order to achieve sustainable growth in the long term. We also intend to continue to actively manage our project construction process to ensure sufficient cash generated internally for our ongoing capital needs. Our Directors believe that a prudent financial management in capital commitment could provide reasonable return for shareholders steadily while ensuring our continued growth in the long term.

- **Attract, motivate and develop talented and experienced staff**

Our Directors believe a key to our success is our ability to recruit, retain, motivate and develop talented and experienced staff members. In particular, we intend to continue to focus on the recruitment and cultivation of a high-quality and professional workforce in a competitive human resources market. We also intend to continue to provide a working environment that promotes our employees' personal and professional development.

OUR BUSINESSES

As a main contractor, we provide mainly (i) civil engineering construction services; (ii) building construction services; and to a lesser extent (iii) building maintenance services.

Our civil engineering construction services are mainly applied to (i) waterworks; (ii) roads and drainage works; (iii) landslip preventive and remedial works to slopes and retaining walls; and (iv) utilities civil engineering works, for the public and private sectors in Hong Kong. Our building construction services are applied to carcass works for private residential development in Hong Kong. To a lesser extent, we are also engaged in building repairs and maintenance works for non-governmental organisations in order to maximise the utilisation of our resources.

Civil engineering construction works

Waterworks

Waterworks include construction and maintenance of water mains, service reservoirs, pumping stations, water tanks, treatment works, watercourses for distribution systems and other related construction works. These services may also involve several civil engineering constructions ranging from simply open trench excavation to particular trenchless construction methods such as pipe jacking, horizontal directional drilling and tunneling, etc.

Roads and drainage works

Road works include construction of road interchange, carriageway and walkway, footbridge and traffic link bridge, road improvement and widening works, etc., while drainage works include flood prevention works, construction drainage channel, outfall pipe, box culvert and pumping station, etc. Both road and drainage construction include associate scope of landscaping, utilities diversion as well as electrical and mechanical works.

Landslip preventive and remedial works to slopes and retaining walls

Landslip preventive and remedial works to slope involve slope stabilisation and upgrading works which include engineering inspection, retaining wall construction, cut and fill slope, soil nailing, surface drainage construction, slope surface treatment with high pressure grouting and spraying, landscaping, etc.

Utilities civil engineering works

Utilities civil engineering works include trench work for cables and ducts laying, construction of jointing chambers and associated facilities for telecommunication and electrical cable networks.

Building construction and maintenance works

Our Group provides building construction services which are applied to carcass works for private residential development. The aggregate value of building construction works accounted for approximately 55.06%, 30.86%, 53.23% and 66.20% of the total revenue of our Group for each of the three years ended 31 March 2013 and the four months ended 31 July 2013 respectively.

Our Group is also engaged in building maintenance works for non-governmental organisations in order to maximise the utilisation of resources. However, these projects were minor in terms of scale and value. The aggregate value of building maintenance works only accounted for approximately 0.05%, 0.03%, 0.10% and 0.33% of the total revenue of our Group for each of the three years ended 31 March 2013 and the four months ended 31 July 2013 respectively.

Our building construction and maintenance business which shall be ceased

During the whole history of our operation, we were engaged in only two private residential building construction projects. The principal reason for our engaging in private residential building construction projects was in relation to the overall strategies and considerations of the Vantage Group, in particular, on diversification of risks and establishing track records on different nature of construction projects among member companies. As the Retained Vantage Group has been engaged in building construction projects and possesses the relevant expertise and technical experience, it was then decided for us to sub-contract the two private residential building construction projects to the Retained Vantage Group.

The two private residential building construction projects that we have undertaken are MOS Project which was completed in March 2011 and TW7 Project which commenced in August 2011. In addition to building construction, we were also engaged in certain relatively minor building maintenance works in terms of scale and value during the Track Record Period. We shall not take up any new building construction projects and maintenance works, and shall cease all building construction and maintenance business upon completion of TW7 Project.

For more information regarding the above projects, please see the sections headed “Connected Transactions” and “Relationship with Controlling Shareholders” in this prospectus.

BUSINESS

As part of the effort to ensure clear delineation of business activities between our Group and the Retained Vantage Group after the Spin-off, our Group will continue to focus on civil engineering construction business which is our core business and shall cease to engage in building construction and maintenance works except for TW7 Project which is expected to be completed in mid-2014. We will continue TW7 Project until its completion in order to fulfill our obligations under the relevant project contract. Further financial information relating to our building construction and maintenance business are set out in the paragraph headed “Our building construction and maintenance business which shall be ceased” in the section headed “Financial Information” in this prospectus.

Further, there will be mechanisms in place to ensure a clear delineation between the retained business of the Retained Vantage Group and the civil engineering construction business of our Group after the Spin-off by way of Vantage entering into a Deed of Non-competition with us. For more details on the Deed of Non-competition, please refer to the section headed “Relationship with Controlling Shareholders” in this prospectus.

Although we will cease to engage in building construction and maintenance works which had significant contribution to our revenue during the Track Record Period, our Group has managed to grow our principal business of civil engineering construction in its 37-years’ track record and was able to generate the majority of our profit from our civil engineering construction business during the Track Record Period. In that regard, our Directors believe that our Group will be able to continue sustainable business development by focusing on our civil engineering construction after the Listing.

TENDERING FOR PUBLIC SECTOR PROJECTS

Contracts in the public sector in Hong Kong are normally awarded through open and competitive tendering procedures with a view to obtaining the best value for money. Tenders may be invited in the following ways:

(i) Open tendering

Tender invitations are published in the Government Gazette and, if necessary, in the local press, on the internet and in selected overseas journals. Consulates and overseas trade commissions will also be notified where appropriate. All interested contractors/suppliers are free to submit tenders.

(ii) Selective tendering

Tender invitations are published in the Government Gazette or are sent by letter to all contractors/suppliers on the relevant Contractor List or Specialist List as maintained by the WBDB for the purpose of selective tendering.

(iii) Prequalified tendering

Tender invitations are published in the Government Gazette and, if necessary, in the local press and in selected overseas journals. Invitation letter will be sent to consulates and trade commissions in Hong Kong and known contractors/suppliers where appropriate. This tendering method will be used in circumstances which require the prequalification of a list of tenderers which financially and technically are capable of undertaking a particular type of project or supplying a particular product, and the use of this method must be approved by the Permanent Secretary for Financial Services and the Treasury. Projects tendered by this method may require pre-testing of equipment of contractor/supplier to determine its suitability or may be extremely complex in nature.

(iv) Single and restricted tendering

Tender invitations are sent to only one or a limited number of contractors/suppliers approved by the Permanent Secretary for Financial Services and the Treasury or the Director of Government Logistics. This tendering method is only used when circumstances do not permit open tendering, for example, on grounds of extreme urgency or security, for proprietary products or for reasons of compatibility.

Construction services are procured by the individual works departments concerned under the general supervision of the WBDB. In general, procuring departments are required to provide in the tender documents all the necessary information to assist the bidders to prepare their tenders, including standard contract forms covering the general aspects of tender and contract requirements, special conditions of contract, detailed price schedules, additional information and instructions applicable to a particular contract. The procuring department is responsible for evaluating the tenders to determine whether they meet the conditions and specifications laid down in the tender document.

Tenders are generally evaluated by the formula approach or the marking scheme approach. These two methods basically involve a systematic evaluation of the tenderers' experience, past performance record and particular technical ability. The formula approach is applied for general work projects, while the marking scheme approach is generally used for non-recurring and relatively more complicated projects which require evaluation on particular ability and past experience on the contractor candidate. Both approaches take into consideration the quality of work of the tenderers in addition to their financial bids. Therefore, the contract is not necessarily awarded to the lowest bid.

Public sector projects are sometimes contracted out by the main contractors to sub-contractors and such sub-contractors may also be awarded by way of tenders or upon private invitation. The selection criteria and process for sub-contracting are determined by the main contractors.

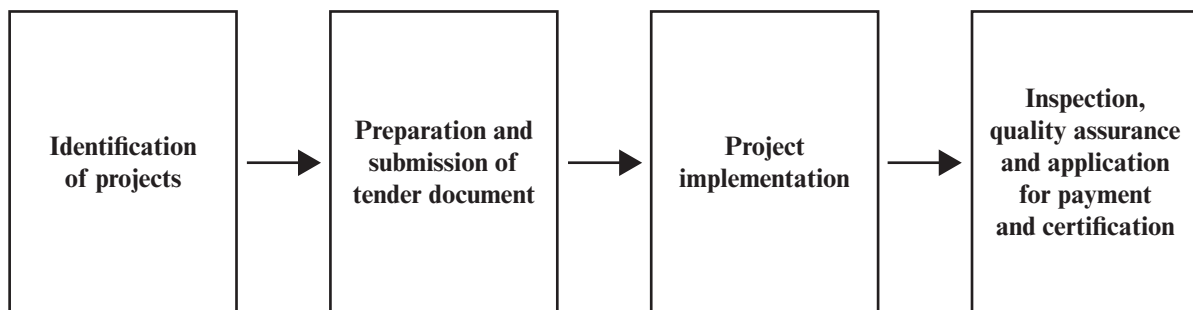
TENDERING FOR PRIVATE SECTOR PROJECTS

In the private sector, tenders are usually submitted upon private invitation and the contracts are awarded at the discretion of the clients. Contractors for the private sector are in general not required to satisfy the licensing requirements that are applicable to the undertaking of contract works for the public sector. However, for substantial projects implemented by well-established organisations, invitations are usually given to selected contractors or specialist contractors which are licensed by the Government under the respective categories. In addition to the competitiveness of the price quoted by the contractors, the job experience and track record of the contractors are also the key determining factors in awarding a contract. In selecting sub-contractors, the main contractors, either for private or public projects, may adopt similar selection processes.

PROJECT WORKFLOW

The customer base, required technical expertise and relevant regulatory licences and qualifications relating to civil engineering construction business and building construction and maintenance business may differ, but since both businesses share essentially the same fundamental nature of being construction works, the relevant project workflows and our procedures for project execution for both businesses are essentially the same.

The key steps of our project work flow are as follows:



Our Group's operation principally involves identification of projects, preparation and submission of tender document, project implementation and inspection and quality assurance and application for payment and certification. Our projects essentially concern with management of works contracts.

The actual works undertaken by us and the duration of the works commencing from the time of identification of project and award of the contract to the completion of the civil engineering and building construction and maintenance works may vary according to the nature of the works contracts.

Identification of projects

Projects are generally identified via our Directors or engineering manager reviewing Government Gazette on a weekly basis, on which tender invitations from different Government departments are published. The contents of a tender notice includes brief description of the works required, expected commencement date and contract period, contact details of the office which issues the tender notice and further particulars of the project and the closing time of the tender may be obtained.

As for private sector customers, we keep track of the latest published tender notices from the website of our existing and potential customers. We may also be informed of projects subject to tender by receiving invitation letters or through telephone directly from private sector customers.

Preparation and submission of tender document

We adopt a systematic tender review procedure to price our tenders. Our Directors are principally in charge of all the tenders. Our Directors believe a systematic tender review procedure is crucial to our business because most of our projects are secured through competitive tendering and such review procedure allows us to budget for a project efficiently and accurately. Further, our ability to allocate plant and machinery and manpower resources efficiently, select the appropriate sub-contractors, procure materials and estimate and stay within construction costs will determine, to a large extent, whether we are able to submit tender proposal at a competitive price with adequate profit margin and maintain our profitability. The tender price is very important, particularly for private sector projects because once the tender price is fixed, the contractor will have to bear any additional cost incurred.

For certain public sector projects, there is a price adjustment mechanism (both upward and downward adjustments) pursuant to which the fees that we would receive from the Government under a contract would be adjusted (both upward or downward) for changes in certain costs to a certain extent after the tender price is fixed with reference to certain price indices such as those published by the CSD. The price adjustment mechanism is more particularly described under the paragraph “Payment terms” under this section.

Pre-qualification

For projects requiring particular specialty on the part of the main contractor or for large-scale projects, we are required to make pre-qualification submission so as to allow the customer to assess our eligibility to tender. Our Directors believe that different factors, including our organisation and resources, past job experience, proposed human resources for the project, proposals for undertaking the project and safety and environmental protection track records, may be considered by the customers in the assessment.

Tender review and preparation process

Once we receive the tender documents, we will assess the feasibility of undertaking such project based on the technical requirements, completion time, quality expectation and possible risk factors associated with such project. We will also consider the identities of parties that will be entering into the contract with us in order to assess our credit risk.

The engineering manager reviews the requirements related to the projects in tender documents in order to ensure the requirements are adequately defined and that we have the capability to meet the defined requirements before submission of tender. Our engineering manager will also visit the site at which the project is to be taken in order to conduct a better assessment on the complexity of works to be involved. Based on such examination, he will then work out the outline construction method and the site set up for carrying out the works in an efficient and cost-effective manner. After site visits, the engineering manager will draw up a detailed analysis on the technical and financial aspects of the project by taking into consideration, among other things, the expected complexity of works to be involved, the estimated amount and costs of the required materials, the technical skills to be required and the expected time of delivery. After completion of such analysis, a meeting will be arranged with our Directors for tender review.

During the meeting in reviewing the tender, our Directors will decide on the adopted outline method, site setup and review the costings, finance and resource capabilities. They will, based on their experience and market knowledge, consider whether the tender is competitive in terms of pricing whilst certain level of profitability can be achieved during their review of the tender documents. Upon finalising the bill of quantity and other documents required for submission, our Group will submit the tender documents to the relevant counterparty. The engineering manager takes the overall lead in the entire tender process and follows up with the potential customers on their requirements and the details of our tender.

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Tenders submitted during the Track Record Period

The table below sets out the number of projects tendered for and won by our Group for each of the three years ended 31 March 2013 and the four months ended 31 July 2013 respectively by project nature:

	Building construction and maintenance works	R&R Programme related civil engineering works	Other civil engineering works	Total
For the year ended 31 March 2011				
Total number of projects tendered for	20	3	43	66
Total number of projects won	0	1	4	5
Success rate	0.0%	33.3%	9.3%	7.6%
For the year ended 31 March 2012				
Total number of projects tendered for	12	8	35	55
Total number of projects won	2	1	2	5
Success rate	16.7%	12.5%	5.7%	9.1%
For the year ended 31 March 2013				
Total number of projects tendered for	11	3	42	56
Total number of projects won	1	1	3	5
Success rate	9.1%	33.3%	7.1%	8.9%
For the four months ended 31 July 2013				
Total number of projects tendered for	8	0	9	17
Total number of projects won	0	0	1	1
Success rate	0.0%	0.0%	11.1%	5.9%

Our Group's strategy is to submit tenders for various projects, including those we are less keen to obtain the award of the relevant contracts. This is to keep our presence in the market in order to remain on the Contractor List and tender invitation list of our private sector customers, as well as to keep abreast of latest market requirements and pricing which is useful in tendering similar projects in future. Such strategy has resulted in relatively low overall tender success rates of our Group during the Track Record Period as set out in the table above.

In October 2013, we were awarded with a new contract regarding the provision of civil works for cable circuit improvement for certain areas of the Central and Western District of the Hong Kong Island for Company C at a contract sum of approximately HK\$41.9 million.

Project implementation

The implementation process includes formation of a project management team, procurement of materials and equipment (if necessary), selection of sub-contractors (if necessary). Throughout the project implementation process, we generally assume the role of co-ordinating with customers, and with our sub-contractors and material and equipment suppliers and to take charge in the overall management of these works.

Formation of a project management team

Once a contract is awarded, a project management team will be formed which generally comprises a contracts manager, a project manager, foremen and a number of technical staff chosen by the project manager. Such project management team will prepare a detailed plan for the execution of the works. The contracts manager has the overall responsibility for the contract and has to ensure that all the requirements set out in the relevant contract document and our internal regulations are being complied with including but not limited to working out the construction method, the material requirements and delivery programme as well as preparing plans on site safety and project quality and assessing safety and environmental risks with the project manager.

The project manager will be responsible for all activities on site and ensure that the day-to-day works and site operations of the project comply with the requirements of the contract and our Group's quality management system. The project manager is also responsible for planning, coordinating and implementing site activities through discussion and liaison with the contracts manager, sub-contractors and the customer's representatives on matters including but not limited to site mobilisation, recruitment of labour, developing detail programme for the works, agreeing on constructing methods and works arrangement and identifying safety hazards and environmental risks. The project manager also works out the plant requirements and the period of required use for the completion of the project with the assistance of the site engineer.

The contracts manager and project manager work closely together to ensure the successful implementation of a project.

All of our contract managers and project managers are qualified professionals with over 10 years of experience in the civil engineering construction industry. Further, some of our contract managers and project managers are qualified professionals with over 4 years of experience in the building construction industry.

Procurement of materials and equipment

When our Group is awarded a contract, purchase orders for the major materials and equipment required are planned and placed according to project progress as requested by the sub-contractors engaged by us in the relevant projects. Our Group is responsible to complete material planning at the commencement of a project with the objectives of ensuring specific materials are delivered ahead of time, bulk materials are secured and material expenditure and waste are under control. Our material plan includes details of the material supplier, total quantities required and the schedule programme for delivery.

The principal materials used by our sub-contractors include pipes and fittings, concrete and steel. To ensure consistency in quality, purchase orders shall only be placed with companies which are on our list of authorised material and equipment suppliers. Before a material or equipment supplier is admitted to our list of authorised material and equipment suppliers, we will assess its background or job references in order to ascertain the reputation of the material or equipment supplier in the market as well as the stability of the material or equipment supplier. We also regularly review our authorised material and equipment suppliers list to ensure that our Group is able to maintain a diversified base of reliable material suppliers for the required materials at competitive prices.

Generally, we will purchase certain construction materials and equipment for the use of the sub-contractors. The relevant costs of the materials and equipment will be reimbursed by our sub-contractors to us and be deducted accordingly from the sub-contracting fees in accordance with the sub-contracting agreements/arrangements for all our projects where we purchase construction materials and equipment for the use of our sub-contractors. As the sub-contractors are responsible for providing the required construction workers, construction workers labour costs are generally borne by our sub-contractors. Accordingly, in general, subsequent changes in the costs of such materials, equipment and construction workers labour will not affect the agreed sub-contracting fees. In addition, some of the Government contracts provide for a contract price adjustment mechanism (both upward and downward) in relation to certain changes in various costs components including wages of workers and average wholesale prices of selected materials during the relevant contract period. To a very significant extent, volatility in the prices of materials and labour costs is generally absorbed by our sub-contractors according to the terms of the relevant sub-contracting agreements/arrangements for all our Group's private and Government contracts, or compensated by the Government through the price adjustment mechanism implemented in our Group's Government contracts. Therefore, the Directors are of the view that any impact of the volatility in the costs of materials, labour and equipment to our Group's profitability is not significant.

We usually enter into supply contracts with our material suppliers on a project basis and in general, the term of such supply contracts mirror the contract period for the relevant project. We have built up business relationships with some of our major material suppliers for more than 6 years. Our Directors believe that our Group has established good relationship with our material suppliers and do not anticipate any difficulty in sourcing the required materials and equipment in the future.

Selection of sub-contractors

Due to licensing requirements and the level of complexity of the work in the projects undertaken by us, in all of the contracts undertaken during the Track Record Period, we act as the main contractor, and delegate parts of the construction works to our sub-contractors. It is common industry practice in Hong Kong for main contractors to delegate parts of the construction works to sub-contractors. With the use of sub-contractors, we can undertake labour intensive works as well as works involving specified construction skills through a significant pool of workers and technical staff in a wide variety of specific skills without the need for keeping them under permanent employment and thereby bringing economical benefits to our Group. Sub-contractors are not subject to any licensing requirements in Hong Kong. However, many of them are registered on a voluntary basis under the list of registered sub-contractor maintained by the Construction Industry Council in Hong Kong.

We maintain a good and long-standing working relationship with our sub-contractors. Some of our sub-contractors have working relationships with us for more than 7 years. The long-standing relationships with our sub-contractors enable us to conduct comprehensive assessment of our sub-contractors over the years, ensuring the quality of works in the long run.

For each of the three years ended 31 March 2013 and the four months ended 31 July 2013, our Group's sub-contracting fees amounted to approximately HK\$604 million, HK\$625 million, HK\$945 million and HK\$616 million, respectively. During the same period, our Group's largest sub-contractor accounted for approximately 62.7%, 34.0%, 54.9% and 69.6% of our Group's total sub-contracting fees and our Group's five largest sub-contractors accounted for approximately 96.2%, 95.0%, 98.9% and 99.4% of our Group's total sub-contracting fees respectively.

For details of our Group's five largest sub-contractors, please refer to the paragraph headed "Suppliers" in this section.

Civil engineering works sub-contracting arrangement

For our civil engineering construction works, a set of strict criteria for sub-contractors based on their previous job experience, skills for specialised job, resource capabilities, performance records, present work load and their price quotations are considered by us in making sub-contracting arrangements. We maintain a list of authorised sub-contractors which is reviewed and updated on an ongoing basis. Generally, we select the sub-contractors to undertake our civil engineering construction works out of our list of authorised sub-contractors for cooperating with us in particular projects based on their prices, past performance, work expertise and the contract size through competitive tendering process. We implement regular assessment of our sub-contractors during the course of a project to ensure quality of their works. As at the Latest Practicable Date, our Group has maintained over 30 Independent Third Party sub-contractors on our list of authorised sub-contractors, and accordingly we do not foresee any difficulties in finding

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substitute sub-contractors if necessary. During the Track Record Period, our Group had not experienced any incidents whereby our sub-contractors have caused delay in completing the required services which resulted in material adverse impact on our operations or financial position.

The sub-contracting agreements entered into between us and sub-contractors generally contain the following major terms and conditions:

- Sub-contracting fee;
- Rights and obligations of the parties;
- Restriction of sub-contractor from further assignment or sub-contracting of works without our prior permission;
- Conditions under which we may terminate the sub-contracting agreement, including (i) the sub-contractor abandons or suspends carrying out of the works without reasonable cause; and (ii) the sub-contractor is repeatedly not in compliance with the sub-contract terms and relevant laws, rules and regulations;
- Undertaking by sub-contractor to indemnify our Group against any loss, expense or claim arising from the negligence, misconduct, or failure to comply with sub-contracting agreement by the sub-contractor and/or its employees; and
- In case of non-compliance of the relevant safety, health and environmental standards by the sub-contractor, in general the relevant sub-contractor has to pay charges to our Group in accordance with pre-determined rates and our Group has the right to prohibit the employees of the relevant sub-contractor from entering into the construction sites for non-compliance of procedures or laws.

Further, the material terms of the sub-contracting agreements entered into between us and the sub-contractors reflect the terms of the main contracts entered into between us and our customers and such sub-contracting agreements also explicitly state that the respective sub-contractors are required to observe all the requirements and provisions of the relevant main contracts entered into between us and our customers or have provisions to a similar effect.

Generally, our Group will purchase certain construction materials and equipment for the use of the sub-contractors. The relevant costs of the materials and equipment will be reimbursed by our sub-contractors to us and be deducted accordingly from the sub-contracting fees in accordance with the sub-contracting agreements.

Our sub-contractors are neither our employees nor agents and we are not a party to the employment arrangement between our sub-contractors and their employees.

Building construction sub-contracting arrangement

We sub-contract our building construction works during our Track Record Period to our only building construction sub-contractor, Able Contractors, which is a connected person of our Company by virtue of it being a wholly-owned subsidiary of Vantage, one of our Controlling Shareholders. Such sub-contracting arrangement in respect of all of our building construction contracts during the Track Record Period were made because the Retained Vantage Group has been engaged in building construction projects and possessed the relevant expertise and technical experience. Therefore, the selection procedure for civil engineering sub-contractors set out in the above paragraphs headed under “Civil engineering sub-contracting arrangement” do not apply to our Group’s building construction sub-contracting arrangement with Able Contractors, which details are set out in the sections headed “Connected Transactions” and “Relationship with Controlling Shareholders” in this prospectus.

In addition, we also provide or second certain staff to Able Contractors in order to assist or supervise Able Contractors in performing its obligations under the relevant sub-contracting arrangement for TW7 Project with Able Contractors as set out in the “Connected Transaction” section in this prospectus.

Inspection and quality assurance

In order to achieve a consistent standard in our performance, we have adopted a stringent control and assurance system for monitoring the quality of materials used and the project implementation process.

All incoming materials or products delivered to site are inspected by the site engineer or other personnel appointed by the project manager. Site engineer is responsible for ensuring that the purchased materials or products meet the specified requirements. For materials or products that require further inspection or testing, the delivery will be passed to the project manager to sign off and if such materials failed to pass the inspection, they will be returned to the suppliers.

We will conduct inspection on all works on a regular basis to ensure that the works performed by us comply with the requirements as set out in the relevant contract. Where any work fails to pass our inspection, the project manager will determine a disposition and rectification actions. Upon completion of a project, the project manager will inspect the works and checks that all specified inspections and tests have been carried out and that the relevant data meets the specified requirements under the contract. Release of product shall only proceed when the project manager confirms the specific requirements have been satisfactorily completed or approval from the customer is obtained. Under normal circumstances, a further inspection will be conducted together with the representative of the engineer or architect appointed by the customer before application for interim payment.

Our quality assurance department is responsible for ensuring that our quality management system is being complied with in each stage of the project implementation. At the commencement of a project, our contracts manager will work closely with (a) our project manager to prepare the project quality plan; (b) our safety officer to assess the

safety risks of the project; and (c) our environmental manager to assess the environmental impacts of the project. During the project, material purchases, work process, resources planning are documented in the project quality plan so that project managers, contracts managers and engineering managers together with our quality manager, environmental manager and safety officer can discuss and review progress and other site matters at a bi-weekly project meeting.

Application for payment and certification

In the case of our Group being a main contractor, we are normally entitled to apply for interim payment for the work-in-progress per month according to the terms of the works contract. We normally receive progress payment from customers on a monthly basis. Generally, the authorised person employed by the customers would issue a progress certificate certifying the works progress in the preceding month. It normally takes about three to four weeks for such certificates to be issued. The customers then execute payment with reference to such certificate. Payments are generally made within 30 days after the issuance of the progress certificate.

It is normal contract term for the customers to require retention money be held up from the progress payment. The retention money for each project generally ranges from 1% to 10% of the total contract sum, and is released to us upon completion of the project and/or upon expiry of the guaranteed maintenance period (generally one year upon completion of the project) subject to the customers' satisfaction of the works. During the guaranteed maintenance period, we are required to rectify any defect in our work done without charge.

Similarly, we normally pay our sub-contractors on a monthly basis with reference to the value of the works done. Each of the sub-contractors is required to submit a request for payment to us by the end of each month. Once we have verified the sub-contractor's request against the actual works done as certified by the customers, we will release the relevant proportion of the sub-contracting amounts after holding up retention money, if any. Payments are generally made within 30 days after the sub-contractor's request. The amount of retention money from sub-contractors generally ranges from 1% to 10% of the total sub-contract sum.

OUR PROJECTS

Overview

We have completed a total of 9 projects during the Track Record Period. 8 of such projects were civil engineering construction projects while the remaining one was a building construction project, namely MOS Project. As of 31 July 2013, we had 13 significant projects that were in progress. All such significant projects in progress, except TW7 Project are civil engineering construction projects. Our Group acts as main contractor for all the contracts undertaken during the Track Record Period. We divide our projects into two categories based on the stage that the project is in:

- completed projects — referring to projects for which the relevant completion certificates have been issued; and

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- projects in progress — referring to projects for which we have commenced work but have recognised only part of the revenue for accounting purpose as of a point in time. The portion of contract sum for projects in progress which has not been realised is deemed as part of our backlog.

Completed projects

The following table sets forth the contracts completed by us during the Track Record Period:

Particulars of the contract	Customer	Period	Contract sum (HK\$ million)	Amount of revenue recognised during the Track Record Period (HK\$ million)
Waterworks				
Replacement and rehabilitation of water mains stage 1 phase 2 — Mains on Hong Kong Island (15/WSD/05)	WSD	August 2006 to May 2011	223 (Note 1)	28
Replacement and rehabilitation of water mains stage 2 — Mains in Tsuen Wan (19/WSD/06)	WSD	May 2007 to September 2011	45 (Note 1)	9
Improvement to Hong Kong Central mid-level and high-level areas water supply — Remaining works, construction of service reservoirs, pumping stations and associated main laying (5/WSD/07) (Note 4)	WSD	October 2007 to September 2012	234 (Note 1)	124
Roads and drainage works				
Road, utilities & external works in Lamma power station and its extension and miscellaneous improvement works (Note 4)	Company C	January 2009 to May 2010	17 (Note 1)	1
Landslip preventive and remedial works to slopes and retaining walls				
Proposed slope remedial works at No. 50 Tai Hang Road, Hong Kong (Note 4)	True Light Middle School of Hong Kong	December 2010 to April 2011	3.6 (Note 1)	3.5
Utilities civil engineering works				
Main contract for upgrading of electricity supply to Lok Man Sun Chuen (Note 4)	Hong Kong Housing Society	January 2010 to May 2012	76 (Note 1)	59

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Particulars of the contract	Customer	Period	Contract sum (HK\$ million)	Amount of revenue recognised during the Track Record Period (HK\$ million)
Civil engineering works term contract for HKT Group (Note 4)	HKT Group	February 2008 to January 2011	— (Note 2)	16
Provision of external cable construction works and outside telecommunication plant maintenance services (Note 4)	HKT Group	May 2010 to April 2013	— (Note 2)	70
Other — Building construction works				
MOS Project — Carcass work contract for proposed residential development in Ma On Shan, New Territories (Note 3)	Company A	August 2009 to March 2011	545 (Note 1)	430

Notes:

1. *The contract sum for a particular contract listed above may be greater than the amount of revenue recognised for that contract during the Track Record Period. This is because some revenue for a particular contract may have been recognised before the commencement of the Track Record Period, i.e. before 1 April 2010.*
2. *Due to the nature of the contracts with HKT Group, no contract sum is provided and the estimated labour and material values stated in such contracts are for reference only but our actual amount of work, revenue and profit recognised during the contract term is derived from the total estimated labour and material values depending on the actual number of work orders received by our Group during the same period.*
3. *Please refer to the paragraph headed “Sub-contracting between our Group and Retained Vantage Group — MOS Project” in the section headed “Relationship with Controlling Shareholders” in this prospectus.*
4. *These contracts are civil engineering construction works completed by our Group during the Track Record Period which are not part of the R&R Programme. The total amount of revenue recognised during the Track Record Period of such contracts amounted to approximately HK\$273.5 million, representing approximately 88.1% of the total revenue recognised during the Track Record Period of all the civil engineering construction works contracts completed by our Group during the Track Record Period.*

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Projects in progress

The following table summarises all of our significant projects that were in progress as at 31 July 2013:

Particulars of the contract	Customer	Period <i>(Note 1)</i>	Contract sum <i>(HK\$ million)</i>	Amount of revenue recognised during the Track Record Period <i>(HK\$ million)</i>	Outstanding amount yet to be recognised as revenue as at 31 July 2013 <i>(HK\$ million)</i>
Waterworks					
Replacement and rehabilitation of water mains stage 3 — Mains in Wan Chai District (19/WSD/08)	WSD	April 2009 to October 2014	348 <i>(Note 2)</i>	215	88
Replacement and rehabilitation of water mains stage 3 — Mains on Hong Kong Island East (20/WSD/08)	WSD	April 2009 to August 2014	362 <i>(Note 2)</i>	238	77
Replacement and rehabilitation of water mains stage 4 phase 1 — Mains in West Kowloon, Kwai Tsing and Tsuen Wan (13/WSD/10)	WSD	April 2011 to July 2015	616	339	277
Replacement and rehabilitation of water mains stage 4 phase 1 — Major mains in Eastern New Territories (10/WSD/11)	WSD	April 2012 to November 2015	345	82	263
Replacement and rehabilitation of water mains stage 4 phase 1 — Remaining mains on Hong Kong Island (3/WSD/12)	WSD	March 2013 to April 2016	467	28	439
Roads and drainage works					
Lee Tung Street/McGregor Street, Wan Chai, Hong Kong — Road works <i>(Note 4)</i>	Company D	May 2011 to June 2014	12	4	8
Reprovision of sea water cooling pipes for a sizeable shopping mall at Tsim Sha Tsui <i>(Note 4)</i>	Company B	January 2013 to January 2014	130	73	57
Provision of external cable construction works and outside telecommunications plant maintenance services <i>(Note 4)</i>	HKT Group	May 2013 to April 2016	— <i>(Note 3)</i>	3	— <i>(Note 3)</i>

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Particulars of the contract	Customer	Period (Note 1)	Contract sum (HK\$ million)	Amount of revenue recognised during the Track Record Period (HK\$ million)	Outstanding amount yet to be recognised as revenue as at 31 July 2013 (HK\$ million)
Utilities civil engineering works					
Civil engineering works term contract for HKT Group (Note 4)	HKT Group	February 2011 to January 2014	— (Note 3)	40	— (Note 3)
Provision of integrated field work for field services of telephone and broadband installation (Phase II) — Wan Chai and Southern District (Note 4)	HKT Group	April 2011 to March 2014	— (Note 3)	43	— (Note 3)
Provision of integrated field work for field services of telephone and broadband installation (Phase II) — Kowloon District (Note 4)	HKT Group	October 2011 to March 2014	— (Note 3)	47	— (Note 3)
Provision of works for integrated blockwiring infrastructure (Note 4)	HKT Group	January 2012 to December 2014	— (Note 3)	4.5	— (Note 3)
Other — Building construction works					
TW7 Project — Carcass work contract for proposed property development at Tsuen Wan west station, Tsuen Wan, N.T. (Note 5)	Company A	August 2011 to mid-2014	1,605	1,111	494
Total			3,885 (Note 3)	2,227.5	1,703 (Note 3)

Notes:

- The period for a particular contract shown above represents the period from the date of commencement of the relevant contract to the expected completion date. Expected completion date in general refers to the expected completion date as specified in the relevant contract, and if an application for extension of time has been submitted and approved by the customers, such extended completion date would be taken as the expected completion date. Where no expected completion date is specified in a contract, expected completion date refers to the completion date to the best estimation of the management of our Group.
- The contract sum for a particular contract listed above may be greater than the amount of revenue recognised for that contract during the Track Record Period. This is because some revenue for a particular contract may have been recognised before the commencement of the Track Record Period, i.e. before 1 April 2010.
- Due to the nature of the contracts with HKT Group, no contract sum is provided and the estimated labour and materials values stated in such contracts are for reference only but our actual amount of work, revenue and profit recognised during the contract term is derived from the total estimated labour and materials values depending on the actual number of work orders received by our Group during the same period. Since there are no contract sum provided in the contracts with HKT Group, there is no basis for the computation of outstanding amount yet to be recognised as revenue as at 31 July 2013.

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4. *These contracts are civil engineering construction works undertaken by our Group during the Track Record Period which are in progress and are not part of the R&R Programme. The total amount of revenue recognised during the Track Record Period of such contracts amounted to approximately HK\$214.5 million, representing 19.2% of the total revenue recognised during the Track Record Period of all the civil engineering construction works contracts in progress undertaken by our Group during the Track Record Period.*
5. *Please refer to the paragraph headed “Non-exempt continuing connected transaction” under the section headed “Connected Transactions” in this prospectus for further information in relation to this project.*

As of 31 July 2013, we had 13 significant projects in progress, with a total amount of approximately HK\$1,703 million outstanding under our contracts and not yet been recognised in our financial statements (“**Unrealised Contract Sum**”), of which the amount not yet been recognised as revenue from building construction project was approximately HK\$494 million and the amount not yet been recognised as revenue from civil engineering projects was approximately HK\$1,209 million. We compute the Unrealised Contract Sum based on the total contract sum of all of our projects in progress as of 31 July 2013, less the aggregate amount of such contract sum of each project that had already been recognised as revenues in our Group’s combined financial information on or before 31 July 2013.

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The table below sets out a breakdown of the backlog revenue estimated to be recognised in the future for our 5 significant projects in progress which are part of the R&R Programme launched by WSD respectively:

Breakdown by project of backlog revenue estimated to be recognised in future relating to our R&R Programme contracts:

	For the eight months ending 31 March 2014 (HK\$ million)	For the year ending 31 March 2015 (HK\$ million)	Years subsequent to the year ending 31 March 2015 (HK\$ million)	Total (HK\$ million)
Particulars of the contract				
Replacement and rehabilitation of water mains stage 3 — Mains in Wan Chai District (19/WSD/08)	35	48	5	88
Replacement and rehabilitation of water mains stage 3 — Mains on Hong Kong Island East (20/WSD/08)	22	30	25	77
Replacement and rehabilitation of water mains stage 4 phase 1 — Mains in West Kowloon, Kwai Tsing and Tsuen Wan (13/WSD/10)	69	96	112	277
Replacement and rehabilitation of water mains stage 4 phase 1 — Major mains in Eastern New Territories (10/WSD/11)	64	96	103	263
Replacement and rehabilitation of water mains stage 4 phase 1 — Remaining mains on Hong Kong Island (3/WSD/12)	54	72	313	439
Total	244	342	558	1,144

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The above estimates of breakdown by project of backlog revenue are derived based on (i) our management experience and judgement, (ii) our project budgets, (iii) the projected progress of the relevant projects based on, among other things, the historical progress of such projects and (iv) no additional variation orders will be made by the relevant customer. The above estimates may be different from the actual amount of revenues to be generated by our Group for such projects and are not guarantees of future performance of our Group.

New contract awarded

In October 2013, we were awarded with a new contract regarding the provision of civil works for cable circuit improvement for certain areas of the Central and Western District of the Hong Kong Island for Company C at a contract sum of approximately HK\$41.9 million.

Further information on R&R Programme projects and other civil engineering projects

Notwithstanding the expected completion of R&R Programme in 2015, our Directors believe that there are abundant demand of civil engineering works projects in the market in Hong Kong which our Group is in a good position to undertake when our R&R Programme projects are completed. It is the business nature of the construction business in Hong Kong that there is a limitation as to the number of projects our Group is able to undertake at a particular point in time, arising from, among other things, constraints in working capital and human resources. One of the reasons is that the ETWB has established minimum employed and working capital requirements for accepting a tender for civil engineering works in the public sector. Given that our Group has already been engaged in a number of sizeable projects such as TW7 Project and projects in the R&R Programme, our Group has limited working capital and human resources to undertake additional projects other than TW7 Project and projects in the R&R Programme during the Track Record Period. Having considered such constraints, our Group decided to focus on R&R Programme projects during Track Record Period. This was because, during the Track Record Period, the R&R Programme related projects were more sizeable in terms of contract value, and by focusing our resources on the R&R Programme related projects, our Group could more efficiently manage the use of its resources such as labour and management team, which would allow a higher economy of scale for the Group to generate more profit from its business during the Track Record Period. Upon cessation of the R&R Programme, our Directors expect that WSD and other customers will continue to invite tender for civil engineering works. With the freeing up of working capital and resources of our Group upon completion of TW7 Project and the waterworks projects in the R&R Programme, our Directors expects that our Group will actively tender for waterworks projects and other civil engineering works. Our Directors are of the view that, there will be substantial opportunities of waterworks projects and other civil engineering works available to our Group, and due to the extensive experience and expertise of our management team and the track record of our Group of undertaking waterworks projects for WSD and other civil engineering projects for other customers, our Group is well positioned to tender for such projects in the future.

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The table below sets out a breakdown of our revenue and gross profit by project nature for each of the three years ended 31 March 2013 and the four months ended 31 July 2013 respectively:

Revenue	Building construction and maintenance works <i>HK\$ million</i>	(%)	WSD — R&R Programme waterworks <i>HK\$ million</i>	(%)	WSD — non-R&R Programme waterworks <i>HK\$ million</i>	(%)	Other civil engineering works <i>HK\$ million</i>	(%)	Total <i>HK\$ million</i>	(%)
<i>For the year ended</i>										
<i>31 March</i>										
2011	371	55%	167	25%	57	8%	78	12%	673	100%
2012	213	31%	315	46%	49	7%	113	16%	690	100%
2013	525	53%	326	33%	16	2%	117	12%	984	100%
<i>For the four months</i>										
<i>ended 31 July 2013</i>										
	435	67%	136	21%	2	0%	81	12%	654	100%

Gross Profit	Building construction and maintenance works <i>HK\$ million</i>	(%)	WSD — R&R Programme waterworks <i>HK\$ million</i>	(%)	WSD — non-R&R Programme waterworks <i>HK\$ million</i>	(%)	Other civil engineering works <i>HK\$ million</i>	(%)	Total <i>HK\$ million</i>	(%)
<i>For the year ended</i>										
<i>31 March</i>										
2011	—	0%	15	33%	19	41%	12	26%	46	100%
2012	3	6%	25	51%	12	25%	9	18%	49	100%
2013	5	9%	41	73%	0.3	1%	10	17%	56	100%
<i>For the four months</i>										
<i>ended 31 July 2013</i>										
	5	21%	9	37%	(2)	(8%)	12	50%	24	100%

The total revenue recognised during the Track Record Period from all our civil engineering projects which are not part of the R&R Programme (including those completed and in progress) amounted to approximately HK\$513 million, representing approximately 17.1% of our total revenue during the Track Record Period.

CUSTOMERS

Due to the nature of the business sector in which our Group is engaged, our customer base is relatively concentrated to only organisations requiring civil engineering construction services, including, generally, certain departments of the Government, public utilities companies and private organisations in Hong Kong. Our only building construction customer which was one of our top 3 Independent Third Party customers during the Track Record Period was Company A. Notwithstanding the above and the cessation of our building and maintenance construction business after completion of TW7 Project, as demonstrated by the Track Record Period and in view of the trend in Hong Kong that there will be a considerable number of new infrastructure and new town development projects requiring civil engineering construction services, our Directors believe that our Group has not encountered and will not encounter material difficulty in sustaining our core business. For the related risks, please refer to the section headed “Risk Factors — Cessation of undertaking building construction and maintenance business by us upon completion of

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TW7 Project may have a material adverse effect on our business, operating results and financial condition” and “— Expiration of R&R Programme may lead to a reduction of civil engineering waterworks opportunities available for tender in Hong Kong in future” in this prospectus.

Our largest customer accounted for approximately 55.1%, 52.6%, 51.8% and 66.2% of our revenues for each of the three years ended 31 March 2013 and the four months ended 31 July 2013, respectively. Our five largest customers which include Company A, WSD, HKT Group, the Hong Kong Housing Society and Company B together accounted for approximately 99.2%, 98.0%, 99.1% and 99.8% of our revenue for each of the three years ended 31 March 2013 and the four months ended 31 July 2013, respectively.

Company A is one of the principal property developers listed in Hong Kong in terms of market capitalisation and sales revenue. For the year ended 31 December 2012, the consolidated turnover and net profit attributable to shareholders of Company A amounted to approximately HK\$31.1 billion and HK\$32.2 billion respectively. Apart from property development in Hong Kong and the PRC, Company A has diversified businesses in hotel operations, securities investments, property management and other related businesses. Its market capitalisation was approximately HK\$281.4 billion as at the Latest Practicable Date.

WSD is a department under the Government. It recorded a total revenue of approximately HK\$6.8 billion for the year ended 31 March 2012.

HKT Group is one of the principal telecommunications service providers listed in Hong Kong, recording annual turnover and net profit attributable to shareholders of approximately HK\$21.1 billion and HK\$1.7 billion respectively for the year ended 31 December 2012 and with a market capitalisation of approximately HK\$41.3 billion as at the Latest Practicable Date.

The Hong Kong Housing Society is an independent and not-for-profit housing organisation established in 1948 as authorised by the Government with the objective of, inter alia, providing housing for the residents of Hong Kong. It recorded total revenue of approximately HK\$1.1 billion for the year ended 31 March 2012.

Company B is a major mass transportation operator listed in Hong Kong which is also engaged in other related businesses such as property development along the transportation network it operates. It recorded annual turnover and net profit attributable to shareholders of approximately HK\$35.7 billion and HK\$13.5 billion respectively for the year ended 31 December 2012. Its market capitalisation was approximately HK\$173.4 billion as at the Latest Practicable Date.

Our Directors believe that the property development and the utilities services markets in Hong Kong are characterised by the presence of a small number of sizeable developers, and telecommunications companies and electricity supply companies respectively. Further, the supply of water services in Hong Kong is monopolised by WSD. As a result, given the market landscape of the industries in Hong Kong in which our Group is involved, the potential customer base of our Group is limited and our Directors consider that this situation is not specific to our Group. In particular, our Directors believe that it is unlikely for civil engineering contractors engaging in waterworks projects in Hong Kong to break off reliance on WSD. On the other hand, to ensure clear delineation of business activities

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between our Group and the Retained Vantage Group, our Group will continue to focus on civil engineering construction business and shall cease to engage in building construction and maintenance works after the completion of TW7 Project. Hence, our Group shall not rely on Company A, being the largest customer of our Group for the year ended 31 March 2013 and the four months ended 31 July 2013 after the completion of TW7 Project.

Amongst other things, the relatively high concentration of our revenue on our top 5 customers during the Track Record Period was due to the limitation as to how many projects our Group is able to tender for and work on at a particular point in time resulting from constraints in our working capital and human resources. Given that our Group has already been engaged in a number of sizeable projects during the Track Record Period, our Group would have to be selective in our choice of potential customers, in particular in tendering for projects of new customers. This is because the ETWB has established minimum employed and working capital requirements for accepting a tender for civil engineering works in the public sector. Accordingly, during the Track Record Period, our Group has been intentionally allocated more resources to provide services to certain customers in their civil engineering works. As TW7 Project is expected to be completed in mid-2014, our Group plans to diversify our customer base by tendering for roads and drainage works, landslip preventive and remedial works to slopes and retaining walls, and utilities works from our existing customers as well as selectively undertaking new projects from other sizeable utilities companies and organisations in Hong Kong.

We have maintained business relationships with two of our five largest customers, WSD and HKT Group, for over 30 years.

There is a presence of a few substantial players in the civil engineering industry, making it unlikely for companies in the same line of business as us to break off reliance on some major customers. Despite this, our Directors believe that we have the skills, track record and connection to find substitute customers by deploying our resources to tender for other civil engineering works projects in Hong Kong in order to diversify our business to reduce our reliance on our existing major customers. Taking into account of the above and given the scale, reputation and good credit history of our major customers with relatively minimal credit risk in receiving payment from them, our Directors believe that the risk arising from concentration on particular customers has been manageable.

None of our Directors or their respective associates or any Shareholder who, to the knowledge of our Directors, owns more than 5% of our issued share capital had any interest in any of our five largest customers during the Track Record Period.

KEY CUSTOMER CONTRACT TERMS

Generally, our customer contracts contain terms relating to the contract price, the scope of work, conditions and specifications, the payment terms, progress payment and retention monies, performance bond or surety bond requirements, guaranteed maintenance provisions, liquidated damages and determination/termination. In some of the contracts with the Government, there is a contract price fluctuation clause. A summary of the key terms of our customer contracts is set forth below which applies to the principal business engaged by our Group:

Payment terms

Our contracts with our customers will generally include payment terms such as the total contract sum, the payment procedure, the frequency of payment and the payment method.

In order to protect the contractors from certain changes in the costs of labour and materials used in the public sector construction projects, some of the Government contracts provide for a contract price adjustment mechanism (both upward and downward adjustments) with reference to certain price indices such as the index for the average daily wages of workers engaged in the public sector construction projects and the index for the average wholesale prices of selected materials compiled and published by the CSD (the “**Price Indices**”).

Progress payment and retention monies

We normally receive progress payment from customers on a monthly basis with reference to the value of works done. In general, we submit an interim payment application to our customers on a monthly basis according to the amount of works completed during the month. Once we have submitted a monthly application for interim payment, the authorised person, such as the architects employed by the customers, would issue a progress certificate certifying the works progress in the preceding month. It normally takes about three to four weeks for such certificates to be issued. Upon the issue of the certificate, the customer is deemed to have an obligation to pay our Group the amount certified less retention money. Payments are generally made within 30 days after the issue of the progress certificate from both public and private sector customers.

In most contracts, there is a contract term for the customers to hold up the retention money from the progress payment. The retention money for each project generally ranges from 1% to 10% of the total contract sum. Generally, for the retention money, either the first half of the retention money is released upon completion of the project and the second half of the retention money is released to us upon expiry of the guaranteed maintenance period subject to the customers’ satisfaction of our works, or all of the retention money is released to us upon expiry of the guaranteed maintenance period subject to the customers’ satisfaction of our works.

Performance bonds/Surety bonds

In order to secure due and timely performance of the main contractor, it is common for customers to request the main contractor to take out performance bonds or surety bonds issued by a bank or an insurance company in favour of the customers according to the contract terms.

Generally, the amount of performance bonds required for each project would not exceed 10% of the total contract sums. The performance bonds or surety bonds normally expire after completion of the project or as specified in the relevant contract. As of 31 July 2013, the total value guaranteed under performance bonds or surety bonds issued by our banks amounted to approximately HK\$37.8 million. Such performance bonds or surety bonds are generally released upon the due completion by us of the contracted work or by a certain stipulated date. We are generally required to provide a counter-indemnity to the bank that issues the performance bond or surety bonds for us in relation to the main contract with our customers.

Guaranteed maintenance period

The customers would normally require a guaranteed maintenance period, during which we are responsible to rectify works defects. The guaranteed maintenance period normally represented one year upon completion of the project. Normally, we would require a back-to-back guaranteed maintenance period from the sub-contractors.

Once defects are identified, the project manager or his delegate shall agree a rectification works programme with the customers for which the defects are remedied at the most convenient time. Where the defect requires remedy by a sub-contractor, the project manager or his delegate shall supervise his works whenever practicable.

If there is any work defects found by our customers, the relevant sub-contractor is in general responsible for rectifying the work defects in accordance with the back-to-back defect liability clause of the sub-contracting agreement with our Group and thus such sub-contractor is usually the party to bear all the costs in rectifying the work defects. To the best knowledge of our Directors, the costs incurred by our Group in rectifying the work defects during the Track Record Period were insignificant.

There were no material claims in relation to work defects which are brought against our Group by our customers during the Track Record Period.

Liquidated damages

Construction contracts typically provide for liquidated damages to be payable if the project is not completed in accordance with the time schedule specified in the contract.

Among all the projects completed by our Group during the Track Record Period, we have experienced delays, based on the finally endorsed view of our customers, in the completion of 2 projects. In one of such projects, HK\$7,020 of liquidated damages was claimed by the relevant customer and settled by our Group and in the other one, the amount

of liquidated damages to be claimed by the relevant customer is yet to be determined but is expected to have no material adverse effect on our Group's financial position. Further, our Directors confirm that we have not experienced any cost overruns in any of the projects completed during the Track Record Period.

In this connection, we have been implementing certain measures for monitoring and managing the risk of costs overruns and delays, including but not limited to (a) our contract implementation procedures which include (i) establishment of a project team on project basis for management and supervision after the award of each contract; (ii) assignment of senior management and contracts manager to monitor programme and progress of work, handling of contractual matters, cost and claims issues; (iii) holding of regular project meetings chaired by our Directors and senior management to monitor site performance, performance of sub-contractors, review construction method, technical issues and other site matters; and (iv) conducting quarterly internal quality audits; (b) our accounting procedures and requirements for authorisation of expenditure on project works and procedures for budget control and review; together with (c) our quality management system, environmental management system and occupational health and safety management system that were accredited with ISO 9001, ISO 14001 and OHSAS 18001 certifications respectively.

Determination/Termination

Our contracts with our customers include determination or termination clauses giving both parties right to terminate in different circumstances.

Grounds upon which these contracts may be terminated by our customers generally include failure to remedy within a specified time period certain contractual breaches by us such as abandonment of the contract, suspension of or failure to carry out works without reasonable cause or in accordance with specifications, refusal to comply with customer's representative or architect's or engineer's instructions, assignment of the contract or sub-contracting the whole of the works without prior written notice of the customer, and making a composition or arrangement with creditors, facing a petition for winding up or entering into liquidation by us.

Grounds upon which these contracts may be terminated by us generally include default in payment of sums due to us under the contract within a specified period of time on the part of the customer, and making a composition or arrangement with creditors, facing a petition for winding up or entering into liquidation by us.

CREDIT MANAGEMENT

We normally secure our business through competitive tender process. Before deciding whether to submit a tender proposal, we normally consider factors such as the creditworthiness of the relevant customers as well as the key contract terms (including progress payments and retention money provisions) stipulated in the relevant tender document. We will closely monitor the payments from the customers pursuant to the terms of each respective contract. We receive payments from our customers in the form of progress payments and the release of retention monies. Our customers normally settle our project payments by cheque or bank transfer.

For each of the three years ended 31 March 2013 and the four months ended 31 July 2013, our average accounts receivable turnover days were 58.8 days, 57.3 days, 65.6 days and 48.0 days respectively.

For each of the three years ended 31 March 2013 and the four months ended 31 July 2013, we did not experience any material collectability problem for our trade and retention money receivable and there had been no provisions for impairment of trade and retention money receivables. The provision for impairment of trade and retention receivables are made when there is objective evidence that our Group will not be able to collect part or all of the amounts due under the original terms of the invoice. Such evidence may include probability of insolvency or significant financial difficulties of the debtor and significant changes in market, economic or legal environment that have an adverse effect on the debtor or refusal of payment by debtor due to disagreement with debtor.

SUPPLIERS

Our Group's five largest suppliers being our sub-contractors together accounted for approximately 96.2%, 95.0%, 98.9% and 99.4%, respectively, of our total sub-contracting fees charged to our Group for each of the three years ended 31 March 2013 and the four months ended 31 July 2013, respectively. During the same period, our Group's largest sub-contractor accounted for approximately 62.7%, 34.0%, 54.9% and 69.6% of the total sub-contracting fees charged to our Group respectively.

Able Contractors, an entity engaged in building construction business is our largest sub-contractor for each of the three years ended 31 March 2013 and the four months ended 31 July 2013, which is a connected person of our Company by virtue of it being a wholly owned-subsiidiary of Vantage, one of our Controlling Shareholders.

As described in the section headed "Connected Transactions" in this prospectus, we sub-contracted the building construction works in TW7 Project to Able Contractors. TW7 Project is expected to be completed by mid-2014 and thereafter Able Contractors will no longer engage in any sub-contracting work for us and we will no longer engage in any building construction business.

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As at the Latest Practicable Date, Mr. Li Chi Pong, our executive Director, and Mr. Yau Kwok Fai, our non-executive Director and a director of Vantage were interested in 0.32% and 2.25% respectively in the issued share capital of Vantage which indirectly owns 100% of the issued share capital of Able Contractors, our largest sub-contractor for each of the three years ended 31 March 2013 and the four months ended 31 July 2013.

Other than as set out in the paragraph above, none of our Directors or their associates or any Shareholders (to the knowledge of our Directors) holding more than 5% of our Company's issued share capital had any interests in the five largest sub-contractors during the Track Record Period.

As mentioned in the paragraph headed "Selection of Sub-contractors" of this section, we delegate parts of the construction works to our sub-contractors and will purchase certain construction materials and equipment for the use of our sub-contractors. The relevant costs of the materials and equipment will be deducted accordingly from the sub-contracting fees in accordance with the relevant sub-contracting agreements/arrangements for all our projects where we purchase construction materials and equipment for the use of our sub-contractors. In general, we do not carry inventories of construction materials in excess of those reasonably required to meet the schedule of the construction works.

The principal construction materials that are used by our sub-contractors for undertaking our civil engineering and building construction works include pipes and fittings, concrete and steel. During the Track Record Period, the largest material supplier from which we purchased materials for the use of our sub-contractors accounted for approximately 29.1%, 26.2%, 36.8% and 38.5% of our Group's cost of construction materials purchased for the use of our sub-contractors for each of the three years ended 31 March 2013 and the four months ended 31 July 2013, respectively.

The five largest material suppliers from which we purchased materials for the use of our sub-contractors together accounted for approximately 50.2%, 67.9%, 78.8% and 84.5%, respectively, of our cost of materials purchased for the use of our sub-contractors for each of the three years ended 31 March 2013 and the four months ended 31 July 2013, respectively. None of our Directors or their respective associates or any of our Shareholders who (to the knowledge of our Directors) owns more than 5% of our issued share capital had any interests in any of the five largest material suppliers which we purchased materials from for the use of our sub-contractors during the Track Record Period.

During the Track Record Period, we had not experienced any significant disruption in the provision of work by our sub-contractors or the supply of construction materials by our material suppliers. We maintain good and long-standing working relationships with our sub-contractors and material suppliers. Some of these sub-contractors and material suppliers have working relationships with us for more than 7 years. Our Group usually enters into supply contracts with its material suppliers on a project basis and in general the term of such supply contracts mirrors the contract period for the relevant project.

INVENTORY

We act as the main contractor and delegate parts of the construction works to our sub-contractors and will, depending on the requirements of the projects, purchase construction materials and equipment for the use of our sub-contractors. Therefore we do not carry inventories of construction materials in excess of the levels reasonably required to meet the schedule of construction works.

QUALITY CONTROL

We believe that our commitment to enhancing the quality of our management and construction works is instrumental in maintaining our overall reputation. In pursuit of quality, we implement and operate a quality management system in accordance with the requirements of ISO 9001 and were first accredited by HKQAA with ISO 9001 certification in 1994.

To achieve the above objectives, our Group has established and maintained a quality management system for implementation in our head office and all of our site offices. Quality control measures implemented by our Group under the quality management system include:

- Determining the works (including materials) requirements at tender stage and review of tenders;
- Identifying the procedures to be followed to ensure that the purchased materials conform to specified purchase requirements;
- Evaluating the performance of suppliers and sub-contractors to ensure that their performance are considered acceptable to remain on the authorised list;
- Monitoring the work progress to ensure the specified requirements and the planned results of processes are met;
- Ensuring the non-conforming materials and works are identified and preventing its unintended use or delivery;
- Identifying the methods for receiving, handling and storage of purchased materials and identification and preservation of materials; and
- Identifying training needs and arranging the training activities to ensure the staff are competent to carry out the assigned job.

Mr. Wong Kin Yan is the environmental and quality manager of our Group. He is directly responsible for the implementation, operation and maintenance of our Group's quality management system which meets the requirements of ISO 9001.

On the operational level, a project team will be established on project basis after a contract has been awarded. The number of project team members assigned to different projects varies depending on, among other things, the complexity of the projects, contract sum, and requirements regarding qualifications and experience of project team members specified in the relevant contract.

To ensure delivery of quality work to our customers, our project team members are well trained in implementing our quality control measures which comprise monitoring, verifying and validating the construction, installation works and materials before delivery of completed project works to our customers. Regular inspection will be conducted by our project team members to ensure that the work completed conforms to the specifications and requirements set out in the relevant contract. Further, to prevent repeated nonconformities, the responsible contracts manager and environmental and quality manager will, from time to time, evaluate the need of action to prevent occurrence of nonconformities and implement preventive action to eliminate causes on potential nonconformities.

We procure the supply of materials and equipment for the use of our sub-contractors from our own authorised list of suppliers which we have had satisfactory past business relationships. Similar to our selection system of suppliers, we have also maintained a list of authorised sub-contractors to ensure the overall quality of the project. Other than our subcontracting arrangement with our only building construction sub-contractor, Able Contractors which is a connected person of our Company, the selection of sub-contractors for our civil engineering construction works are based on a set of criteria as set out in our Group's internal quality procedures including past experience, performance, skill and resource capabilities.

To ensure that our quality management system conforms to the planned requirements and the requirements of ISO9001 standard, our environmental and quality manager is responsible for planning and carrying out internal quality audits. Each quarter, internal quality audits are being carried out at our head office and each project site. New projects will also be audited at a time no later than two months after commencement of work. The audits are carried out by our staff who act as auditors and are independent of the area being audited and are nominated by the environmental and quality manager. Such audit is to be conducted through interview with the responsible manager or supervisor as well as the auditor collecting evidence through observation and review of records or other supporting documents. Any detected non-conformity will be followed up and corrective actions will be implemented. The auditor will verify and record the implementation and effectiveness of the corrective actions taken on such non-conformities in the next audit.

AWARDS AND ACCREDITATION

In recognition of our Group's outstanding performance and quality of works, our Group has received the following awards or certificates from different departments of the Government and professional accreditation organisations:

Certificate for compliance with ISO/OHSAS requirements

Year of grant	Description	Awarding organisation
2013 <i>(Notes 1 & 4)</i>	Certificate for compliance with the requirements of ISO 9001:2008 Quality management system standard, applicable to construction and maintenance of civil engineering works, construction of foundation works, construction activities to keep, restore and improve civil engineering works, construction of landslip preventive and remedial works to slopes and retaining walls, building activities to keep, restore and improve the facilities of buildings and surroundings and construction of buildings, construction of copper, fibre and block-wiring works, maintenance and installation of outside plant cable network and broadband equipment, including customer services and main distribution frame works.	HKQAA
2010 <i>(Notes 2 & 4)</i>	Certificate for compliance with the requirements of ISO 14001:2004 Environmental management system standard, applicable to construction of civil engineering works, construction of buildings, construction of foundation works, construction activities to keep, restore and improve civil engineering works, construction of landslip preventive and remedial works to slopes and retaining walls and building activities to keep, restore and improve the facilities of buildings and surroundings.	ACIL
2013 <i>(Notes 3 & 4)</i>	Certificate for compliance with the requirements of OHSAS 18001:2007 Occupational health and safety management system, applicable to construction of civil engineering works, construction of buildings, construction of foundation works, construction activities to keep, restore and improve civil engineering works, construction of landslip preventive and remedial works to slopes and retaining walls and building activities, to keep, restore and improve the facilities of buildings and surroundings.	ACIL

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In recognition of our Group's quality services, environmental protection and safety practice

Year of grant	Description	Awarding organisation/ Government department
2012	2012 Workplace Hygiene Competition — Champion of contractor worksite (Property Project) <i>Contract no. 24911 — West rail property development at Tsuen Wan West Station</i>	MTR Corporation Limited
2009	Certificate of appreciation for good performance on safety, health and environmental aspects <i>Contract no. 07/8014 — Cable diversion at Kai Lung Wan Reservoir Road</i>	The Hong Kong Electric Co., Ltd.
2009	Certificate of appreciation for good performance on safety, health and environmental aspects in Lamma power station <i>Contract no. 08/8010-Road, utilities and external works in Lamma power station and its extension and miscellaneous improvement works</i>	The Hong Kong Electric Co., Ltd
2007	Hong Kong 2007 construction environmental award, environmental merit award — Outstanding environmental performance	WBDB, Environmental Protection Department & the Hong Kong Construction Association
2006	Considerate contractors site award scheme 2005 award certificate <i>Contract no. 04/8012 Lamma wind power station (Site formation works)</i>	WBDB
2004	Considerate contractors site award scheme 2003 award certificate <i>WSD Contract No. 2/WSD/02</i>	WBDB
2001	Green contractor bronze award <i>Contract no. SSJ328 Basement and piling foundations for Building 5, Science Park</i>	Architectural Services Department

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Year of grant	Description	Awarding organisation/ Government department
2001	Considerate contractors site award scheme 2000 award certificate <i>Contract no. DC/98/12 Construction of village flood protection works for Pok Wai and stormwater intercepting drain for Wang Chau</i>	WBDB

Notes:

- 1. EXCEL and GADELLY were first accredited with ISO 9001 compliance certifications in 1994 and 2001, respectively. The current certificates of EXCEL and GADELLY will expire on 8 February 2016.*
- 2. EXCEL was first accredited with ISO 14001 compliance certifications in 2007. The current certificate will expire on 22 December 2013.*
- 3. EXCEL was first accredited with ISO 18001 compliance certifications in 2010. The current certificate will expire on 30 January 2016.*
- 4. The accreditation body conducts an external audit to access the relevant management system is in conformity of the standards in place every three years. Such external audit is normally conducted before the expiry of the relevant ISO certificate. Upon satisfaction in regards to the relevant management system, a renewal certificate will be issued.*

In addition, our Group has received certain appreciation letters from the public during the Track Record Period, such as a district councilor's office, in recognition of our Group's performance on its civil engineering construction works.

ENVIRONMENT

Our Group is committed to enhancing and improving technology and services to fulfill its social responsibilities to both the community and environment. In delivering civil construction works, our Group aims to ensure that all services are delivered with high quality and are conducted in an environmentally responsible manner. We believe that a successful environment management is important for us to meet customers' demand in environment protection and to ensure healthy growth and sustainable development of our business. In this connection, we have set up an environmental management system to promote environmental awareness and to prevent pollution of the environment.

Our environmental management system currently in place was accredited by ACIL with ISO14001 certification. Some of our environmental protection measures include:

- determining what activities may result in significant impact to the environment and ensure that those significant environmental aspects are taken into account in establishing, implementing and maintaining our environmental management system;

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- ensuring that we are committed to regulatory compliance and comply with industry best practices from an environmental perspective in undertaking our activities; and
- taking into consideration the legal and other requirements, the significant environmental aspects, technological, financial, operational and other business requirements when establishing and reviewing our environmental objectives so that they are consistent with a commitment to pollution prevention.

Our environmental and quality manager is responsible to ensure that our environmental management system is established, implemented and maintained and that any recommendations for improvement be reported to our top management. We also ensure that our sub-contractors and their workers comply with our environmental protection policy on the basis of appropriate education, training and/or experience. In particular, we hold regular meetings with them to discuss environmental related issues during the course of a project. Further, environmental management system, operational control and compliance training is provided for our employees performing activities which can cause significant environmental impact so as to ensure compliance with the regulatory and internal requirements and to enhance their competencies.

In addition, our Group has continuously observed the laws and regulations in relation to environmental protection in Hong Kong including Air Pollution Control Ordinance, Noise Control Ordinance, Water Pollution Control Ordinance, Waste Disposal Ordinance and Environmental Impact Assessment Ordinance. Prior to the commencement of work, our Group will assess the implications and requirements of the aforesaid ordinances and apply for necessary permits (if applicable) to conduct its work. The breach of the aforesaid environmental protection ordinances may lead to penalty or fine by the relevant government authorities or even termination of works. During the Track Record Period and as at the Latest Practicable Date, to the best knowledge of our Directors, there have been no material violations of applicable environmental laws and regulations in Hong Kong. Our Directors are of the view that the amount of fines our Group was subject to as a result of the breach of the Public Health and Municipal Services Ordinance during the Track Record Period was not material to our Group, and was HK\$2,800, HK\$2,500, nil and nil respectively for each of the three years ended 31 March 2013 and the four months ended 31 July 2013. Such breaches relate to Sections 27(3) and 150 of the Public Health and Municipal Services Ordinance and involve larvae of mosquito found in the relevant construction site.

During the Track Record Period, the cost of compliance with applicable environmental laws and regulations in Hong Kong were approximately HK\$1.56 million, HK\$1.00 million, HK\$1.45 million and HK\$0.66 million respectively for each of the three years ended 31 March 2013 and the four months ended 31 July 2013. Our Group expects such cost going forward would be at similar level as the annual cost for the year ended 31 March 2013, but it is subject to the nature and scale of future projects. We were in compliance with applicable environmental laws and regulations in all material respects.

LABOUR, HEALTH AND SAFETY MATTERS

We are subject to laws and regulations relating to labour, health and safety of Hong Kong. Please refer to the section headed “Regulatory Overview” in this prospectus for summaries of the applicable labour, health and safety laws and regulations of Hong Kong.

During the Track Record Period, there were no material violations of any applicable labour or health regulations in Hong Kong by us, nor were there any material claims against our Company relating to labour, health and safety issues. Our Directors consider that employment of illegal workers has not been an issue for our Group, as our Group does not hire illegal workers and it is customary that under the sub-contracting agreements we enter into, our sub-contractors are obliged to record workers’ details and to enter into agreements with their workers, a copy of which should be delivered to us together with copies of identification documents of the workers from time to time. We believe we have taken sufficient and appropriate measures in verifying the eligibility of the workers hired by our sub-contractors.

Our Directors are of the view that the amount of fines our Group was subject to as a result of the breaches of safety regulations in Hong Kong during the Track Record Period was not material to our Group, and was nil, nil, HK\$21,000 and nil for each of the three years ended 31 March 2013 and the four months ended 31 July 2013 respectively. Such breaches relate to the Factories and Industrial Undertakings Ordinance. We take safety issues very seriously. We are committed to providing a safe and healthy working environment for the benefit of our staff, the sub-contractors and the general public. We believe that our corporate image as a quality civil engineering construction company could be enhanced through continual improvement in safety standard.

All levels of management have a primary responsibility for the safety and health of all employees of our Group. We have set up an occupational health and safety management system to promote safe working practices among all employees and to prevent the occurrence of accidents through safety inspections. In the system, we have established a safety and health organisation to ensure that our operations are carried out in a safe manner which is under constant review. The organisation includes the safety and health management committee, the site safety and health committee for each project, the safety officers and the safety supervisors. Amongst other things, the safety and health management committee is responsible for:

- establishing and continually reviewing our safety and health policy and to assess how well it is being implemented;
- implementing procedures and systems whereby our safety and health policy is put into effect;
- reviewing reports of major accidents and incidents and statistics to identify trends and monitoring safety performance;
- reviewing arrangement, adequacy and effectiveness of safety training;

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- reviewing the latest legislation and regulation changes on safety issues; and
- establishing safety audits and reviewing safety audit reports.

We endeavor to ensure that we comply with all relevant laws and regulations on labour, health and safety in Hong Kong by evaluating the hazards of our projects and preparing risk assessments of our job sites, which are reviewed and updated periodically to include new items that were not previously included, such that any unsafe conditions not covered by the risk assessments will be corrected. The safety representative at the work site is required to ensure that the site personnel receive the relevant safety training and undergo the induction course provided by the main contractor such that the site personnel become familiar with the specific conditions of the job site. In addition, the safety representative has to ensure that all personnel wear necessary protective equipment at the job site, evaluate the job site for any unsafe conditions and take appropriate steps to eliminate exposure to hazard our conditions at the job site. Our Group's occupational health and safety management system currently in place has been certified compliance with OHSAS 18001 by ACIL.

To demonstrate our recognition of the importance of safety and to avoid accidents on construction sites, we manage our project using our safety and health manual which governs our practice to deal with a wide range of potential hazards that may occur on our work locations. The safety plans are reviewed from time to time to ensure they can effectively assist us in avoiding accidents. For each of our projects, a safety inspection programme will be drawn up in which our project manager is required to arrange for the appointment of competent persons to conduct site safety inspections for the project at least once a month. Moreover, preventive measures such as risk assessment has been conducted on each of our projects at the outset to identify the risks associated with such project to determine and subsequently implement certain precautionary measures to develop safe working procedures for the identified job hazards. The personal protection programme in the safety and health manual will be followed when the risk assessment identifies the need for personal protective equipment, such as eye protection, hearing protection and respiratory protection. The site safety induction training consists of the use of safety helmet, dust respirator, goggles, safety belt and ear protective equipment. Special training will be arranged separately for any other specific equipment.

Lastly, to ensure our projects are undertaken in a safe manner, we conduct safety assessment on our sub-contractors. During the contract period, our project manager arranges regular meetings with our sub-contractors to discuss a variety of matters including the health and safety aspects of the project, so that our sub-contractors understand such aspects of the project as well as our safety rules and procedures. We also assign a safety officer to each of the projects to monitor the daily safety matters and provide health and safety guidance to the sub-contractors' employees. Our sub-contractors are required to report to us if any accidents occur in the construction sites. We keep records of all accidents and report the same to our insurers accordingly.

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Contractors qualified or licensed by the WBDB are subject to a regulatory regime which is put in place to ensure that standards of financial capability, expertise, management, environmental and safety are maintained by contractors which carry out Government works. For example, if a qualified/licensed contractor is convicted of a series of safety or environmental offences within a short period of time in a project, or if a fatal construction accident occurs at a construction site for which the contractor is responsible, the Government may take regulatory actions against the responsible contractor. Regulatory actions include removal, suspension (which means a contractor is prohibited from tendering for public works of the relevant category during the suspension period), downgrading (which includes downgrading or demoting the contractor's qualification/licence to a lower status or class in all or any specified category), temporary suspension of work in a specific project, depending on the seriousness of the incident triggering the regulatory actions.

In order to determine the compliance of implementation of our safety management system and its effectiveness in meeting our policy and objectives, safety audits are carried out at least once every 6 months. Our safety audit will examine our compliance with our safety plan, the statutory requirements and contractual requirements as well as physical condition of our sites.

During the Track Record Period and up to the Latest Practicable Date, we have not encountered any fatal construction accident on construction sites for which we were responsible as main contractor and have not suffered from any removal, suspension, downgrading or demotion of our qualifications or licences. Notwithstanding the aforesaid, our employees or the employees of our Group's sub-contractors may be involved in accidents caused by common workplace issues resulting in injuries from time to time given the nature of our operations. During the Track Record Period, our Group has certain relatively minor workplace accidents which resulted in insignificant bodily injuries and did not cause any fatality. With reference to public information on the accident rate and fatality rate for workers in the Hong Kong construction industry, our Directors consider that our Group's accident rate for its projects for the three years ended 31 December 2012 was lower than the industry average. The table below summarises the accident rates per 1,000 workers and fatality rates per 1,000 workers of the construction industry in Hong Kong and of our Group's projects:

	For the year ended 31 December					
	2010		2011		2012	
	Accident rate	Fatality rate	Accident rate	Fatality rate	Accident rate	Fatality rate
	<i>(per 1,000 workers)</i>		<i>(per 1,000 workers)</i>		<i>(per 1,000 workers)</i>	
Construction industry in Hong Kong*	52.1	0.163	49.7	0.367	44.3	0.337
Our Group	19.3	0	14.7	0	18.9	0

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	For the year ended 31 March						For the four months ended 31 July	
	2011		2012		2013		2013	
	Accident rate (per 1,000 workers)	Fatality rate	Accident rate (per 1,000 workers)	Fatality rate	Accident rate (per 1,000 workers)	Fatality rate	Accident rate (per 1,000 workers)	Fatality rate
Our Group	18.1	0	19.4	0	13.9	0	3.5	0

* Source: Occupational Safety and Health Statistics Bulletin Issue No. 13

Note: Our Group's accident rate per 1,000 workers is calculated as the occurrence of accidents during the year/period divided by the average number of construction site workers during the year/period and then multiplies the result by 1,000. The average number of construction site workers includes employees of our Group and our sub-contractors.

A table showing our Group's lost time injuries frequency rates ("LTIFR(s)") is set out below:

For the year ended 31 March 2011	6.8
For the year ended 31 March 2012	7.2
For the year ended 31 March 2013	5.2
For the four months ended 31 July 2013	4.0

Note: LTIFR is a frequency rate that shows how many lost time injuries occurred over a specified time (e.g. per 1,000,000 hours) worked in a period. The LTIFRs shown above are calculated as multiplying the number of lost time injuries of our Group happened during the relevant financial year/period by 1,000,000 and then dividing by the number of hours worked by the workers at our construction sites over the same financial year/period.

We also had certain claims for employees' compensation and personal injuries arising from the workplace accidents occurring in our projects, further information of which are set out in the paragraph "Litigation and claims" in this section. We have taken out insurance in compliance with applicable laws and regulations with a view to providing adequate coverage for such work-related injuries for employees and we have not incurred any material liabilities as a result thereof. As such, these accidents did not have a material impact on our Group's operations.

EMPLOYEES

We had a total of 240, 392, 396 and 359 employees as of 31 March 2011, 2012 and 2013 and 31 July 2013, respectively. For a breakdown of the number of our employees by function as at the Latest Practicable Date, please refer to the section headed "Directors, Senior Management and Employees — Employees" in this prospectus.

We do not need to maintain a large labour workforce as the actual construction work for our projects were mainly carried out by construction workers who are employees of our sub-contractors. Most of our staff working in construction sites are responsible for project management and supervision.

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We place great emphasis on the training and development of our employees and provide a wide range of training programmes for them. Other than internal courses presented by our managers, we also engage outside professionals and consultants to organise seminars and training courses to equip our employees with new knowledge in the industry. In addition, we have set up a graduate engineer training programme, which is recognised by the Hong Kong Institution of Engineers (“HKIE”) as a “Scheme A” approved organisation with discipline in civil engineering. Since 2000, 25 graduate engineers were trained by our Group, 17 of them still remained as employees of our Group as at 31 July 2013 and 8 of whom were qualified professional engineers.

After successful completion of our graduate engineer training programme, the trainee will receive a training certificate so that he/she can apply to become a qualified professional engineer and apply for the HKIE corporate membership within the civil engineering discipline.

We had not experienced any significant problem or dispute with our employees or suffered disruptions due to any labour dispute during the Track Record Period. Our Directors believe that we maintain a good working relationship with our employees.

COMPETITION

The key contractor players of construction industry in Hong Kong comprise local main contractors and overseas contractors, and a large numbers of sub-contractors. A number of the players are both developers and contractors.

Since we shall cease our building construction and maintenance business upon completion of TW7 Project, we consider the companies engaged in civil engineering construction works in Hong Kong that have been approved by the WBDB as Group C contractors under the “Waterworks” category to be our major competitors in the provision of civil engineering construction works. According to WBDB, there were a total of 36 approved contractors listed on the Contractor List under the categories of “Waterworks” for Group C as at the Latest Practicable Date. Approved contractors under other categories may also be our competitors depending on the nature of the projects.

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Ranking of waterworks civil engineering constructors in Hong Kong

The following tables illustrate the market conditions in terms of contract sum of the waterworks contracts awarded to waterworks civil engineering constructors in Hong Kong by WSD in relation to tenders invited during the Track Record Period:

Tenders invited during the year ended 31 March 2011

Rank	Awardee	Contract Sum (HK\$ million)
1	Company V	1,168
2	Company W	975
3	Our Group	617

Source: The website of The Government of the Hong Kong Special Administrative Region (Gazette) — <http://www.gld.gov.hk/egazette>

Note: The amount represented the contract sum of waterworks contracts in which only contractors on the List of Approved Contractors under “Waterworks” category (Group C) were eligible to tender.

Tenders invited during the year ended 31 March 2012

Rank	Awardee	Contract Sum (HK\$ million)
1	Company V	1,623
2	Company X	1,495
3	Company Z and its joint venture	805
4	Company Y	740
5	Company W	533
6	Our Group	345

Source: The website of The Government of the Hong Kong Special Administrative Region (Gazette) — <http://www.gld.gov.hk/egazette>

Note: The amount represented the contract sum of waterworks contracts in which only contractors on the List of Approved Contractors under “Waterworks” category (Group C) were eligible to tender.

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Tender invited during the year ended 31 March 2013

Rank	Awardee	Contract Sum (HK\$ million)
1	Our Group	467
2	Company X	412
3	Company U	327

Source: The website of The Government of the Hong Kong Special Administrative Region (Gazette) — <http://www.gld.gov.hk/egazette>

Note: The amount represented the contract sum of waterworks contracts in which only contractors on the List of Approved Contractors under “Waterworks” category (Group C) were eligible to tender.

Tenders invited during the four months ended 31 July 2013

Rank	Awardee	Contract Sum (HK\$ million)
1	Company Z and its joint venture	336
2	Company T	182
3	Company V	127

Source: The website of The Government of the Hong Kong Special Administrative Region (Gazette) — <http://www.gld.gov.hk/egazette>

Note: The amount represented the contract sum of waterworks contracts in which only contractors on the List of Approved Contractors under “Waterworks” category (Group C) were eligible to tender. Up to the Latest Practicable Date, only three projects were awarded among all the tenders of waterworks contracts in which only contractors on the List of Approved Contractors under “Waterworks” category (Group C) were eligible to tender invited by WSD during the year ended 31 July 2013.

The competition in the industry in Hong Kong has been fierce in the past few years. We believe that we are able to withstand the intense competition due to our competitive strengths as follows:

- Established operating history and track record in civil engineering construction projects
- Well-positioned to capture the emerging business opportunities
- Consistent delivery of high quality services through stringent quality assurance and strong commitment to high safety standard and environmental impact control
- Systematic and effective tender review procedure
- Long-standing relationship with sub-contractors
- Experienced management team

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For details, please refer to the paragraph headed “Our Competitive Strengths” of this section.

The Government adopted a new procurement policy for public works projects that came into effect in May 2004. Instead of awarding the winning bid to the bidder offering the lowest price, under the new procurement policy, evaluations of tenders are based on a formula approach, in which a tenderer’s performance rating is taken into account to a significant extent. While international contractors may have abundant financial resources as well as experience in overseas projects, we believe that their lack of local experience in the technical and management aspects may have a negative impact on their competitiveness in tendering a project.

We also believe that the requirements on the financial, technical and management aspects of a contractor for inclusion on the Contractor List provides an effective entry barrier against international and local contractors who are not currently approved contractors but wish to take part in the waterworks engineering services for the public sector in Hong Kong.

PROPERTIES

Owned properties

As at the Latest Practicable Date, a wholly owned subsidiary of our Company owned car parking space Nos. 54 and 56 on Ground Floor, Oxford Court, Nos. 24–26 Braemar Hill Road, North Point, Hong Kong. Such owned properties are held for investment purposes.

We do not engage in any property activities as defined in Rule 5.01 of the Listing Rules. As of 31 July 2013, no single property owned by us had a carrying value exceeding 15% of our total assets. No property valuation report in respect of our property interests is required in reliance upon the exemption provided by Section 6(2) of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

Leased properties

Our headquarters and principal place of business is situated at No. 155, Waterloo Road, Kowloon Tong, Kowloon, Hong Kong. As of the Latest Practicable Date, we leased the head office and principal place of business from a wholly owned subsidiary of one of our Controlling Shareholders, Vantage. Other than office premises, we also rented other premises from Independent Third Parties as construction site offices. Particulars of the lease agreement in relation to our principal place of business are set forth in the section headed “Connected Transactions” in this prospectus.

LEGAL AND REGULATORY COMPLIANCE

During the Track Record Period and up to the Latest Practicable Date, we have been in compliance in all material aspects with the applicable laws and regulations and have obtained all necessary approvals, permits licence, certificates that are material to our business operations from the relevant government authorities. We had not been involved in the short piling scandal that had affected the Hong Kong Housing Authority in 2000.

Contractors qualified or licensed by the relevant authorities are subject to a regulatory regime which is put in place to ensure that standards of financial capability, expertise, management, environmental and safety are maintained by contractors which carry out Government works. Please refer to the section headed “Regulatory Overview” in this prospectus for summaries of the applicable laws and regulations of the construction industry of Hong Kong.

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The following table summarises the details of the major qualifications and licences obtained by the members of our Group as an approved contractor as at the Latest Practicable Date:

Relevant Government authority/organisation	Relevant list/category	Status	Holder/year of inclusion
WBDB	Approved contractors for public works — Waterworks category (Group C)	Confirmed	EXCEL/2005
WBDB	Approved contractors for public works — Roads and drainage category (Group C)	Probationary	EXCEL/1997
WBDB	Approved contractors for public works — Buildings category (Group A)	Confirmed	EXCEL/1982
WBDB	Approved specialist contractors for public works — Landslip preventive/remedial works to slopes/retaining walls category	Confirmed	EXCEL/2010
WBDB	Approved contractors for public works — Waterworks category (Group B)	Probationary	GADELLY/1998
Hong Kong Housing Authority	Approved building contractors — Maintenance category (Group M2)	Probationary	EXCEL/1993
Hong Kong Housing Authority	Approved decoration contractors	Effective	EXCEL/1994
Buildings Department	Registered general building contractors	Effective	EXCEL/1999
Buildings Department	Registered specialist contractors — Foundation works category	Effective	EXCEL/2000
Buildings Department	Registered specialist contractors — Site formation works category	Effective	EXCEL/2000
Electrical and Mechanical Services Department	Electrical works — Registered electrical contractor	Effective	EXCEL/2012

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Pursuant to the Buildings Ordinance, it is required for the applicant of the general building contractors licence or specialist contractors licence to appoint at least one person to act for the applicant (the “**Authorised Signatory**”) and to appoint at least one director from the board of directors of the applicant as technical director as key personnel. Our Group has appointed our Director, Mr. Li Chi Pong, as the Authorised Signatory and our Director, Mr. Poon Yan Min, as the technical director for the general building contractors licence and the specialist contractors licences.

For licences issued by WBDB, the contractor is required to comply with the top management and/or technical staff requirements as specified in the Contractor Management Handbook. Our Director, Mr. Li Chi Pong acts as the top management for (i) waterworks, (ii) roads and drainage, (iii) buildings and (iv) landslip preventive/remedial works to slopes/retaining walls categories. Our members of the senior management Mr. Tang Quoc Tri (our contracts manager), Mr. Poon Yan Min (our Director), Mr. Wong Kin Sang (our project manager) and Mr. Chung Tsz Wing (an engineer in our Group) act as technical personnel for (i) waterworks, (ii) roads and drainage, (iii) buildings and (iv) landslip preventive/remedial works to slopes/retaining walls categories respectively. Our Group has also assigned Mr. Lai Kon Ting, our project manager, as professional staff and Mr. Pak Lung Kong, a safety officer in our Group, as safety staff for landslip preventive/remedial works to slopes/retaining walls category.

As there are other employees in our Group who possess the qualifications and experience to be the key personnel as specified above and there is a substantial number of such specialists available in the market, our Directors are of the view that our Group will be able to maintain its licensed contractors status if there is a departure of any licensed specialist.

Our Directors confirm that all members of our Group have been granted all the required licences and approval for carrying on their respective business activities and confirm that such required licences and approvals were valid and subsisting as at the Latest Practicable Date. Apart from the qualifications and licences set forth above, our Directors further confirm that no other qualifications and licences are required to be obtained or applied for in respect of the current business activities of all members of our Group.

INSURANCE

It is a practice in Hong Kong construction industry that the main contractor of a project will take out and maintain employees’ compensation insurance and contractor’s all risks insurance for the entire project. The insurance policy generally covers the entire contract period, including the defect liability period following completion of the project. Our Directors will ensure that all the necessary and the required insurance policies will be taken out and maintained in accordance with the requirements of the relevant contractual documents and the applicable laws and regulations.

Our Directors confirm that, during the Track Record Period and up to the Latest Practicable Date, our Group or the respective project owner (to the knowledge of our Directors) has taken out and maintained insurance policies in respect of employees’ compensation and contractors’ all risks for the projects in which members of our Group act

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as main contractors. The employees' compensation insurance policies provide for a maximum limit of liability of up to HK\$200 million per event. Our Directors confirm that the insurance policies in respect of employees' compensation maintained by us cover the employees of our sub-contractors and further sub-contractors down the tiers.

Our Directors also believe that the above arrangements are consistent with the industry practice in Hong Kong. During the Track Record Period, no member of our Group was required to make any additional payment for settlement of claims because of insufficient coverage in the insurance policies taken out by us. On this basis, our Directors consider that all the necessary and the required insurance policies have been maintained in accordance with the relevant contractual documents and the applicable laws and regulations.

For each of the three years ended 31 March 2013 and the four months ended 31 July 2013, the total insurance premium for our projects amounted to approximately HK\$1.7 million, HK\$29.7 million, HK\$23.2 million and HK\$0.9 million, respectively. Our Directors confirm that our Group has obtained adequate insurance coverage for the operation of our business.

LITIGATION AND CLAIMS

In the ordinary course of our Group's civil engineering construction business, our Group has been subject to a number of claims, mainly due to personal injuries suffered by employees of our Group or our Group's sub-contractors in accidents arising out of and in the course of their employment or claims arising from the quality or the timing of the work performed under various contracts. Our Directors are of the view that occurrence of personal injuries is not uncommon in the industry. In the past, there were accidents which occurred in connection with our civil engineering construction projects, which resulted in persons being injured during the Track Record Period and up to the Latest Practicable Date. All of the outstanding claims are being handled by our Group's insurance companies. Our Directors are of the opinion that such claims are well covered by insurance and would not result in any material impact on the financial position or results and operations of our Group.

Save as disclosed below, our Directors confirm that we have not been involved in any other litigation, proceedings, or claims during the Track Record Period and as at the Latest Practicable Date, the outcome of which we believe might, individually or taken as a whole, materially and adversely affect our business, operations or financial condition.

During the Track Record Period and as at the Latest Practicable Date, our Group had been or is involved in a number of claims and potential litigation against our Group mainly arising from common workplace accidents for our Group's projects.

There were 53 outstanding claims as at the Latest Practicable Date and 42 claims settled for the accidents occurred during the Track Record Period and up to the Latest Practicable Date, further details of which are set out below. These 95 claims involved 92 accidents that occurred during the Track Record Period and up to the Latest Practicable

Date. Among the total of 92 accidents involved for the claims, 30 arose out of injuries suffered as a result of slipping on grounds, 6 arose out of falling from height, 23 arose out of improper manual handling, 17 arose out of careless use of hand tools and equipment and the remaining 16 arose out of other causes, details of which are set out below.

Outstanding employees' compensation and personal injuries claims against our Group as at the Latest Practicable Date

The table below summarises the 53 outstanding employees' compensation and personal injuries claims against our Group as at the Latest Practicable Date. All of the claims set out below are covered by insurance. As the claims are dealt with and handled by the insurers, our Group does not have access to information relating to the claim amounts involved under the claims. Our Group did not incur legal expenses associated with the employees' compensation and personal injuries claims as such legal expenses are covered by our Group's insurance policies or recovered from our sub-contractors. The insurance maintained by our Group covers all accidents involving sub-contractors' employees unless the accidents are related to breaches of health and safety rules and regulations. Under the sub-contracting arrangements between our Group and our sub-contractors, our sub-contractors shall indemnify us against all liabilities and claims against us. As such, our Directors are of the view that the personal injuries claims by third parties will be recovered from our sub-contractors if the relevant claims are not covered by insurance. As at the Latest Practicable Date, based on the information provided by the solicitors appointed by the insurers on 2 of the 53 outstanding claims, the solicitors estimated that the damages claimed by the plaintiff in 1 outstanding personal injuries claim would be in the range from approximately HK\$1.5 million to HK\$3.1 million plus interest and costs while the amount of compensation payable to the plaintiff in 1 outstanding employees' compensation claim would be approximately HK\$150,000. Save as the claims set out above, we are not in the position to assess the likely quantum of the other 51 claims.

Category of claims	Number of claims	Covered by insurance or recovered from sub-contractors
Employees' compensation claims for which the injured persons have filed form 2 (<i>Note</i>) but are still on sick leave for their injuries or their cases are under investigation	39	All the claims are covered by insurance
Employees' compensation claims for which the injured persons have commenced legal proceedings against our Group and the sub-contractors, and our Group was joined as a defendant in the capacity as a main contractor	8	All the claims are covered by insurance

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Category of claims	Number of claims	Covered by insurance or recovered from sub-contractors
Personal injuries claims by third parties	6	All the claims are covered by insurance or recovered from sub-contractors

Note: According to section 15 of the Employees' Compensation Ordinance, an employer must notify the Commissioner for Labour of any accident by submitting a form 2.

As such injured persons have not yet filed claims with particulars and the claims, when filed, will be handled by solicitors appointed by the insurers, we are not in the position to assess the likely quantum of such potential claims.

Among the 53 claims as set out in the table above:

- (a) 4 claims arose from accidents occurring during the year ended 31 March 2011, 8 from accidents occurring during the year ended 31 March 2012, 18 from accidents occurring during the year ended 31 March 2013, 13 from accidents occurring during the four months ended 31 July 2013 and 10 from accidents occurring subsequent to 31 July 2013 and up to the Latest Practicable Date.
- (b) 13 claims were related to injuries suffered as a result of slipping on grounds, 5 related to falling from height, 13 related to improper manual handling, 10 related to careless use of hand tools and equipment and the remaining 12 related to other causes.
- (c) there were 45 claims against our Group and the relevant sub-contractors for which our Group was joined as a defendant in the capacity as a main contractor and the remaining 8 claims were against our Group only.
- (d) 2 claims were in relation to our Group's employees, 45 in relation to employees of our sub-contractors (including 1 in relation to an employee of Able Contractors), and the remaining 6 were in relation to third parties.

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Employees' compensation and personal injuries claims against our Group fully settled by our Group (whether by way of court judgment or out of court settlement) for the accidents occurred during the Track Record Period and up to the Latest Practicable Date

The table below summarises the 42 settled employees' compensation and personal injuries claims against our Group for the accidents occurred during the Track Record Period and up to the Latest Practicable Date, all of which were fully covered by insurance.

Category of claims	Number of claims	Total amount settled (approximately HK\$ million)
Employees' compensation claims settled by way of court judgment	9	2.6
Employees' compensation claims settled by out of court settlement	29	3.2
Personal injuries claims settled by way of court judgment	4	1.0

Potential personal injuries claims and material claims against our Group as at the Latest Practicable Date

In the table under the paragraph headed "Outstanding employees' compensation and personal injuries claims against our Group as at the Latest Practicable Date" of this section, there were 39 outstanding employees' compensation claims for which all the relevant 39 injured persons have filed their employees' compensation claims but are still on sick leave or their cases are under investigation. As such, such 39 claims have the possibility of turning into personal injuries claims, but the relevant potential personal injuries claims under common law against our Group have not commenced as at Latest Practicable Date. Among these potential personal injuries claims, 2 are in relation to our Group's employees and the remaining 37 potential personal injuries claims are in relation to employees of our sub-contractors, including 1 in relation to an employee of Able Contractors. All injured persons have suffered insignificant bodily injuries and to the best and latest knowledge of our Directors, all the claims have no material financial and operational impact on our Group. Since no civil action has commenced, and such injured persons have not yet filed claims with particulars and the claims, when filed, will be handled by solicitors appointed by the insurers, we are not in a position to assess the likely quantum of such potential claims. In any event, our Group has insurance cover for its liabilities of all these accidents and as at the Latest Practicable Date, notices of the accidents have been given to the insurers. For the 39 potential personal injuries claims which the injured persons were deemed employees of our Group, either directly employed by our Group or by our Group's sub-contractors, it is expected they would be fully covered by the mandatory insurance held by our Group.

Our Directors are of the view that the major outstanding claims generally arose as a result of accidents due to insufficient safety and health awareness amongst the employees. To improve the safety standard and reduce the re-occurrence of workplace accidents for our Group's projects, our Group has taken the following improvement measures against certain common workplace accidents:-

(1) Slipping on grounds

We have improved site tidiness, installed proper warning signs and enhanced training and supervision to increase safety awareness of the employees. All employees are provided with safety shoes.

(2) Falling from height

We have enhanced fencing of the working area, provided proper access and egress, installed railing and ensured the use of personal equipment such as harness.

(3) Improper manual handling

We have enhanced training on manual handling procedures to ensure proper use of personal protective equipment.

(4) Careless use of hand tools and equipment

We have provided pre-work training and briefing to all workers to enhance their safety awareness and prevent re-occurrence of accidents. All employees are provided with safety equipment such as safety gloves.

We take workplace safety seriously and are committed to providing a safe and healthy working environment. Please refer to the section headed "Labour, Health and Safety Matters" in this prospectus for the safety measures implemented by our Group.

Renewal of licences of our Group

Our Group holds the general building contractors licence, specialist contractors licences, the electrical contractor licence and other qualifications approved by the Hong Kong Housing Authority and WBDB. Most of these licences and qualifications have been obtained by our Group for more than 12 years.

As our Group has been granted the renewal of the general building contractors licence and specialist contractors licences issued by the Buildings Department and the electrical contractor licence issued by the Electrical and Mechanical Services Department in 2011 and 2012, our Directors are of the view that the validity of such licences would not be affected by the accidents and related litigations and claims against our Group mentioned in this prospectus as no fatal accidents had ever occurred.

Our Group has never been refused to renew its general building contractors, specialist contractors and electrical contractor licences.

INTELLECTUAL PROPERTY RIGHTS

As at the Latest Practicable Date, our Group had certain trademarks registered in Hong Kong. Particulars of such registered trademarks are set out in Appendix IV to this prospectus.

As at the Latest Practicable Date, we were not aware of any material infringement of our intellectual property rights and our Directors believe that we have taken all reasonable measures to prevent any infringement of our own intellectual property rights. As at the Latest Practicable Date, we were also not aware of any pending or threatened claims against us or any of our subsidiaries in relation to the infringement of any intellectual property rights of third parties.

CONNECTED TRANSACTIONS

CONTINUING CONNECTED TRANSACTIONS

Summary

Following completion of the Listing, we will continue to have certain transactions which are conducted in our ordinary and usual course of business, and constitute continuing connected transactions pursuant to the Listing Rules. Set out below is a summary of these continuing connected transactions.

Item	Parties involved	Nature of transaction	Duration of agreement	Annual caps for the financial year ending 31 March		
				2014	2015	2016
				<i>(HK\$ million)</i>		
(A)	(1) EXCEL, a wholly-owned subsidiary of our Company; and (2) Able Contractors, a wholly-owned subsidiary of Vantage	Sub-contract of carcass works for TW7 Project by EXCEL to Able Contractors	three years from 21 November 2013 to 20 November 2016			
		(i) Sub-contracting fee payable to Able Contractors		763	208	27
		(ii) Amounts for reimbursement of staff costs to be received from Able Contractors		8	3	Nil
(B)	(1) Frason Holdings Limited (“Frason”) a wholly-owned subsidiary of Vantage, one of our Controlling Shareholders; and (2) EXCEL, a wholly-owned subsidiary of our Company	Lease of office premises and two car parking spaces by Frason to EXCEL	1 June 2013 to 31 May 2016	N/A	N/A	N/A

Non-exempt continuing connected transaction

Sub-contract of carcass works for TW7 Project

Able Contractors is a connected person of our Company by virtue of it being a wholly-owned subsidiary of Vantage, one of our Controlling Shareholders.

CONNECTED TRANSACTIONS

(i) Description of the transaction

While our Group shall focus on civil engineering construction business which is our core business upon Listing, there is still one remaining private residential building construction project currently in progress, TW7 Project, which started in August 2011. This project was undertaken by EXCEL as the main contractor with the intention of diversifying risks and establishing track records on different nature of construction projects among member companies of the Vantage Group for the Vantage Group as a whole. When EXCEL tendered for TW7 Project, it was then decided within the Vantage Group for EXCEL to sub-contract the project to Able Contractors as the project is in the nature of building construction for which Able Contractors possesses the relevant expertise and technical experience.

EXCEL was awarded the tender and accordingly our Group as main contractor has, in August 2011, sub-contracted the carcass works for TW7 Project to Able Contractors which shall be responsible for providing all expertise, staff, labour, materials, constructional plant, transport, temporary work, working drawing and details required for the execution, completion and maintenance of the carcass works for TW7 Project.

The tendering price of TW7 Project was based on the then estimated cost of the project and the estimated overall profit margin of 2% of the contract sum was set by taking into account, among other things, the then market condition and level of competition, as well as the relatively lower execution risk for us on the project as our Group, being part of the Vantage Group do not have to seek any external sub-contractors for execution of the project. As the contract sum of TW7 Project amounted to approximately HK\$1.61 billion, our Group considered that our share of 1% of the contract sum which represented half of the then estimated overall profit margin for the project would be reasonable in the circumstances. Therefore, it was agreed by EXCEL and Able Contractors that the consideration for providing such sub-contracting works by Able Contractors to our Group to be 99% of the price of the main contract of TW7 Project. Our Group has also provided certain staff to assist or supervise Able Contractors under TW7 Project and in return, Able Contractors would reimburse our Group based on the cost of the relevant staff and the hours spent.

Our Group expects to continue sub-contracting the carcass works for TW7 Project to Able Contractors after the Listing Date with all works expected to be completed by mid-2014. However, due to the time required for certifying completion and relevant billing process, part of the relevant sub-contracting fees may only be paid to Able Contractors after the year ending 31 March 2016, depending on the progress of TW7 Project. Also, we will continue to provide our staff to Able Contractors until completion of the project, and will accordingly receive reimbursement on cost basis from the Retained Vantage Group. The sub-contracting arrangement between our Group and Able Contractors after the Listing Date shall be governed by the Sub-Contracting Agreement (as defined in paragraph (iii) below).

CONNECTED TRANSACTIONS

(ii) Historical transaction amounts

For each of the three years ended 31 March 2013 and the four months ended 31 July 2013, the sub-contracting fees paid to Able Contractors by our Group were approximately nil, HK\$166.8 million, HK\$504.4 million and HK\$428.6 million respectively and the amounts for reimbursement of staff costs received from Able Contractors, as part of our management fee income from the Retained Vantage Group, were approximately nil, HK\$1.3 million, HK\$9.9 million and HK\$2.5 million respectively. We received management fee income of approximately nil, HK\$2.9 million, HK\$14.0 million and HK\$2.5 million from the Retained Vantage Group for each of the three years ended 31 March 2013 and the four months ended 31 July 2013 respectively, which consisted of (i) the staff cost reimbursement mentioned above, and (ii) recovery of certain amounts of corporate expenses of the Vantage Group shared by us which has ceased and hence will not constitute connected transaction for us upon Listing. Further information relating to our management fee income received from the Retained Vantage Group is set out in the paragraph “Our other income and gains” in the section headed “Financial Information” in this prospectus.

(iii) Sub-contracting Agreement

On 21 November 2013, EXCEL and Able Contractors entered into a sub-contracting agreement (the “**Sub-contracting Agreement**”) for a term of three years, pursuant to which:

- (a) Able Contractors shall execute, complete and maintain the carcass works for TW7 Project in accordance with the Sub-contracting Agreement and to the reasonable satisfaction of EXCEL and of Company A, the employer in the main contract in consideration of EXCEL agreeing to pay to Able Contractors 99% of the price of the main contract; and
- (b) Able Contractors shall provide all expertise, staff, labour, materials, constructional plant, transport, temporary work, working drawing and details and everything whether of a permanent or temporary nature required for the execution, completion and maintenance of the carcass works for TW7 Project provided that: (i) at the request of Able Contractors or at EXCEL’s own absolute discretion, EXCEL may (but not obliged to) provide such staff as it may consider appropriate to assist or supervise Able Contractors in the performance by Able Contractors of its obligations under the Sub-contracting Agreement, and Able Contractors shall reimburse EXCEL basing on the cost of such staff and the hours spent; and (ii) EXCEL has the right (but not the obligations) to purchase materials which in its absolute discretion consider necessary or desirable for the main contract, and require Able Contractors to reimburse EXCEL the cost incurred by EXCEL in purchasing such materials.

The fees for such sub-contracting services were determined based on arm’s length negotiation and with reference to, among other things, the then project budget for tendering for TW7 Project.

CONNECTED TRANSACTIONS

Our Group considered that the terms of the sub-contracting arrangement with the Retained Vantage Group are reasonable and represent normal commercial terms after taking into account the following factors:

- (1) Able Contractors, as the sub-contractor, is responsible for all the actual work to be carried out in the construction sites. It also bears the risks of the project cost overrun and other claims and liabilities in relation to the actual onsite work. Able Contractors also has to reimburse EXCEL for the safety insurance bought on its behalf.

EXCEL shall be held responsible to the customer as the main contractor should there be any breach of the main contract due to non-performance of the contract or delay in completion of the construction work done by Able Contractors. As such, EXCEL has to monitor the overall onsite operation by Able Contractors and provide technical assistance or expertise when required to ensure timely and efficient performance of work by Able Contractors.

- (2) When setting the profit margin and the tender price, EXCEL and Able Contractors had to consider the chance of success in tendering the project. If the profit margin was set too high, the chance of successful tender might be lowered significantly due to the high tender price. As such, the initial target profit margin of TW7 Project and the agreed spread of the profit margin among EXCEL and Able Contractors, which was determined before the actual execution of the project, had to take account of, among other factors, competitiveness to obtain the award of the relevant tender. Further, the agreed spread of profit margin among EXCEL and Able Contractors was set based on initial project budget for tendering purpose. Hence, it is possible and not fully controllable by EXCEL and Able Contractors that the actual profit margin achieved by Able Contractors, which acts as the sub-contractor and bears the actual project cost overrun risk, may deviate from its initial target profit margin as agreed with EXCEL at the time of tendering and entering into the relevant sub-contracting agreement. As advised by the Retained Vantage Group, the actual profit margin from TW7 Project earned by the Retained Vantage Group during the Track Record Period was 0.01%.
- (3) The sub-contracting fee paid to Able Contractors would be settled generally within one month upon receiving payment from our customer. Able Contractors is the only building construction sub-contractor that EXCEL has been working with in the past. There is no Independent Third Party sub-contracting agreement that can be used comparable in relation to credit terms arrangement for building construction projects. For Independent Third Party sub-contractors which the Group has dealt with for its civil engineering works projects, generally the Group would pay within 30 days after the completion of corresponding portion of contract works is certified by the Group's customers, which is comparable to what is granted by Able Contractors.

CONNECTED TRANSACTIONS

The above transactions are and will continue to be entered into within the ordinary and usual course of our business and on normal commercial terms.

(iv) Annual caps on future transaction amounts

In accordance with Rule 14A.35(2) of the Listing Rules, our Company has set the abovementioned annual caps for the maximum sub-contracting fee payable to Able Contractors and the maximum amounts for reimbursement of staff costs to be received by our Group for each of the three years ending 31 March 2014, 2015 and 2016.

The abovementioned annual caps in respect of the Sub-contracting Agreement have been determined on the following bases:

- (a) **Sub-contracting fee:** With reference to (i) the agreed sub-contracting fee percentage, i.e. 99%, (ii) the current and estimated future project progress, (iii) the time required for certifying completion and relevant billing process and (iv) estimation of amount of variation order; and
- (b) **Amounts for reimbursement of staff costs to be received:** With reference to (i) the number of staff expected to be provided to Able Contractors, (ii) the estimated time for the staff provided by EXCEL to spend on the project, and (iii) the current and estimated future project progress.

(v) Listing Rules requirements

As the highest relevant percentage ratios in respect of the Sub-contracting Agreement to be made between Able Contractors and our Group will be, on an annual basis, more than 25% and the annual consideration is more than HK\$10,000,000, they will pursuant to Rule 14A.35 of the Listing Rules, be subject to reporting, announcement, annual review and independent shareholders' approval requirements in Chapter 14A of the Listing Rules.

Exempt continuing connected transaction

Lease of office premises

(i) Description of the transaction

During the Track Record Period, our Group has been using our head office and principal place of business owned by the Retained Vantage Group. We paid a management fee to Vantage for sharing of its corporate expenses which included the cost of using our head office and related utilities, and certain administrative and operating costs of Vantage during the three years ended 31 March 2013. We intend to lease our existing head office from the Retained Vantage Group after the Listing. Accordingly, EXCEL has entered into the Tenancy Agreement (as defined below).

CONNECTED TRANSACTIONS

Frason is a connected person of our Company by virtue of it being a wholly-owned subsidiary of Vantage, one of our Controlling Shareholders. On 31 July 2013, Frason and EXCEL entered into a tenancy agreement (the “**Tenancy Agreement**”) pursuant to which Frason as Landlord agreed to lease to EXCEL the office premises at No. 155 Waterloo Road, Kowloon Tong, Hong Kong (the “**Property**”) with a gross floor area of approximately 183.21 square metres and two car parking spaces for a term of 3 years from 1 June 2013 to 31 May 2016 (both dates inclusive) at a monthly rent of HK\$51,700 (exclusive of utility and other property related miscellaneous expenses).

The monthly rent is calculated based on the floor area used by us and the latest ratable value of the Property, as set out in the demand note issued by the HKSAR Government in April 2013. For the four months ended 31 July 2013, the rent paid pursuant to the Tenancy Agreement amounted to approximately HK\$207,000.

(ii) Listing Rules requirements

As the highest relevant percentage ratios in respect of the Tenancy Agreement entered into between Frason and our Group will be, on an annual basis, less than 5% and the annual consideration is less than HK\$1,000,000, they will, pursuant to Rule 14A.33 of the Listing Rules constitute *de minimis* continuing connected transactions exempt from the reporting, announcement, annual review and independent shareholders’ approval requirements in Chapter 14A of the Listing Rules.

Waiver from compliance with announcement and independent shareholders’ approval requirements

Under the Listing Rules, the continuing connected transaction under the Sub-Contracting Agreement described above (the “**Non-exempt continuing connected transaction**”) would require compliance with the reporting and announcement requirements set out in Rules 14A.45 to 14A.47 of the Listing Rules and the prior independent shareholders’ approval requirement set out in Rule 14A.48 of the Listing Rules after the completion of the Share Offer.

Since the Non-exempt continuing connected transaction described above is expected to continue on a recurring basis after the Listing, and has been entered into prior to the Listing Date which has been fully disclosed in this prospectus, we have applied to the Stock Exchange, and the Stock Exchange has granted us a waiver pursuant to Rule 14A.42(3) of the Listing Rules from strict compliance with the announcement and independent shareholders’ approval requirements as stipulated in Rules 14A.47 and 14A.48 of the Listing Rules in connection with the Non-exempt continuing connected transaction. In addition, we confirm that we will comply with Chapter 14A of the Listing Rules in relation to the continuing connected transactions described above.

CONNECTED TRANSACTIONS

Confirmation from our Directors

As the Non-exempt continuing connected transaction with the Retained Vantage Group is conducted (i) on normal commercial terms and (ii) on terms no more favourable to the Retained Vantage Group than those available to Independent Third Parties, our Directors (including our independent non-executive Directors) consider that the terms (including the annual caps) of the Non-exempt continuing connected transaction in relation to the Sub-contracting Agreement are fair and reasonable and has been entered into in the ordinary and usual course of business of our Group, on normal commercial terms and in the interests of our Company and our Shareholders as a whole, and the proposed annual caps for the Non-exempt continuing connected transaction are fair and reasonable and in the interests of our Company and our Shareholders as a whole.

Confirmation from the Sole Sponsor

The Sole Sponsor is of the view that (i) the Non-exempt continuing connected transaction has been entered into in the ordinary and usual course of business of our Company, on normal commercial terms which are fair and reasonable and in the interests of our Shareholders as a whole; and (ii) the proposed annual caps for the Non-exempt continuing connected transaction are fair and reasonable and in the interests of our Company and our Shareholders as a whole.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

Immediately after the completion of the Share Offer and the Capitalisation Issue and assuming the Offer Size Adjustment Option is not exercised, Vantage will, through its wholly-owned subsidiary, Profit Chain, own 75% of our enlarged issued share capital. Mr. Ngai is beneficially interested in approximately 61.83% equity of the issued capital of Vantage. Vantage and Mr. Ngai will continue to be our Controlling Shareholders. As of the Latest Practicable Date, apart from the shareholding interests in our Group and otherwise disclosed in this prospectus, Vantage does not own any shareholding interests in any other company which carries on a business that competes with the civil engineering construction business of our Group.

DELINEATION OF BUSINESS ACTIVITIES

Our Group is a main contractor providing both civil engineering and building construction services to the public and private sectors in Hong Kong, in which civil engineering construction works is the core business of our Group. Our civil engineering construction services are mainly applied to (i) waterworks; (ii) roads and drainage works; (iii) landslip preventive and remedial works to slopes and retaining walls; and (iv) utilities civil engineering works, for the public and private sectors in Hong Kong and our building construction services are applied to carcass works for private residential development in Hong Kong. To a lesser extent, we also engage in building repairs and maintenance works.

The Retained Vantage Group is principally engaged in property investment and development and a wide range of public and private sectors building construction and maintenance works in Hong Kong (“**Building Construction Business**”) including construction of Government, institutional buildings and public housing.

As part of the effort to ensure clear delineation of business activities between our Group and the Retained Vantage Group after the Spin-off, our Group will continue to focus on civil engineering construction business which is our core business and shall cease engaging in building construction and maintenance works except for TW7 Project which is expected to be completed in mid-2014.

Although both our Group and the Retained Vantage Group are engaged in a wide range of public and private sectors construction works in Hong Kong, different approved contractor categories apply to the building construction and maintenance business and the civil engineering construction business for public works in Hong Kong. Such categorisation on approved contractor works has effectively formed clear distinction and delineation between the two lines of construction businesses engaged by our Group and the Retained Vantage Group.

Our Group and the Retained Vantage Group comprise of entities that are Approved Contractors (as defined below). According to Section 2 of the Contractor Management Handbook (Revision B), “Rules for Administration of the List of Approved Contractors for Public Works” (“**Rules for Administration of Approved Contractors**”), issued by the Development Bureau and updated on 30 April 2012. Contractors who are approved for public works (“**Approved Contractors**”) are categorised in five works categories (“**Works**

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

Category(ies)”); (1) building, (2) port works, (3) roads and drainage, (4) site formation, and (5) waterworks. Approved contractor within each category are further divided into three groups (“**Group(s)**”) — Group A, B or C — according to the value of contracts for which they are normally eligible to tender. The suitability of admitting a contractor into one or more Works Category(ies) and in a particular group is assessed on the basis of both the contractor’s global business activity and its activity in Hong Kong following its application for admission. The relevant governmental department responsible for servicing and monitoring the performance of the contractors within Works Category will investigate whether an applicant for a licence has appropriate technical and management capability in respect of the relevant Works Category and group.

Currently, our Group holds the following, among others, licences from the Development Bureau:

- (a) a probationary Group B licence and a confirmed Group C licence in waterworks which allows our Group to tender for waterworks contracts of the public sector of value up to HK\$75 million and any value exceeding HK\$75 million respectively;
- (b) a probationary Group C licence in roads and drainage which allows our Group to tender for roads and drainage contracts of the public sector of any value exceeding HK\$75 million provided that the total number of the Group C contracts that our Group already holds and the Group C contracts being procured under the same category does not exceed two and that the total value of works in the Group C contracts that our Group already holds and the Group C contracts being procured under the same category does not exceed HK\$220 million; and
- (c) a licence in landslip preventive and remedial works to slopes and retaining walls.

Currently, the Retained Vantage Group holds a confirmed Group C licence in buildings from the Development Bureau which allows it to tender for buildings contracts of the public sector of any value exceeding HK\$75 million. The Retained Vantage Group does not hold any licence of any group in the categories of road and drainage works or waterworks and the lack of the aforementioned licence in the Retained Vantage Group, after the Spin-off, effectively precludes the Retained Vantage Group from tendering for any road and drainage works or waterworks contracts in the public sector.

Although our Group has obtained some industry licences or recognition applicable to Building Construction Business for both public and private works and is holding the licence approved by Hong Kong Housing Authority under the category of probationary “M2 Building (Maintenance)” (“**M2 Licence**”), the Retained Vantage Group and our Group have been operated as separate profits centres concentrating on works for different market segments. Our Group has undertaken that after the Spin-off, we will not use the M2 Licence to tender for or to carry out any Building Construction Business. As such, the overlapping licence due to historical reasons shall not in any way affect the delineation of the business of the Retained Vantage Group and our Group.

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

Further, after the Spin-off, there will be mechanisms in place to ensure a clear delineation between the retained business of the Retained Vantage Group and the business of our Group by way of Vantage entering into a Deed of Non-competition with our Company.

After the Spin-off, our Group will have independent senior management team to carry out the business decisions and independent financial and accounting systems and will establish its own organisational structure made up of individual departments, each with specific areas of responsibilities.

SUB-CONTRACTING BETWEEN OUR GROUP AND RETAINED VANTAGE GROUP

There were three projects sub-contracted to Able Contractors, namely the TKO Project, MOS Project and TW7 Project, for which we recorded revenue during the Track Record Period. Taking into account the then circumstances mentioned below and the fact that EXCEL is a member company of the Vantage Group, our Directors consider that such three sub-contracting agreements were entered into on normal commercial terms.

TKO Project (completed before the commencement of the Track Record Period)

TKO Project involved the construction of a road for the proposed residential development in Tseung Kwan O, New Territories. TKO Project required the General Building Works licence and Site Formation Works licence registered under the Buildings Department.

This project was undertaken by EXCEL, as the project was in the nature of civil engineering works and was separately tendered. Given that the project involved a road which was part of a bigger residential building project of the Vantage Group, for efficiency and cost saving, the Vantage Group assigned Able Contractors to work on the whole project. As such, EXCEL sub-contracted this project to Able Contractors.

The contract sum of TKO Project was approximately HK\$37 million. This project commenced on 9 August 2006 and was completed on 8 April 2009. The sub-contracting fee paid by EXCEL to Able Contractors was 97% of the total contract sum. The sub-contracting fee was determined and agreed between EXCEL and Able Contractors after arm's length negotiation, taking into account, among other things, the market conditions, the level of competition and the absolute value of the sub-contracting fee, in order to set a competitive and profit maximising tendering price for TKO Project.

MOS Project (completed during the Track Record Period)

MOS Project involved carcass works for the proposed residential development in Ma On Shan, New Territories. MOS Project required the General Building Works licence registered under the Buildings Department.

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

This project was undertaken by EXCEL with the intention of diversifying risks and establishing track records on different nature of construction projects among member companies of the Vantage Group for the Vantage Group as a whole. When EXCEL tendered for MOS Project, it was then decided within the Vantage Group for EXCEL to sub-contract the project to Able Contractors as the project was in the nature of building construction for which Able Contractors possesses the expertise and technical experience.

The contract sum of MOS Project was approximately HK\$545.0 million. The project commenced on 17 August 2009 and was completed on 19 March 2011. Due to adverse market condition and high level of competition after the financial crisis in 2008, the project was tendered with a price determined based on the estimated total cost of the project with zero profit margin. The project was sub-contracted to Able Contractors with a sub-contracting fee which is equal to the total contract sum.

TW7 Project (expected to be completed in mid-2014)

For details of TW7 Project, please refer to the section headed “Connected Transactions — Non-exempt continuing connected transaction” in this prospectus.

NON-COMPETITION UNDERTAKING FROM RETAINED VANTAGE GROUP

In order to eliminate any future competing business with our Group, on 21 November 2013, Vantage entered into a Deed of Non-competition with our Company pursuant to which Vantage irrevocably undertakes and covenants with our Company that the Retained Vantage Group will not:

- (a) solicit, interfere with or endeavour to entice away from our Group any person, firm, company or organisation who to its knowledge is from time to time or has at any time within the immediate past two years before the date of this prospectus been a customer, supplier or employee of our Group;
- (b) be engaged, interested or otherwise involved, directly or indirectly, in civil engineering construction business (including but not limited to waterworks, roads and drainage works, landslip preventative and remedial works to slopes and retaining walls, and utilities civil engineering works) and any business in any form or manner that is or is likely to be in competition with that of any member of our Group or our Group as a whole from time to time (excluding, for the avoidance of doubt, the business of building construction, building maintenance, property investment and property development, which Vantage and its subsidiaries (excluding our Group) currently and from time to time engage in);
- (c) at any time employ any person who has been a director, manager, employee of or consultant to our Group who is or may be likely to be in possession of any confidential information or trade secrets relating to civil engineering construction business (including but not limited to waterworks, roads and drainage works, landslip preventative and remedial works to slopes and retaining walls, and utilities civil engineering works) and any business in any form or manner that is or is likely to be in competition with that of any member of our Group or our Group

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

as a whole from time to time (excluding, for the avoidance of doubt, the business of building construction, building maintenance, property investment and property development, which Vantage and its subsidiaries (excluding our Group) currently and from time to time engage in); and

- (d) directly or indirectly solicit or persuade any person who has dealt with our Group or is in the process of negotiating with our Group in relation to civil engineering construction business (including but not limited to waterworks, roads and drainage works, landslip preventative and remedial works to slopes and retaining walls, and utilities civil engineering works) and any business in any form or manner that is or is likely to be in competition with that of any member of our Group or our Group as a whole from time to time (excluding, for the avoidance of doubt, the business of building construction, building maintenance, property investment and property development, which Vantage and its subsidiaries (excluding our Group) currently and from time to time engage in) or cease to deal with our Group or reduce the amount of business which the person would normally do with our Group.

Notwithstanding the undertakings under (a) to (d) above, nothing shall prevent Vantage after the Listing Date from acquiring or holding interests in equity securities issued by any company engaged in civil engineering construction business or related businesses provided that each of them (individually or together) will not directly or indirectly own more than 5% of the total issued share capital of such company or control the exercise of more than 5% of the voting rights thereof or control the composition of the board of directors of such company.

REASONS FOR AND BENEFITS FROM THE SPIN-OFF OF OUR COMPANY AND RETAINED VANTAGE GROUP

Our Company considers that the reasons and benefits of the Spin-off include the following:

- (i) the Spin-off will provide a separate fund raising platform to fund the growth and expansion of the civil engineering construction business of our Group;
- (ii) the Spin-off will allow our Group and Retained Vantage Group to adopt different business strategies in order to better suit their respective businesses and enhance their ability to focus on opportunities specific to the respective businesses of the relevant groups;
- (iii) the Spin-off will allow our Group to finance its expansion based on its own growth plans and projects;
- (iv) our Group and Retained Vantage Group will be protected from each other's risks; and
- (v) the proceeds expected to be received by our Group from the separate listing will enhance our business development potentials.

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

INDEPENDENCE FROM RETAINED VANTAGE GROUP

We believe we are able to operate independently of Vantage as explained in more details below.

MANAGEMENT INDEPENDENCE

Our Board consists of 6 members, comprising 2 executive Directors, 1 non-executive Director and 3 independent non-executive Directors. Our two executive Directors namely, Mr. Li Chi Pong and Mr. Poon Yan Min, have been running the day-to-day operations of our Group with the senior management during all of the Track Record Period. They will be expected to devote their resources and time in our Group upon Listing and will continue to oversee and manage the day-to-day operations of our Group. Our non-executive Director who is also the chief executive officer, executive director and deputy chairman of the board of directors of Vantage will not have any operation management function in our Group, but as we are a subsidiary of Vantage, it is expected that Vantage will have a board presence at our board level through the non-executive Director.

10 members of our senior management, namely, 8, have been with us during the Track Record Period. Together with our two executive Directors, namely, Mr. Li Chi Pong and Mr. Poon Yan Min, they constitute the core management team of our Group responsible for forming our important decisions during the Track Record Period. It is expected that after Listing, we will continue to be centrally managed by such core management. Our non-executive Director is not responsible for the day-to-day operations and execution of business decisions of our Group and he is involved in high level strategic planning decision making processes.

Even though our non-executive Director, Mr. Yau Kwok Fai is also the chief executive officer, executive director and deputy chairman of the board of directors of Vantage and therefore may potentially be perceived as having a conflict of interest in certain circumstances involving our Company and Vantage, he is mindful of his fiduciary duties as Director to act in the best interest of our Company. In cases where there are conflicts of interest, the non-executive Director will abstain from voting on the relevant resolutions in board meetings of our Company in accordance with the requirements of the Listing Rules and our Company's Articles.

Mr. Li Chi Pong, our executive Director and an executive director of Vantage would resign from the board of directors of Vantage before Listing. Save as disclosed above, there is no other overlapping director and senior management between our Group and the Retained Vantage Group. Apart from Mr. Yau Kwok Fai being the only common director, the senior management and employees are employed by our Group separately from the Retained Vantage Group. Our directors and senior management team will act independently from the Retained Vantage Group.

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

After Listing, any Directors who have a material interest in a transaction will generally be required under the Listing Rules and our Company's Articles to abstain from voting in board meetings in relation to such transaction. These transactions may include potential connected transactions with the Retained Vantage Group. In these cases, the independent non-executive Directors will be asked to advise on the transaction. By having three independent non-executive Directors on the board, our Directors believe that they will be able to exercise their function as a board properly.

OPERATIONAL INDEPENDENCE

We make business decisions independently and hold all relevant licences necessary to carry on our business and have sufficient capital, equipment and employees to operate our business independently. In addition, our Directors consider that our operation does not depend on the operation of the Controlling Shareholders because we have our own operational structure made up of separate departments, each with specific areas of responsibilities. We have also established a set of internal control procedures to facilitate the effective operation of our business.

Upon Listing, there are expected continuing connected transactions between our Group and the Retained Vantage Group in relation to (a) TW7 Project; and (b) leasing of office premises. These transactions will be carried out (i) on market terms or (ii) on terms no more favorable to the Retained Vantage Group than those available to Independent Third Parties. For more details on such continuing connected transactions, please refer to the section headed "Connected Transactions" in this prospectus.

FINANCIAL INDEPENDENCE

We have our own accounting systems, accounting and finance department, independent treasury function for cash receipts and payment and make financial decision according to our own business needs. During the Track Record Period, Vantage has provided guarantees in respect of certain credit facilities provided by financial institutions to us. During the year ended 31 March 2013 and the four months ended 31 July 2013, Vantage has given a performance guarantee for an unlimited amount in favour of a customer for a civil engineering contract work (the "**Contract Customer**") of our Group in respect of losses, claims, damages, costs and expenses caused by non-compliance with the terms and conditions of the construction contract entered into between Vantage, our Group and the Contract Customer. The requirement of performance guarantees is a common practice in the construction industry to ensure that a contract is being executed in accordance with its contract terms. Except for the trade balance with Able Contractors which will only be settled upon the completion of TW7 Project, all other intercompany balances between our Group and the Retained Vantage Group are expected to be settled before Listing. All corporate guarantees including the performance guarantee mentioned above and pledges by Vantage for the benefit of our Group shall be released or replaced by guarantees by our Company and/or other security of our Group upon Listing. During the Track Record Period and as at the Latest Practicable Date, Mr. Ngai has not given any corporate guarantees for the benefit to our Group and we have not given any guarantee for the benefit of our Controlling Shareholders.

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

On the basis of the information provided in this section, we believe that we are capable of carrying on our business independently of our Controlling Shareholders and their associates.

CORPORATE GOVERNANCE

Our Company has adopted the following measures to manage the conflicts of interest between our Group and Vantage and to safeguard the interests of the Shareholders:

- (a) the independent non-executive Directors will review, on an annual basis, the Deed of Non-competition to ensure compliance with the non-compete undertakings by Vantage;
- (b) Vantage undertakes to provide all information requested by our Company which is necessary for the annual review by the independent non-executive Directors and the enforcement of the Deed of Non-competition; and
- (c) our Company will disclose decisions on matters reviewed by the independent non-executive Directors relating to compliance and enforcement of the Deed of Non-competition in the annual reports of our Company.

Our Company will observe any transaction that is proposed between our Group and its connected persons, and will be required to comply with Chapter 14A of the Listing Rules including, where applicable, the announcement, reporting, annual review and independent Shareholders' approval requirements of those rules.

POTENTIAL COMPETITION FROM LANON DEVELOPMENT LIMITED

Lanon Development Limited (“**Lanon**”) is a company incorporated in Hong Kong and is primarily engaged in construction, maintenance and engineering contract works. Lanon has an issued share capital of HK\$16,000,002 and holds Group C licences on buildings, port works, roads and drainage, site formation and waterworks categories under the List of Approved Contractors.

Mr. Ngai's wife and his son, Mr. Ngai Wing Yin, who is aged over 18, are directors of Lanon. Mr. Ngai Wing Yin is beneficially interested in 78% of the issued share capital of Lanon. To the best knowledge of our Directors, the remaining 22% of the issued share capital of Lanon is held by an Independent Third Party. None of our Controlling Shareholders, Directors and senior management members and their respective associates (excluding Mr. Ngai's wife) is involved in the day-to-day management and operation of Lanon or is in any position to exercise control or influence over the operational decisions of Lanon. Although the Company has made relevant enquiries, it received feedback that Mr. Ngai's wife and Mr. Ngai Wing Yin have confidentiality obligations not to disclose the financial information of Lanon to external parties so that the Company has gained no access to the financial information of Lanon. Further, the Company is not able to find any published financial information of Lanon from the public domain. Except for Mr. Ngai's wife being a director of Lanon and Mr. Ngai Wing Yin being a shareholder and director of Lanon, Lanon has no business or other relationship with our Group or any of our

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

Controlling Shareholders and Directors. To the best knowledge of the Directors, there is no overlapping management, sharing of assets and/or resources and no past or present transactions between Lanon and the Group. In addition, the Spin-off is to seek a separate listing for the existing civil engineering business of the Vantage Group without any proposed acquisition plan, and Lanon has never been part of the Vantage Group. As such, in relation to the Spin-off, our Directors consider that the injection of the business of Lanon into our Group is not feasible and appropriate.

Based on the information available in the Government Gazette, Lanon has not been awarded with any contracts from WSD since 2000. From the website of Drainage Services Department of the Government (“DSD”), Lanon was also only once awarded a DSD project in 2008 in the nature of sewage works with contract sum of HK\$138 million and such project has been completed. Accordingly, Lanon is currently not involved in any public roads and drainage and waterworks projects which our Group focuses on and is eligible to tender. Therefore, based on the aforesaid information in the Government Gazette and website of DSD, Lanon is not one of the competitors set out in the paragraph headed “Ranking of waterworks civil engineering constructors in Hong Kong” in the section headed “Business” in this prospectus. According to the searches conducted against relevant Government departments’ websites on Lanon, we have not found any records of Lanon being awarded any projects from the Government in the public sector for civil engineering works during the Track Record Period. Further, based on our enquiries with Mr. Ngai, it is the understanding of our Directors that Lanon has not been awarded any contracts in the nature of civil engineering works in both the public and private sectors since Mr. Ngai Wing Yin became a beneficial owner of 78% shareholding interests in Lanon in January 2010, and the principal business of Lanon has not been civil engineering works since then.

Due to the independency of Lanon, the competition exerted by Lanon on our Group is no different from the competition that our Group may experience from other Independent Third Party competitors. Although Lanon can also undertake civil engineering works and can potentially be our competitor by submitting tender proposals for the same projects our Group is interested to undertake, there are only two out of five categories (namely roads and drainage and waterworks) under the List of Approved Contractors on which both Lanon and our Group currently also hold licences.

Our Group has implemented corporate governance procedures with respect to keeping information in confidence. There is a set of confidential information policy and guidelines imposed by our Company. All employees and all our Directors are informed of their duty and are required to protect our Group’s confidential information and not to disclose any confidential information to anyone outside our Group.

Furthermore, every Director and employee of our Group is subject to our Company’s employment regulations (the “**Employment Regulations**”). All employees are well informed of the Employment Regulations during induction training when they are first employed by our Company. The Employment Regulations set out, among others, general rules prohibiting employees to disclose or copy any information of our Group (for example, information of a particular tender) to outsiders, or those not in the employment of our Group, or someone being employed by our Group but not dealing with the subject matter

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

directly. Our Group's employees are also not allowed to use any information of our Group directly or indirectly during their employment or after resignation for purposes not related to the business of our Group, or use the information in such a way that will damage or reduce the profitability, competitiveness or smooth operation of our Group or in any way that will be detrimental to our Group as a whole. The Employment Regulations further restrict employees from divulging to any person or organization the information of our Group coming to his knowledge from and during the course of his employment.

As part of our internal corporate governance, all our Directors and employees will not disclose any confidential information or trade secrets to any third party, unless such disclosure is made to professional advisers on a confidential basis or is otherwise required by the Government or any regulatory authorities under any applicable laws and regulations. If any confidential information or trade secret is disclosed to a third party, it shall require that party to maintain a duty of confidentiality and not to use such confidential information or trade secret for any purpose other than the purpose for which we disclose such information to that party.

As an additional corporate governance measure in relation to Lanon, it is the policy of our Group not to disclose any information about tender price of projects and which tender to submit to Vantage or Mr. Ngai or any common directors of Vantage and our Company during any time prior to the submission of any tenders, unless such disclosure is for the purpose of Vantage's compliance under the Listing Rules (for instance, requirements as to notifiable transactions) or other applicable laws and regulations or being disclosed to the public. Currently, only Mr. Yau Kwok Fai is a common director of Vantage and our Company.

Vantage has also undertaken to our Group that if it is in possession of any confidential information or trade secrets or other information which is or may become related to, or may have impact on, the business of our Group, including but not limited to information about tender of projects, it will not disclose such confidential information or trade secrets to any third party, including but not limited to Lanon and the shareholders and directors of Lanon, unless such disclosure is made to professional advisers on a confidential basis or is otherwise required by the Government or any regulatory authorities under any applicable laws and regulations or pursuant to any court order. Before making any disclosure, Vantage shall inform and consult our Group as to the form and substance of such disclosure. Our Company's independent non-executive Directors will monitor and review annually the compliance and enforcement of such undertaking by Vantage with its further undertaking that it shall provide full assistance for the annual review.

In addition, our Group is bound by the anti-collusion clause in the general conditions of tender of Government projects, which specifies that the tenderer shall not communicate to any person other than the Government the amount of the tender price or any part thereof until the tenderer is notified by the Government of the outcome of the tender exercise. Under such clause, the tenderer shall also not fix the amount of the tender price or any part thereof by arrangement with other person, make any arrangement with any person about whether or not he or that other person will or will not submit a tender or otherwise collude with any person in any manner whatsoever in the tendering process. Any breach of or non-

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

compliance with the anti-collusion clause by the tenderer shall, without affecting the tenderer's liability for such breach or non-compliance, invalidate his tender. Our Group needs to submit with its tender a duly signed and witnessed letter to the Government representing and warranting that it has not communicated and will not communicate to any person other than the Government the information mentioned in the above paragraph. In the relevant tenders, our Group also has to undertake to indemnify and keep indemnified the Government against all losses, damages, costs or expenses arising out of or in relation to any breach of or non-compliance with the anti-collusion clause.

In view of the above, our Directors are of the view that there are effective guidelines and measures in place to ensure that our Group and our Directors and employees will protect confidential information of our Group, including but not limited to information relating to bidding of projects, so that there will not be any unauthorized sharing of information between our Group and any parties outside our Group, including but not limited to Lanon.

On the basis of the current status of Lanon and the corporate governance measures in place for our Group, our Sponsor is of the view that the potential competition from Lanon shall not be prejudicial to the interest of our Group.

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

BOARD OF DIRECTORS

The table below sets forth information regarding our Board of Directors.

Name	Age	Position	Appointment Date	Responsibility
Mr. Li Chi Pong (李治邦)	57	Executive Director	30 April 2012	Overall business development, management and operation of our Group
Mr. Poon Yan Min (潘潤棉)	51	Executive Director	21 November 2013	Implementation of works and overall management of contracts
Mr. Yau Kwok Fai (游國輝)	47	Non-executive Director and non-executive chairman	21 November 2013	Overall planning and formulation of strategic directions and provision of operation guidance of our Group
Dr. Law Kwok Sang (羅國生)	69	Independent non-executive Director	21 November 2013	Responsible for giving strategic advice and guidance on the business and operations of our Group
Professor Patrick Wong Lung Tak <i>B.B.S., J.P.</i> (黃龍德)	65	Independent non-executive Director	21 November 2013	Responsible for giving strategic advice and guidance on the business and operations of our Group
Ms. Mak Suk Hing (麥淑卿)	60	Independent non-executive Director	21 November 2013	Responsible for giving strategic advice and guidance on the business and operations of our Group

The Board consists of 6 Directors, including 2 executive Directors, 1 non-executive Director and 3 independent non-executive Directors.

Save as disclosed in the section headed “Statutory and General Information” in Appendix IV to this prospectus and below, each of our Directors has no interests in the Shares within the meaning of Part XV of the SFO and is independent from and is not related to any other Directors, senior management, Substantial Shareholders and Controlling Shareholders of our Company. Save as disclosed below in the biography of each of our Directors, each of our Directors has not held any directorship in any other public companies, the securities of which are listed on any securities market in Hong Kong or overseas (apart from our Company) in the three years immediately preceding the date of this prospectus, and has not been involved in any of the events described under Rules 13.51(2)(h) to 13.51(2)(v) of the Listing Rules requiring disclosure. Save as disclosed below, there are no other matters concerning each of our Directors’ directorship with our Company that need to be brought to the attention of the Shareholders and the Stock Exchange and there are no other matters in connection with each of our Directors’ appointment which shall be disclosed pursuant to Rule 13.51(2) of the Listing Rules.

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

Each of our Directors has confirmed that, other than disclosed in this prospectus, he does not have any interest in a business apart from ours which competes or is likely to compete, directly or indirectly, with us which is discloseable under Rule 8.10 of the Listing Rules.

Executive Directors

Mr. Li Chi Pong (李治邦)

Mr. Li Chi Pong, aged 57, is an executive Director and the chief executive officer of our Company. Mr. Li has been a member of the board of directors of Vantage, EXCEL and GADELLY since 2004, 1988 and 1989 respectively and would resign from the board of directors of Vantage before Listing. Mr. Li was interested in 0.32% in the issued share capital of Vantage which indirectly owns 100% of the issued share capital of Able Contractors, our largest sub-contractor for each of the three years ended 31 March 2013 and the four months ended 31 July 2013, as at the Latest Practicable Date. Mr. Li is responsible for the overall business development, management and operation of our Group. He graduated from the Hong Kong Polytechnic with a Higher Diploma in Civil Engineering in November 1979 and joined EXCEL in the same year. He has worked in the construction industry for over 30 years and gained extensive experience in the executive role in construction companies. He is the Authorised Signatory of EXCEL as Registered Specialist Contractors (foundation works) and (formation works) and Registered General Building Contractor of the Buildings Department. Mr. Li was a member of the Contractors Registration Committee Panel from January 2009 to December 2012. Mr. Li is also a Council Member of the Hong Kong Construction Association.

Mr. Poon Yan Min (潘潤棉)

Mr. Poon Yan Min, aged 51, is an executive Director, responsible for our Group's on implementation of works and the overall management of contracts. Mr. Poon obtained a Bachelor of Science Degree in Engineering from the University of Hong Kong in November 1986 and a Master of Science Degree in Engineering Management from City University of Hong Kong in November 2002. He is a corporate member of the Hong Kong Institution of Engineers ("HKIE") and a Registered Professional Engineer (Civil). He has over 25 years of experience in the construction of roads and drainage, site formation, waterworks and building works including over 10 years in EXCEL, and 9 years in Mass Transit Railway Corporation ("MTR Corporation") as Construction Engineer from 1995 to 2004, responsible for supervision of various railway construction projects, including the Lantau and Airport project, Tseung Kwan O extension project and the Mei Foo Station Interchange for the West Rail Interface Works. He is the Authorised Signatory for EXCEL as Registered General Building Contractor of the Buildings Department. He is also a Engineering Supervisor for EXCEL in the HKIE Engineering Graduate Training (Scheme A) for graduate engineers.

Non-executive Director**Mr. Yau Kwok Fai (游國輝)**

Mr. Yau Kwok Fai, aged 47, is a non-executive Director and non-executive chairman of our Company and is responsible for the overall planning and formulation of strategic directions and provision of operation guidance of our Group. Mr. Yau has been a member of the board of directors of Vantage since 2000 and is the deputy chairman and chief executive officer of Vantage. As at the Latest Practicable Date, he was also interested in 2.25% in the issued share capital of Vantage which indirectly owns 100% of the issued share capital of Able Contractors, our largest sub-contractor for each of the three years ended 31 March 2013 and the four months ended 31 July 2013. Mr. Yau has about 23 years of experience in the construction industry. Mr. Yau graduated with Bachelor Degree of Engineering in Civil Engineering (First Class Honours) from the Hong Kong Polytechnic in November 1990. He obtained a Diploma of the Imperial College in Structural Steel Design from the Imperial College London in July 1991 and a Master of Science Degree with Distinction in Structural Steel Design from the Imperial College of Science, Technology and Medicine, University of London in August 1991. He is a Chartered Engineer and a corporate member of the Institution of Civil Engineers, the Institution of Structural Engineers and the HKIE, a Registered Professional Engineer (Civil & Structural) and a Registered Structural Engineer. Mr. Yau and Mr. Ngai, an executive director and the Chairman of Vantage, are brothers-in-law.

Independent non-executive Directors**Dr. Law Kwok Sang (羅國生)**

Dr. Law Kwok Sang, aged 69, is an independent non-executive Director. Dr. Law is currently the Adjunct Professor of the Department of Civil Engineering, University of Hong Kong and Zhengzhou University, PRC. Dr Law obtained a Bachelor Degree in Engineering in November 1967 and a Master Degree of Philosophy in October 1977 from the University of Hong Kong. He also obtained a Doctorate Degree in Education in December 2001 from the University of Durham, UK. He is a Fellow of the HKIE, the Institution of Structural Engineers, UK and the Institution of Civil Engineers, UK, an Authorised Person (Engineer), a Registered Structural Engineer and a Class 1 Registered Structural Engineer of PRC.

Dr. Law was the Chairman of the Authorised Person/Registered Structural Engineer/Registered Geotechnical Engineer Committee from 2007 to 2010.

Dr. Law has been a Member of the Disciplinary Board (Lifts and Escalators (Safety) Ordinance (Cap. 327)) and a Member of the Building Safety Loan Scheme Vetting Committee and the Appeal Board Panel (Amusement Rides (Safety)). He was also a Member of the Geotechnical Engineers Registration Committee Panel from 2004 to 2006 and a Member of the Planning Sub-committee of the Land and Development Advisory Committee from 2009 to 2012. He has also been a Member of the Authorised Persons Registration Committee Panel since 2012.

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

Dr. Law was presented the A.E. Wynn Prize in 1973 in recognition of his performance in the Chartered Membership Examination of the Institution of Structural Engineers, UK.

Professor Patrick Wong Lung Tak, B.B.S., J.P. (黃龍德)

Professor Patrick Wong Lung Tak, B.B.S., J.P., aged 65, is an independent non-executive Director. He is a Certified Public Accountant (Practising) in Hong Kong and the managing practising director of Patrick Wong CPA Limited. He has over 30 years experience in the accountancy profession. Professor Wong holds a Doctor of Philosophy in Business degree, was awarded a Badge of Honour by the Queen of England in 1993 and was appointed a Justice of the Peace in 1998. He was also awarded a Bronze Bauhinia Star by the Government of the Hong Kong Special Administrative Region in 2010. He has been appointed Adjunct Professor, School of Accounting and Finance of the Hong Kong Polytechnic University from 2002 to 2013. Professor Wong is an independent non-executive director of Galaxy Entertainment Group Limited, China Precious Metal Resources Holdings Co., Ltd., C C Land Holdings Limited, Water Oasis Group Limited, Sino Oil and Gas Holdings Limited, Real Nutraceutical Group Limited, Guangzhou Baiyunshan Pharmaceutical Holdings Company Limited and Winox Holdings Limited, all of which are listed on the Main Board of the Stock Exchange. Professor Wong is also an independent non-executive director of National Arts Holdings Limited (listed on the Growth Enterprise Market of the Stock Exchange).

Ms. Mak Suk Hing (麥淑卿)

Ms. Mak Suk Hing, aged 60, is an independent non-executive Director. Ms. Mak obtained a Bachelor Degree in Science in October 1975 and a Diploma of Education in December 1980, both from the Chinese University of Hong Kong. She was the principal of Tai Po Government Secondary School from 1997 to 2000 and the principal of South Tuen Mun Government Secondary School from 2000 to 2008. Ms. Mak is currently the Assessor for Needs Analysis for Aspiring Principals Programme in the Chinese University of Hong Kong. Ms. Mak is a member of New Territories East Region of the Scout Association of Hong Kong. She was also a committee member of the School Management Committee of the Clementi Secondary School from September 2011 to August 2013.

Senior Management

Mr. Tang Quoc Tri (曾國智)

Mr. Tang Quoc Tri, aged 44, joined our Group in September 2002. He is the Contracts Manager of our Group, responsible for the implementation of works and the overall management of contracts. Mr. Tang obtained a Bachelor Degree in Civil Engineering in July 1994 from the South Bank University, London, United Kingdom, Master of Science in Structural Engineering in November 2002, Master of Science in Construction Law and Dispute Resolution in October 2008 and Master of Business Administration in November 2010 all from the Hong Kong Polytechnics University. He is a Chartered Engineer of Engineering Council, United Kingdom and a corporate member of the Institution of Civil Engineers, the Institution of Structural Engineers and HKIE, and a Registered Professional Engineer (Civil & Structural). He has around 20 years of experience in the construction of

road and drainage, site formation, landslip prevention, waterworks and building works. Before he joined our Group, Mr. Tang worked in Scott Wilson (Hong Kong) Ltd (“**Scott Wilson**”) as Assistant Engineer from September 1994 to April 1996, during which he has been engaged in both design and site supervision of geotechnical and building structural engineering works. He also worked as Assistant Resident Engineer for the Duplicate Tsing Yi South Bridge Project for the Territory Development Department from April 1996 to October 1997, and was responsible for site supervision of bridges and associated civil engineering construction works. He then worked as Assistant Resident Engineer with Scott Wilson for the Water Supply from China Beyond 1994 project, responsible for the final account preparation and contractual claim assessment for the project from November 1997 to January 1998. He later rendered his service to Montgomery Watson as Assistant Resident Engineer for the Strategic Sewage Disposal Scheme — Stage 1. Principal Collection and Treatment System project from January 1998 to August 1999 when he was responsible for site supervision of sewage treatment plant construction before he was employed by Mouchel Asia Limited as an Engineer from August 2001 to September 2002, where he was seconded to Architectural Services Department as Resident Engineer as well as worked on several school projects. He is the Authorised Signatory for EXCEL as a Registered General Building Contractor of the Buildings Department. He is also a Engineering Supervisor for EXCEL in the HKIE Engineering Graduate Training (Scheme A) for graduate engineers.

Mr. Cheung Lok Wan (張樂雲)

Mr. Cheung Lok Wan, aged 35, joined our Group in August 2001. He is the Engineering Manager of our Group, responsible for the engineering matters including estimating, tender, purchasing, budget and sub-contracts. Mr. Cheung obtained a Bachelor Degree in Civil Engineering in November 2001 from the University of Hong Kong. He is a corporate member of the HKIE and a Registered Professional Engineer (Civil). He has over 10 years of experience in the construction of road and drainage works, waterworks, building works and building maintenance works. He is also a Tutor for EXCEL in of the HKIE Engineering Graduate Training (Scheme A) for graduate engineers.

Mr. Chan Kai Wing (陳繼榮)

Mr. Chan Kai Wing, aged 63, joined our Group in June 2010. He is the Project Manager of our Group, responsible for the implementation of works and the overall management of infrastructure network contracts. Mr. Chan obtained a Diploma in Management Studies in June 1987 awarded jointly by Hong Kong Polytechnic and Hong Kong Management Association. Before he joined our Group, Mr. Chan worked in HKT Group from September 1970 and left as Manager in the Field Services in March 2010, responsible for planning, design, building and providing maintenance of external telecommunication plant for HKT Group, where he has accumulated over 40 years of experience in the telecommunications industry.

Mr. Tse Lap Chi (謝立志)

Mr. Tse Lap Chi, aged 36, joined our Group in July 2000. He is the Project Manager of our Group, responsible for all activities on site to ensure the efficient running of a project and effective use of resources. Mr. Tse obtained a Bachelor Degree of Engineering in Civil and Structural Engineering in November 1999 from the Hong Kong University of Science and Technology. He is a corporate member of the HKIE and a Registered Professional Engineer (Civil). He has over 10 years of experience in the construction of road and drainage, utilities, site formation, waterworks and building works. He is also a Tutor for EXCEL in the HKIE Engineering Graduate Training (Scheme A) for graduate engineers.

Mr. Lai Kon Ting (黎幹廷)

Mr. Lai Kon Ting, aged 34, joined our Group in July 2001. He is the Project Manager of our Group, responsible for all activities on site to ensure the efficient running of a project and effective use of resources. Mr. Lai obtained a Bachelor Degree in Civil and Structural Engineering in November 2001 from the Hong Kong University of Science and Technology. He is a Chartered Engineer of Engineering Council, United Kingdom and a corporate member of the Institution of Civil Engineers and the HKIE as well as a Registered Professional Engineer (Civil). He has over 10 years of experience in the construction of road and utilities works, landslip prevention, waterworks and building works. He is also a Tutor for EXCEL in the HKIE Engineering Graduate Training (Scheme A) for graduate engineers.

Mr. Wong Kin Sang (黃健生)

Mr. Wong Kin Sang, aged 33, joined our Group in January 2003. He is the Project Manager of our Group, responsible for all activities on site to ensure the efficient running of a project and effective use of resources. Mr. Wong obtained a Bachelor Degree in Civil and Structural Engineering in November 2002 from the Hong Kong University of Science and Technology. He is a corporate member of the HKIE. He has over 10 years of experience in the construction of waterworks, road and utilities works, landslip prevention and building works. He is also a Tutor for EXCEL in the HKIE Engineering Graduate Training (Scheme A) for graduate engineers.

Mr. Wong Kin Yan (王建殷)

Mr. Wong Kin Yan, aged 44, joined our Group in December 1999. He is the Environmental and Quality Manager of our Group, responsible for the implementation and maintenance of our Company's environmental and quality management systems. Mr. Wong obtained a Bachelor Degree in Applied Science in December 1994 from Hong Kong Baptist University. He is a Chartered Environmentalist and a corporate member of the Society of Environmental Engineers. Before he joined our Group, Mr. Wong worked as Environmental Consultant in Atkins China Ltd from October 1998 to August 1999, responsible for coordination of various projects and undertaking environmental impact assessments (EIA). He has over 15 years of experience in the environmental and quality management in the construction field. He is the Management Representative of EXCEL's ISO 9001 Quality Management System and ISO14001 Environmental Management System.

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

Ms. Cheung Wa Yung (張華容)

Ms. Cheung Wa Yung, aged 52, joined our Group in August 2001 and has been a Director of GADELLY since July 2005 and the Accounting Manager of our Group. She obtained a Bachelor Degree in Commerce in June 1984 from University of Toronto, Canada. She is a member of both the Hong Kong Institute of Certified Public Accountants and the Institute of Chartered Accountants of Ontario in Canada. She has over 20 years of accounting experience.

Ms. Tse Sau Mui Axity (謝秀梅)

Ms. Tse Sau Mui Axity, aged 48, joined our Group in June 2004. She is the Administration Manager of our Group, responsible for the implementation of administrative system to ensure the smooth operation of our Company and performing the human resources functions. She obtained a Bachelor Degree in Business Administration in December 1988 from the Chinese University of Hong Kong. She has 20 years of administration and human resources management experience.

None of the senior management had any directorship in any public companies, the securities of which are listed on any securities market in Hong Kong or overseas in the three years immediately preceding the date of this prospectus.

COMPANY SECRETARY

Mr. Liu Shiu Yuen (廖筱原), aged 33, joined our Group in September 2012. He was appointed as our Company Secretary on 3 July 2013. Mr. Liu is also our Financial Controller. Mr. Liu obtained a Bachelor Degree of Arts (Hons) in Accountancy in November 2002 from The Hong Kong Polytechnic University. He has over 10 years of accounting, auditing and related experience. Mr. Liu is a member of the Hong Kong Institute of Certified Public Accountants.

COMPLIANCE WITH THE CG CODE

Our Company has adopted the CG Code in accordance with Rule 13.89(1) of the Listing Rules and has complied with the applicable Listing Rules.

BOARD COMMITTEES

Audit Committee

Our Company established an audit committee pursuant to a resolution of our Board of Directors passed on 21 November 2013 in compliance with Rule 3.21 of the Listing Rules. Written terms of reference in compliance with Rule 3.22 paragraph C3.3 of the Corporate Governance Code as set out in Appendix 14 of the Listing Rules has been adopted. The primary duties of the audit committee are mainly to make recommendations to the Board on the appointment and removal of external auditor; monitor the integrity of the financial statements, annual reports and interim reports and review significant financial reporting judgements contained in them; and oversee financial reporting system and internal control

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

procedures of our Company. At present, the audit committee of our Company consists of 3 members who are Dr. Law Kwok Sang, Professor Patrick Wong Lung Tak *B.B.S., J.P.* and Ms. Mak Suk Hing. Professor Patrick Wong Lung Tak *B.B.S., J.P.* is the chairman of the audit committee.

Remuneration Committee

Our Company established a remuneration committee pursuant to a resolution of our Board of Directors passed on 21 November 2013 in compliance with Rule 3.25 of the Listing Rules. Written terms of reference in compliance with paragraph B1.2 of the Corporate Governance Code as set out in Appendix 14 of the Listing Rules has been adopted. The primary duties of the remuneration committee are mainly to make recommendations to the Board on the overall remuneration policy and structure relating to all Directors and senior management of our Group; review remuneration proposals of the management with reference to the Board's corporate goals and objectives; and ensure none of our Directors or any of their associates determine their own remuneration. At present, the remuneration committee of our Company consists of 4 members who are Mr. Li Chi Pong, Dr. Law Kwok Sang, Professor Patrick Wong Lung Tak *B.B.S., J.P.* and Ms. Mak Suk Hing. Dr. Law Kwok Sang is the chairman of the remuneration committee.

Nomination Committee

Our Company established a nomination committee pursuant to a resolution of our Board of Directors passed on 21 November 2013. Written terms of reference in compliance with paragraph A5.2 of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules has been adopted. The primary function of the nomination committee is to review the structure, size, composition and diversity of the Board and make recommendations to the Board on the selection of, individuals nominated for directorships, appointment or re-appointment of Directors and succession planning for Directors. The nomination committee consists of 4 members, namely Mr. Yau Kwok Fai, Dr. Law Kwok Sang, Professor Patrick Wong Lung Tak *B.B.S., J.P.* and Ms. Mak Suk Hing. Mr. Yau Kwok Fai is the chairman of the nomination committee.

DIRECTORS' REMUNERATION

Our Directors receive compensation in the form of fees, salaries, allowances and retirement benefit scheme entitlement. We also reimburse our Executive Directors for expenses which are reasonably incurred for or discharging their duties in relation to our business. When reviewing and determining the specific remuneration packages for our Directors, our remuneration committee takes into consideration factors such as salaries paid by comparable companies, time commitment and responsibilities of our Directors and employment conditions elsewhere in our Group.

The aggregate amount of remuneration (including fees, salaries, allowances, retirement benefit scheme entitlement, discretionary bonuses, and other allowances and benefit in kind) paid to our Directors for each of the three years ended 31 March 2013 and the four months ended 31 July 2013 were approximately HK\$3.6 million, HK\$5.1 million, HK\$5.7 million and HK\$2.8 million respectively.

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

The aggregate amount of employee's emoluments (including salaries, allowances and retirement benefit scheme entitlement) paid to our five highest paid individuals of our Company for the three years ended 31 March 2013 and the four months ended 31 July 2013 were approximately HK\$6.0 million, HK\$8.1 million, HK\$9.1 million and HK\$3.7 million respectively.

COMPLIANCE ADVISER

We will appoint Mizuho Securities Asia Limited as our compliance adviser pursuant to Rules 3A.19 of the Listing Rules. Pursuant to Rule 3A.23 of the Listing Rules, the compliance adviser will advise us in the following circumstances:

- (a) before the publication of any regulatory announcement, circular or financial report;
- (b) where a transaction, which might be a notifiable or connected transaction, is contemplated including share issues and share repurchases;
- (c) where our Company proposes to use the proceeds of the Share Offer in a manner different from that detailed in this prospectus or where the business activities, developments or results of the listed issuer deviate from any forecast, estimate, or other information in this prospectus; and
- (d) where the Stock Exchange makes any inquiry of our Company under Rule 13.10 of the Listing Rules.

The term of the appointment shall commence on the Listing Date and end on the date on which we distribute our annual report in respect of our financial results for the first full financial year commencing after the Listing Date and such appointment may be subject to extension by mutual agreement.

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

EMPLOYEES

As of Latest Practicable Date, we had 331 employees, broken down by function as follows:

Function	Number of employees
Senior management	8
Administration, accounting and finance	10
Tender and estimating	6
Project management	67
Site staff	<u>240</u>
Total	<u><u>331</u></u>

During the Track Record Period, the total number of employees increased from 240 to 359.

RELATIONSHIP WITH EMPLOYEES

During the Track Record Period, we did not experience any disruption to our operations due to labour disputes nor did we experience any difficulty in the recruitment and retention of experienced staff. Our Directors believe that we have maintained a good working relationship with our employees.

SUBSTANTIAL SHAREHOLDERS

So far as is known to our Directors, immediately following the completion of the Share Offer and the Capitalisation Issue (but without taking into account any Shares which may be issued upon the exercise of the Offer Size Adjustment Option), the following persons (not being our Director or chief executive of our Company) will have an interest or a short position in the Shares or underlying Shares which would fall to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or be directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of our Group:

Name	Nature of interest	Class of securities <i>(Note 1)</i>	Total number of Shares	Approximate percentage of issued Shares immediately after the Share Offer and the Capitalisation Issue <i>(Note 2)</i>
Vantage <i>(Note 3)</i>	Interest in a controlled corporation	Ordinary (L)	150,000,000	75%
Profit Chain <i>(Note 3)</i>	Beneficial owner	Ordinary (L)	150,000,000	75%
Winhale Ltd. <i>(Note 4)</i>	Interest in a controlled corporation	Ordinary (L)	150,000,000	75%
Braveway Limited <i>(Note 5)</i>	Interest in a controlled corporation	Ordinary (L)	150,000,000	75%
HSBC International Trustee Trustee Limited <i>(Note 5)</i>		Ordinary (L)	150,000,000	75%
Mr. Ngai <i>(Note 6)</i>	Interest in a controlled corporation	Ordinary (L)	150,000,000	75%

SUBSTANTIAL SHAREHOLDERS

Notes:

1. *The letter “L” denotes the person’s long position in such Shares.*
2. *Assuming the Offer Size Adjustment Option is not exercised.*
3. *Profit Chain is wholly-owned by Vantage. As such, Vantage is deemed to be interested in the 150,000,000 Shares owned by Profit Chain by virtue of the SFO.*
4. *Winhale Ltd. is ultimately beneficially owned by the Xyston Trust, a discretionary family trust settled by Mr. Ngai for the benefits of himself and his family members. Winhale Ltd. is deemed to be interested in 150,000,000 Shares held by Profit Chain under the SFO by virtue of its interest in 48.02% of the voting shares in Vantage. Profit Chain is wholly-owned by Vantage.*
5. *Braveway Limited and HSBC International Trustee Limited are deemed to be interested in the shares of Vantage held by Winhale Ltd. by virtue of the fact that Winhale Ltd. is wholly owned by the trust of which Braveway Limited is the trustee. This trust is in turn 99.99% owned by Xyston Trust which HSBC International Trustee Limited is the trustee. Braveway Limited and HSBC International Trustee Limited are deemed to be interested in 150,000,000 Shares held by Profit Chain under the SFO by virtue of their interest in 48.02% of the voting shares in Vantage. Profit Chain is wholly-owned by Vantage.*
6. *Mr. Ngai, is interested in 1,080,011,200 shares of Vantage, which comprise 6,250,800 shares held by himself, the deemed interest in 838,760,400 shares held by Winhale Ltd. and 235,000,000 shares held by Fame Yield International Limited by virtue of his interest in the entire issued share capital of Fame Yield International Limited and he was the settlor and a beneficiary of the Xyston Trust. Mr. Ngai is deemed to be interested in 150,000,000 Shares held by Profit Chain under the SFO by virtue of his interest in approximately 61.83% of the voting shares in Vantage. Profit Chain is wholly-owned by Vantage.*

Save as disclosed herein, our Directors are not aware of any persons who immediately following the completion of the Share Offer, will have an interest or a short position in the Shares which would be required to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or be directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of our Group.

For details of our Director’s interests in Shares immediately following the completion of the Share Offer, please refer to the section headed “Further Information about Directors and Substantial Shareholders” in Appendix IV to this prospectus.

SHARE CAPITAL

<i>Authorised share capital:</i>	<i>HK\$</i>
500,000,000 Shares	5,000,000

Assuming the Offer Size Adjustment Option is exercised, the share capital of our Company immediately following the Share Offer and the Capitalisation Issue will be as follows:

Issued and to be issued, fully paid or credited as fully paid:

50,000,000 Shares in issue at the date of this prospectus	500,000
100,000,000 Shares to be issued pursuant to the Capitalisation Issue	1,000,000
50,000,000 Shares to be issued pursuant to the Share Offer	500,000
7,500,000 Shares to be issued on exercise of the Offer Size Adjustment Option	75,000

ASSUMPTIONS

This table assumes the Share Offer becomes unconditional and the Capitalisation Issue is completed. It also assumes that the Offer Size Adjustment Option has been exercised.

It takes no account of any Shares which may be allotted, issued or repurchased by our Company under the general mandates granted to our Directors as referred to below.

RANKING

The Offer Shares will rank *pari passu* in all respects with all Shares now in issue or to be issued as mentioned herein, and will qualify in full for all dividends or other distributions declared, made or paid on the Shares after the date of this prospectus except in respect of the Capitalisation Issue.

GENERAL MANDATE TO ISSUE SHARES

Our Directors have been granted a general unconditional mandate to allot, issue and deal with unissued Shares with an aggregate nominal value of not more than the sum of:

1. 20% of the aggregate nominal value of the share capital of our Company in issue immediately following the completion of the Share Offer and the Capitalisation Issue but before any exercise of the Offer Size Adjustment Option; and
2. the aggregate nominal amount of any share capital of our Company repurchased by our Company under the authority referred to in the paragraph headed “General mandate to repurchase Shares” below.

SHARE CAPITAL

Our Directors may, in addition to Shares which they are authorised to issue under the mandate, allot, issue or deal with Shares under a rights issue, scrip dividend scheme or similar arrangement.

This mandate will expire at the earliest of:

- at the conclusion of the next annual general meeting of our Company;
- at the expiration of the period within which the next annual general meeting of our Company is required by the Articles of Association or any other applicable laws of the Cayman Islands to be held; and
- when such mandate is revoked or varied by an ordinary resolution of the Shareholders of our Company in general meeting.

For further details of this general mandate, see the paragraph headed “Written resolutions of our sole Shareholder” in Appendix IV to this prospectus.

GENERAL MANDATE TO REPURCHASE SHARES

Our Directors have been granted a general unconditional mandate to exercise all the powers of our Company to repurchase Shares with a total nominal value of up to 10% of the aggregate nominal amount of the Shares in issue immediately following completion of the Share Offer and the Capitalisation Issue (excluding any Shares issued on any exercise of the Offer Size Adjustment Option).

This mandate only relates to repurchases made on the Stock Exchange, or on any other stock exchange on which the Shares are listed (and which are recognised by the SFC and the Stock Exchange for this purpose), and which are in accordance with the Listing Rules. A summary of the relevant Listing Rules is set out in the paragraph headed “Repurchase by our Company of Shares” in Appendix IV to this prospectus.

This mandate will expire at the earliest of:

- at the conclusion of the next annual general meeting of our Company;
- at the expiration of the period within which the next annual general meeting of our Company is required by the Articles of Association of our Company or any other applicable laws of the Cayman Islands to be held; and
- when such mandate is revoked or varied by an ordinary resolution of the shareholders of our Company in general meeting.

For further details of this general mandate, see the paragraph headed “Written resolutions of our sole Shareholder” in Appendix IV to this prospectus.

FINANCIAL INFORMATION

You should read this section in conjunction with our audited combined financial information, including notes thereto, as set forth in Appendix I — “Accountants’ Report.” The financial information has been prepared in accordance with HKFRSs.

The following discussion and analysis contains certain forward-looking statements that reflect our current views with respect to future events and financial performance. These statements are based on assumptions and analysis made by us in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. However, whether actual outcomes and developments will meet our expectations and predictions depends on a number of risks and uncertainties over which we do not have control. Please see the section entitled “Risk Factors” in this prospectus.

OVERVIEW

Our Group is principally engaged in construction business in Hong Kong as a main contractor. With an operating history of over 37 years, we have been providing civil engineering construction services to the public and private sectors in Hong Kong which is our core business. Our civil engineering construction works include (i) waterworks; (ii) roads and drainage works; (iii) landslip preventive and remedial works to slopes and retaining walls; and (iv) utilities civil engineering works, for the public and private sectors in Hong Kong. We have also been engaged in certain contract works for building construction and maintenance, but as part of the effort to ensure clear delineation of business activities between our Group and the Retained Vantage Group after the Spin-off, our Group will continue to focus on civil engineering construction business which is our core business and shall cease to engage in building construction and maintenance works except for TW7 Project which is expected to be completed in mid-2014.

FACTORS AFFECTING OUR GROUP’S RESULTS OF OPERATIONS AND FINANCIAL CONDITION

We believe the most significant factors affecting our results of operations and financial conditions are as follows:

- **Spending from the public and private sectors on civil engineering works**

Our civil engineering construction business largely depends on the Government’s public spending as well as spending from the private sector to construct and maintain waterworks, roads and drainage works, landslip prevention works and other infrastructure in Hong Kong. Reduction in the expenditures on civil engineering works will reduce the demand for civil engineering construction works in Hong Kong which may also affect the prices for our services. With a reduction in demand and/or lowering in contract sums, our business, financial condition and results of operations, future growth in revenue, gross profit and cash flow may be adversely affected.

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- **Ability to control and manage our costs**

The main component of our contract costs is sub-contracting fees paid to our sub-contractors. During the Track Record Period, our sub-contracting fees amounted to approximately HK\$604 million, HK\$625 million, HK\$945 million and HK\$616 million respectively for each of the three years ended 31 March 2013 and the four months ended 31 July 2013. Accordingly, our profitability depends significantly on our ability to control and manage our sub-contracting fees. We enter into sub-contractor agreements with our sub-contractors which specify the amount or the agreed calculation of sub-contracting fees after securing project contracts. However, our contracts were mainly secured by way of tender. When we submit our tender or our initial proposals to our potential customers, we need to estimate the corresponding contract costs (which mainly include sub-contracting fees). Normally we discuss with and get quotes from sub-contractors to have a better estimate on the required sub-contracting fees before making tender to our customers. However, the actual contract costs (including sub-contracting fees) will not be determined until after we have entered into agreements with our sub-contractors and may be different from our estimation due to shortage of labour and materials and other unforeseen reasons. In the event that the contract costs (including sub-contracting fees) increase unexpectedly during the time lag, our financial performance and profitability will be adversely affected.

- **Progress to complete projects according to specifications, quality and safety standards**

Our projects must be completed in accordance with customers' specifications, quality standards, safety measures and the time frame. Failure to comply with any of these requirements may make us liable to pay penalties or damages, which may not only tarnish our reputation but also have an adverse effect on our profitability.

BASIS OF PRESENTATION

On 21 November 2013, our Company became the holding company of the subsidiaries now comprising our Group pursuant to the Reorganisation, details of which are set out in the sub-paragraph headed "Statutory and General Information — Further Information about our Company — Reorganisation" in Appendix IV to this prospectus. The Reorganisation involved business combinations of entities under common control before and immediately after the Reorganisation. Our Group resulting from the Reorganisation is regarded and accounted for as a continuing group. Accordingly, the combined statements of comprehensive income, combined statements of changes in equity and combined statements of cash flows of the Group for the Track Record Period have been prepared on a combined basis by applying the principles of merger accounting and include the financial information of the companies now comprising our Group as if the current group structure had been in existence throughout the Track Record Period. The combined statements of financial position of our Group as at 31 March 2011, 2012 and 2013 and 31 July 2013 have been prepared on a combined basis by applying the principles of merger accounting to

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present the assets and liabilities of our Group as at the end of the reporting periods as if the current structure of our Group had been in existence at those dates. No adjustments are made to reflect fair values, or recognise any new assets or liabilities as a result of the Reorganisation.

All intra-group transactions and balances have been eliminated on combination.

CRITICAL ACCOUNTING POLICIES

Our Group's financial information has been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The preparation of our Group's financial information in conformity with HKFRSs requires our Group's management to adopt accounting policies and make estimates and assumptions that affect amounts reported in our Group's financial information. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

The following paragraphs discuss the critical accounting policies applied in preparing our Group's financial information:

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to our Group and when the revenue can be measured reliably, on the following bases:

- (a) from construction, renovation and other contracts, based on the percentage of completion basis, as further explained in the accounting policy for "Construction, renovation and other contracts" below;
- (b) interest income, on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset; and
- (c) management fee income is recognised when the management fee services are rendered.

Construction, renovation and other contracts

Contract revenue comprises the agreed contract sum and appropriate amounts from variation orders, claims and incentive payments. Contract costs incurred comprise direct materials, the costs of sub-contracting, direct labour and an appropriate proportion of variable and fixed construction overheads.

Revenue from fixed price contracts is recognised on the percentage of completion method, measured by reference to the percentage of certified value of work performed to date to the total contract sum of the relevant contracts.

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Revenue and profit recognition on contract works is dependent on the estimation of the total outcome of the construction contract, as well as the work performed to date. Based on our Group's past experience and the nature of the contract activities undertaken by our Group, our Group makes estimates of the point at which it considers the work is sufficiently advanced such that the costs to complete and the revenue can be reliably estimated. As a result, until this point is reached, the amount due from customers for contract works will not include profit which our Group may eventually realise from the work performed to date. In addition, actual outcomes in terms of total contract costs and/or revenue may be higher or lower than those estimated at the end of each of the Track Record Period, which would affect the revenue and profit recognised in future years.

Significant assumptions are required to estimate the total contract costs and the recoverable variation works that will affect whether any provision is required for foreseeable losses. The estimates are made based on past experience and knowledge of the project management.

Provision is made for foreseeable losses as soon as they are anticipated by management. Where contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is treated as an amount due from customers for contract works. Where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is treated as an amount due to customers for contract works.

Investments and other financial assets

Initial recognition and measurement

Financial assets within the scope of Hong Kong Accounting Standard 39 (“**HKAS 39**”) are classified as loans and receivables. Our Group determines the classification of its financial assets at initial recognition. When financial assets are recognised initially, they are measured at fair value plus transaction costs.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that our Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Our Group's financial assets include accounts and other receivables, deposits, amounts due from a joint venture and the Retained Vantage Group, a pledged deposit and cash and cash equivalents.

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Subsequent measurement

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such assets are subsequently measured at amortised cost using the effective interest rate method less any allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in other income and gains in profit or loss. The loss arising from impairment is recognised in profit or loss.

Impairment of financial assets

Our Group assesses at the end of each of the Track Record Period whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (an incurred “loss event”) and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of HKAS 39 are classified as loans and borrowings. Our Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

Our Group’s financial liabilities include accounts and other payables, an amount due to Vantage and interest-bearing bank loans.

Subsequent measurement

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

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Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in profit or loss.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each of the Track Record Period, taking into consideration interpretations and practices prevailing in the countries in which our Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of each of the Track Record Period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries and a joint venture, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

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- in respect of deductible temporary differences associated with investments in subsidiaries and a joint venture, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each of the Track Record Period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each of the Track Record Period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each of the Track Record Period.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

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SUMMARY OF OPERATING RESULTS

The table below sets out a summary of our combined statements of comprehensive income during the Track Record Period, which was derived from the Accountants' Report as set out in Appendix I to this prospectus:

	Year ended 31 March			Four months ended 31 July	
	2011	2012	2013	2012	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	673,168	690,043	984,296	326,719	653,993
Contract costs	<u>(627,650)</u>	<u>(641,086)</u>	<u>(928,785)</u>	<u>(313,999)</u>	<u>(629,611)</u>
Gross profit	45,518	48,957	55,511	12,720	24,382
Other income and gains	2,606	3,607	16,973	5,484	3,283
Administrative expenses	(18,264)	(18,839)	(22,678)	(6,202)	(11,248)
Finance costs	<u>—</u>	<u>(33)</u>	<u>(1,865)</u>	<u>(337)</u>	<u>(196)</u>
Profit before tax	29,860	33,692	47,941	11,665	16,221
Income tax expense	<u>(4,898)</u>	<u>(5,522)</u>	<u>(7,875)</u>	<u>(1,904)</u>	<u>(3,518)</u>
Profit and total comprehensive income for the year/period	<u>24,962</u>	<u>28,170</u>	<u>40,066</u>	<u>9,761</u>	<u>12,703</u>
Profit and total comprehensive income attributable to owners of the parent	<u>24,962</u>	<u>28,170</u>	<u>40,066</u>	<u>9,761</u>	<u>12,703</u>

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REVIEW OF OUR GROUP'S OPERATING RESULTS

Contributions from civil engineering works and building construction and maintenance

We are principally engaged in civil engineering construction business. However, due to the overall strategies and considerations of the Vantage Group, in particular, on diversification of risks and establishing track records on different nature of construction projects among member companies of the Vantage Group, we have also been engaged in certain contract works for building construction and maintenance.

As a result, during the Track Record Period, we derived our revenues from contract works for both civil engineering and building construction and maintenance.

The tables below set out a breakdown of our revenue, contract costs and gross profit from each category described above during the Track Record Period:

	Year ended 31 March 2011					
	Civil engineering works		Building construction and maintenance works		Total	
	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%
Revenue from contract works	302,166	44.9%	371,002	55.1%	673,168	100%
Contract costs	<u>(256,653)</u>	<u>40.9%</u>	<u>(370,997)</u>	<u>59.1%</u>	<u>(627,650)</u>	<u>100%</u>
Gross profit	<u>45,513</u>	<u>100%</u>	<u>5</u>	<u>—</u>	<u>45,518</u>	<u>100%</u>
Gross profit margin		15.1%		—		6.8%

	Year ended 31 March 2012					
	Civil engineering works		Building construction and maintenance works		Total	
	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%
Revenue from contract works	476,902	69.1%	213,141	30.9%	690,043	100%
Contract costs	<u>(430,484)</u>	<u>67.1%</u>	<u>(210,602)</u>	<u>32.9%</u>	<u>(641,086)</u>	<u>100%</u>
Gross profit	<u>46,418</u>	<u>94.8%</u>	<u>2,539</u>	<u>5.2%</u>	<u>48,957</u>	<u>100%</u>
Gross profit margin		9.7%		1.2%		7.1%

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	Year ended 31 March 2013					
	Civil engineering works		Building construction and maintenance works		Total	
	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%
Revenue from contract works	459,389	46.7%	524,907	53.3%	984,296	100%
Contract costs	<u>(409,045)</u>	<u>44.0%</u>	<u>(519,740)</u>	<u>56.0%</u>	<u>(928,785)</u>	<u>100%</u>
Gross profit	<u>50,344</u>	<u>90.7%</u>	<u>5,167</u>	<u>9.3%</u>	<u>55,511</u>	<u>100%</u>
Gross profit margin		11.0%		1.0%		5.6%

	Four months ended 31 July 2013					
	Civil engineering works		Building construction and maintenance works		Total	
	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%
Revenue from contract works	218,873	33.5%	435,120	66.5%	653,993	100%
Contract costs	<u>(199,062)</u>	<u>31.6%</u>	<u>(430,549)</u>	<u>68.4%</u>	<u>(629,611)</u>	<u>100%</u>
Gross profit	<u>19,811</u>	<u>81.3%</u>	<u>4,571</u>	<u>18.7%</u>	<u>24,382</u>	<u>100%</u>
Gross profit margin		9.1%		1.1%		3.7%

During the Track Record Period, all of our contracts undertaken for both civil engineering construction business and building construction and maintenance business were for customers which are Independent Third Parties including certain departments of the Government, public utilities companies, and private organisations in Hong Kong, and we acted as the main contractor for all such contracts.

For our civil engineering construction business, we completed 9 projects during the Track Record Period, and had 13 significant projects in progress as at the Latest Practicable Date. During the Track Record Period, for the sub-contracting arrangement we entered into for the execution of our civil engineering construction projects, all the relevant sub-contractors were Independent Third Parties, except for the TKO Project which we sub-

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contracted to the Retained Vantage Group. For the TKO Project, we recorded revenue of approximately HK\$8,056,000, HK\$1,177,000, nil and nil, and gross profit of approximately HK\$242,000, HK\$35,000, nil and nil respectively for each of the three years ended 31 March 2013 and the four months ended 31 July 2013.

For our building construction and maintenance business, during the Track Record Period, we were engaged in only two building construction projects, both of which were related to private residential property developments by independent property developers, namely MOS Project which was completed in March 2011 and TW7 Project which started in August 2011 and is expected to be completed by mid-2014. We sub-contracted both MOS Project and TW7 Project to the Retained Vantage Group, further information for which are set out in the sections headed “Relationship with Controlling Shareholders” and “Connected Transactions” in this prospectus. In addition, we were also engaged in certain building maintenance works of relatively small contract sums during the Track Record Period, for which we recorded revenue of approximately HK\$338,000, HK\$186,000, HK\$1,010,000 and HK\$2,150,000 for each of the three years ended 31 March 2013 and the four months ended 31 July 2013.

Upon the Listing, our Group shall not take up any new building construction projects and maintenance works and shall not engage in building construction and maintenance works except for TW7 Project which is expected to be completed in mid-2014.

Our revenue

We derive our revenues during the Track Record Period from contract works for civil engineering and building construction and maintenance.

Our overall turnover derived from our business has increased from approximately HK\$673.2 million for the year ended 31 March 2011 to approximately HK\$690.0 million for the year ended 31 March 2012 and further increased to approximately HK\$984.3 million for the year ended 31 March 2013, representing an overall CAGR of approximately 20.9% from 2011 to 2013. Our overall turnover has also increased from approximately HK\$326.7 million for the four months ended 31 July 2012 to approximately HK\$654.0 million for the four months ended 31 July 2013.

Our revenue from civil engineering works has shown an increase from approximately HK\$302.2 million for the year ended 31 March 2011 to approximately HK\$476.9 million for the year ended 31 March 2012, and experienced a slight drop to approximately HK\$459.4 million for the year ended 31 March 2013 which represented approximately 44.9%, 69.1% and 46.7% of the total revenue for each of the years ended 31 March 2013, 2012 and 2011 respectively. Our revenue from civil engineering works has shown an increase from approximately HK\$144.5 million for the four months ended 31 July 2012 to approximately HK\$218.9 million for the four months ended 31 July 2013 which represented approximately 33.5% of the total revenue for the four months ended 31 July 2013. That was because during the Track Record Period we have gained award of a number of civil engineering projects, including the replacement and rehabilitation project for WSD in West Kowloon, Kwai Tsing and Tsuen Wan, with commencement of works in April 2011, which have contributed to the increase in revenue from civil engineering works generally. Despite

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the steady increase in project pipeline for our civil engineering works during the Track Record Period, there was a slight drop in revenue for such business of us for the year ended 31 March 2013 as compared to that for the previous year. This was mainly due to the timing factor in recognition of revenue for the projects then on hand, as well as the allocation of some of our Group's resources to execute TW7 Project, which could otherwise be used for other potential civil engineering works opportunities.

Our revenue from building construction and maintenance works decreased from approximately HK\$371.0 million for the year ended 31 March 2011 to approximately HK\$213.1 million for the year ended 31 March 2012, representing approximately 55.1% and 30.9% of total revenue respectively, because MOS Project was completed in March 2011 and accordingly a relatively small portion of revenue from such project was reflected during the year ended 31 March 2012. However, the revenue increased to approximately HK\$524.9 million for the year ended 31 March 2013, representing approximately 53.3% of the total revenue, since another building construction contract works, TW7 Project, commenced in August 2011 and was in full swing during the year ended 31 March 2013, a large portion of revenue from such project was reflected during the year ended 31 March 2013. Our revenue from building construction and maintenance works increased from approximately HK\$182.3 million for the four months ended 31 July 2012 to approximately HK\$435.1 million for the four months ended 31 July 2013 because large portion of revenue from TW7 Project was reflected during the four months ended 31 July 2013.

Our contract costs

While sub-contracting fees constituted the majority of our contract costs for each of the three years ended 31 March 2013 and the four months ended 31 July 2013, our contract costs also included costs for direct materials, direct labour and certain variable and fixed construction overheads. During the Track Record Period, breakdown of our contract costs were as follows:

	Year ended 31 March			Four months ended 31 July	
	2011	2012	2013	2012	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Sub-contracting fees	603,673	624,986	944,769	293,115	615,933
Less: Net movement of gross amount due from customers and accruals of costs for contract works	(17,658)	(31,893)	(64,888)	667	(2,567)
Others	<u>41,635</u>	<u>47,993</u>	<u>48,904</u>	<u>20,217</u>	<u>16,245</u>
	<u>627,650</u>	<u>641,086</u>	<u>928,785</u>	<u>313,999</u>	<u>629,611</u>

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The cost of sub-contracting fees has increased from approximately HK\$603.7 million for the year ended 31 March 2011 to approximately HK\$625.0 million for the year ended 31 March 2012 and further increased to approximately HK\$944.8 million for the year ended 31 March 2013, representing an overall CAGR of approximately 25.1% from 2011 to 2013. The contract costs increased from approximately HK\$314.0 million for the four months ended 31 July 2012 to approximately HK\$629.6 million for the four months ended 31 July 2013. Such increase in sub-contracting fees was generally in line with the growth of our business.

The cost of sub-contracting fees represent charges and fees paid to our sub-contractors and services providers which provide labour, materials and services necessary for the completion of the projects undertaken by us. In the event that the materials are purchased for the use of the sub-contractors, material costs will be deducted from the cost of sub-contracting fees accordingly.

Our gross profit

Gross profit increased by approximately 7.6% from approximately HK\$45.5 million for the year ended 31 March 2011 to approximately HK\$49.0 million for the year ended 31 March 2012 and further increased by approximately 13.4% to approximately HK\$55.5 million for the year ended 31 March 2013. Our gross profit increased by approximately 91.7% from approximately HK\$12.7 million during the four months ended 31 July 2012 to approximately HK\$24.4 million during the four months ended 31 July 2013. The increase in gross profit was in line with the growth in revenue during the Track Record Period. Gross profit generated from civil engineering works increased by approximately 8.5% for the year ended 31 March 2013 as compared to that of the previous year despite a slight drop in revenue from such line of business, due mainly to execution of civil engineering construction projects of slightly higher gross profit margin during the year. Gross profit generated from civil engineering works increased by approximately 81.4% for the four months ended 31 July 2013 as compared to that of the four months ended 31 July 2012 due to increase in revenue from a civil engineering construction project of a higher gross profit margin during the four months ended 31 July 2013.

The gross profit margin for civil engineering works for our Group was generally higher than that for building construction and maintenance works. Depending on the revenue mix of the relevant financial year, our overall gross profit margin percentage may vary accordingly.

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The higher gross profit margin for civil engineering works in the two years ended 31 March 2011 and 31 March 2012 was mainly attributable to a WSD project, namely 5/WSD/07. The project was located at Mid-levels where the access for the construction works was relatively difficult. Our Group has implemented an effective method of construction to overcome the difficult access problem and hence achieved certain savings in the relevant project costs and generated a relatively higher profit margin. The amount of revenue recognised during the Track Record Period attributable to this project was approximately HK\$124 million. The gross profit margin for civil engineering works has experienced a slight decrease from approximately 11.0% during the year ended 31 March 2013 to approximately 9.1% during the four months ended 31 July 2013, mainly because we managed to employ a less costly method in carrying out certain works for a project under R&R Programme to achieve certain savings in construction works costs, which resulted in the recognition of additional gross profit for this project in the year ended 31 March 2013 that might otherwise have been recognised in previous financial years. Excluding the slight distortion from this factor, the gross profit margin for civil engineering works for the year ended 31 March 2013 and that for the four months ended 31 July 2013 would have been quite steady.

The gross profit margin for building and maintenance works was mainly contributed by our building construction works for MOS Project which completed in March 2011 and TW7 Project which commenced in August 2011 and is currently in progress. Due to certain historical strategic reasons, our Group agreed to take 0% and 1% of the total contract sums of MOS Project and TW7 Project respectively as our profit share for the projects and sub-contracted both projects to the Retained Vantage Group, further information for which are set out in the sections headed “Relationship with Controlling Shareholders” and “Connected Transactions” in this prospectus.

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Our other income and gains

Other income and gains represent mainly interest income, management fee income and gain on changes in fair values of investment properties. During the Track Record Period, breakdown of our other income and gains are as follows:

	Year ended 31 March			Four months ended 31 July	
	2011	2012	2013	2012	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Interest income					
— reimbursement from the Retained Vantage Group for TW7 Project	—	33	1,848	337	168
— from the Retained Vantage Group for other purposes	—	76	71	—	—
— from banks	96	176	137	47	47
	<u>96</u>	<u>176</u>	<u>137</u>	<u>47</u>	<u>47</u>
	96	285	2,056	384	215
Management fee income from the Retained Vantage Group					
— for staff cost reimbursement for TW7 Project	—	1,320	9,880	3,678	2,458
— for charging back management fee paid to Vantage attributable to MOS Project and TW7 Project	—	1,535	4,146	1,382	—
	<u>—</u>	<u>1,535</u>	<u>4,146</u>	<u>1,382</u>	<u>—</u>
	—	2,855	14,026	5,060	2,458
Management fee income from a joint venture, Excel-China Harbour JV	2,220	250	660	—	—
Gain on changes in fair value of investment properties	140	60	40	—	—
Sundry income	150	157	191	40	610
	<u>150</u>	<u>157</u>	<u>191</u>	<u>40</u>	<u>610</u>
	<u>2,606</u>	<u>3,607</u>	<u>16,973</u>	<u>5,484</u>	<u>3,283</u>

We received interest reimbursement of approximately HK\$33,000, HK\$1,848,000 and HK\$168,000 for the years ended 31 March 2012 and 2013 and the four months ended 31 July 2013, respectively, from the Retained Vantage Group, at the same amounts as charged by the banks on us for the loans used to finance purchases of materials for the use of the

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Retained Vantage Group as the sub-contractor of TW7 Project. Since June 2013, we have ceased financing the Retained Vantage Group for material purchases for TW7 Project and we will no longer receive such interest reimbursement from the Retained Vantage Group after the Listing.

We received staff cost reimbursement of approximately HK\$1,320,000 for the year ended 31 March 2012, HK\$9,880,000 for the year ended 31 March 2013 and HK\$2,458,000 for the four months ended 31 July 2013 from the Retained Vantage Group, on cost basis for the staff of our Group we provided to the Retained Vantage Group for execution of TW7 Project. As TW7 Project is still in progress and is expected to be completed by mid-2014, after Listing, we will continue to provide our staff to and hence receive staff cost reimbursement from the Retained Vantage Group until completion of the project, and this staff cost reimbursement arrangement will constitute continuing connected transaction for us upon Listing. Further information relating to this staff cost reimbursement is set out in the section headed “Connected Transactions” in this prospectus.

During the three years ended 31 March 2013, as disclosed in relation to the paragraph “Our administrative expenses” in this section, we paid management fee to Vantage for sharing of the Vantage Group’s corporate expenses which were allocated among operating subsidiaries of Vantage based on the respective entities’ revenue amounts for each financial year. In this connection, as MOS Project and TW7 Project were sub-contracted to the Retained Vantage Group, to recover such portions of management fee paid by us in relation to certain amounts of revenue attributable to MOS Project and TW7 Project, we charged back approximately HK\$1,535,000 for the year ended 31 March 2012 and HK\$4,146,000 for the year ended 31 March 2013 as management fee income from the Retained Vantage Group. Since April 2013, we have ceased paying management fee to Vantage for sharing corporate expenses of the Vantage Group and as a result there is no need for us to charge back any corresponding amount from the Retained Vantage Group after March 2013.

We received management fee income of approximately HK\$2,220,000 for the year ended 31 March 2011, HK\$250,000 for the year ended 31 March 2012, HK\$660,000 for the year ended 31 March 2013 and nil for the four months ended 31 July 2013 for the provision of staff from our Group to Excel-China Harbour JV for project management.

Our administrative expenses

Administrative expenses mainly include salaries and wages, depreciation of property, plant and equipment, management fee to Vantage and other miscellaneous administrative expenses. During the Track Record Period, the administrative expenses amounted to approximately HK\$18.3 million, HK\$18.8 million, HK\$22.7 million and HK\$11.2 million for each of the three years ended 31 March 2013 and the four months ended 31 July 2013 respectively.

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The following table sets forth the breakdown of our administrative expenses during the Track Record Period:

	Year ended 31 March			Four months ended 31 July	
	2011	2012	2013	2012	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Staff costs	9,563	10,168	12,094	3,084	5,423
Depreciation	1,095	871	596	220	161
Management fee to Vantage	6,181	6,286	7,790	2,596	—
Auditors' remuneration	220	250	268	—	—
Legal and professional fee	111	74	132	—	34
Bank charges	39	174	81	19	12
Listing expenses	—	—	—	—	5,140
Others	<u>1,055</u>	<u>1,016</u>	<u>1,717</u>	<u>283</u>	<u>478</u>
	<u>18,264</u>	<u>18,839</u>	<u>22,678</u>	<u>6,202</u>	<u>11,248</u>

Staff costs, which primarily include director's remuneration, salaries and bonus and pension scheme contributions, amounted to approximately HK\$9.6 million, HK\$10.2 million, HK\$12.1 million and HK\$5.4 million for the years ended 31 March 2011, 2012 and 2013 and the four months ended 31 July 2013, respectively.

The management fee to Vantage during the three years ended 31 March 2013 was mainly for sharing the portion of corporate expenses of the Vantage Group attributable to our Group, which mainly represented the salaries and bonus of Vantage's executive directors in relation to their overall management of the Vantage Group, and were allocated among operating subsidiaries of Vantage based on the respective entities' revenue amounts for each financial year. The management fee paid to Vantage amounted to approximately HK\$6.2 million, HK\$6.3 million and HK\$7.8 million for the years ended 31 March 2011, 2012 and 2013 respectively, which was in line with the increase in revenue during the three years ended 31 March 2013. Based on respective revenue amounts ratio, for our Group's management fee paid to Vantage for each of the three years ended 31 March 2013 respectively, the amounts attributable to our Group's civil engineering business would be approximately HK\$2,774,000, HK\$4,344,000 and HK\$3,636,000 respectively, and the amounts attributable to our Group's building construction and maintenance business would be approximately HK\$3,407,000, HK\$1,942,000 and HK\$4,154,000 respectively. Since April 2013, we have ceased paying management fee to Vantage for sharing corporate expenses of the Vantage Group.

Our finance costs

Finance costs represent interest on bank loans and bank overdrafts wholly repayable within five years.

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Part of our bank loans borrowed during the two years ended 31 March 2013 and the four months ended 31 July 2013 were used to finance purchase of materials for the use of the Retained Vantage Group as the sub-contractor in relation to the execution of TW7 Project. In this connection, the corresponding amounts of finance costs paid by us amounted to approximately HK\$33,000 for the year ended 31 March 2012, HK\$1,848,000 for the year ended 31 March 2013 and HK\$168,000 for the four months ended 31 July 2013, respectively, which were fully reimbursed by the Retained Vantage Group and recorded by us as part of the interest income from the Retained Vantage Group, as disclosed in relation to our other income and gains in this section. Since June 2013, we have ceased financing the material purchases for the use of the Retained Vantage Group for TW7 Project.

Our income tax expense

During the Track Record Period, our Group's income tax expense amounted to approximately HK\$4.9 million, HK\$5.5 million, HK\$7.9 million and HK\$3.5 million respectively. Income tax expense represents the tax expense arising from the assessable profit generated by our Group in Hong Kong. The Hong Kong profit tax rate was 16.5% for each of the three years ended 31 March 2013 and the four months ended 31 July 2013. Our Group had no other tax payable in other jurisdictions during the Track Record Period.

The increase in the income tax expense of our Group during the Track Record Period was primarily due to the increase in profit before tax from approximately HK\$29.9 million for the financial year ended 31 March 2011, to approximately HK\$33.7 million for the financial year ended 31 March 2012 and further increased to approximately HK\$47.9 million for the financial year ended 31 March 2013. The profit before tax increased from approximately HK\$11.7 million in the four months ended 31 July 2012 to approximately HK\$16.2 million in the four months ended 31 July 2013.

Our Group's effective tax rates remained stable at approximately 16.4% for the three years ended 31 March 2013 but increased to approximately 21.7% for the four months ended 31 July 2013, because we recognised approximately HK\$5.1 million of listing expenses during such period, which were of capital nature and hence not tax deductible.

Further details are set out in note 12 to the Accountants' Report in Appendix I to this prospectus.

PERIOD TO PERIOD COMPARISON OF OPERATING RESULTS

Four months ended 31 July 2013 compared with four months ended 31 July 2012

Revenue

Our revenue increased by approximately HK\$327.3 million, or 100.2%, from approximately HK\$326.7 million for the four months ended 31 July 2012 to approximately HK\$654.0 million for the four months ended 31 July 2013 due to the increase in revenue from the building construction contract works for TW7 Project and to a lesser extent from other civil engineering contract works. TW7 Project contributed an

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aggregated revenue of approximately HK\$433.0 million for this period, while it only contributed an aggregated revenue of approximately HK\$173.7 million for the corresponding period in prior year during which TW7 Project was at its relatively early stage.

Contract costs

Our contract costs increased by approximately HK\$315.6 million, or 100.5%, from approximately HK\$314.0 million for the four months ended 31 July 2012 to approximately HK\$629.6 million for the four months ended 31 July 2013. Such increase was in line with our revenue growth during the four months ended 31 July 2013, which resulted in more works being sub-contracted to sub-contractors.

Gross profit and gross profit margin

As a result of revenue growth, our gross profit increased by approximately HK\$11.7 million or 91.7%, from approximately HK\$12.7 million for the four months ended 31 July 2012 to approximately HK\$24.4 million for the four months ended 31 July 2013, while our gross profit margin remained relatively stable with slight decrease from approximately 3.9% to approximately 3.7%.

Other income and gains

Other income and gains decreased by approximately HK\$2.2 million from approximately HK\$5.5 million for the four months ended 31 July 2012 to approximately HK\$3.3 million for the four months ended 31 July 2013. The decrease was mainly due to the cessation of paying management fee to Vantage for sharing corporate expense of the Vantage Group since April 2013 and as a result there was no charge back of the corresponding amount from the Retained Vantage Group as part of our other income and gains. Further information relating to the management fee received from the Retained Vantage Group is set out in the paragraph “Our other income and gains” in this section.

Administrative expenses

Administrative expenses increased by approximately HK\$5.0 million or 81.4%, from approximately HK\$6.2 million for the four months ended 31 July 2012 to approximately HK\$11.2 million for the four months ended 31 July 2013. The increase was attributable to the net effect of (i) the increase in staff costs from approximately HK\$3.1 million for the four months ended 31 July 2012 to approximately HK\$5.4 million for the four months ended 31 July 2013 due to the increase in the number of our employees; (ii) listing expenses of approximately HK\$5.1 million being recognised in the four months ended 31 July 2013; and (iii) the cessation of paying management fee to Vantage for sharing corporate expense of the Vantage Group since April 2013.

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Finance costs

Finance costs decreased by approximately HK\$0.1 million from approximately HK\$0.3 million for the four months ended 31 July 2012 to approximately HK\$0.2 million for the four months ended 31 July 2013. The decrease was due to the cessation of financing the material purchases for the use of the Retained Vantage Group for TW7 Project since June 2013.

Income tax expense

Income tax expense increased by approximately HK\$1.6 million from approximately HK\$1.9 million for the four months ended 31 July 2012 to approximately HK\$3.5 million for the four months ended 31 July 2013. The increase was mainly attributable to the increase in profit before tax from approximately HK\$11.7 million for the four months ended 31 July 2012 to approximately HK\$16.2 million for the four months ended 31 July 2013.

The effective tax rate increased from approximately 16.4% in the four months 31 July 2012 to approximately 21.7% in the four months ended 31 July 2013 due to the capital nature of the listing expenses recognised during the four months ended 31 July 2013, which made such expenses not tax deductible.

Profit attributable to owners of the parent

As a result of the above factors, profit for the year attributable to owners of the parent increased by approximately HK\$2.9 million, or 30.1% from approximately HK\$9.8 million for the four months ended 31 July 2012 to approximately HK\$12.7 million for the four months ended 31 July 2013. Our net profit margin decreased from approximately 3.0% for the four months ended 31 July 2012 to approximately 1.9% for the four months ended 31 July 2013, which was mainly due to the listing expenses of approximately HK\$5.1 million charged to our expenses in the period.

Financial year ended 31 March 2013 compared with the financial year ended 31 March 2012

Revenue

Our revenue increased by approximately HK\$294.3 million, or 42.6%, from approximately HK\$690.0 million for the year ended 31 March 2012 to approximately HK\$984.3 million for the year ended 31 March 2013. The increase was mainly attributable to the building construction contract works for TW7 Project which commenced during the second half of the year ended 31 March 2012 and was in full swing during the year ended 31 March 2013.

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Contract costs

Our contract costs increased by approximately HK\$287.7 million, or 44.9%, from approximately HK\$641.1 million for the year ended 31 March 2012 to approximately HK\$928.8 million for the year ended 31 March 2013. Such increase was in line with our revenue growth during the year ended 31 March 2013, which resulted in more works being sub-contracted to sub-contractors.

Gross profit and gross profit margin

As a result of the foregoing, our gross profit increased by approximately HK\$6.5 million or 13.4%, from approximately HK\$49.0 million for the year ended 31 March 2012 to approximately HK\$55.5 million for the year ended 31 March 2013, while our gross profit margin decreased from approximately 7.1% to approximately 5.6%, which was primarily due to the fact that the gross profit margins derived from certain building construction contract works, that had significant revenue contribution during the year ended 31 March 2013, were relatively lower than that of our Group's other civil engineering construction works during the same period.

Other income and gains

Other income and gains increased by approximately HK\$13.4 million from approximately HK\$3.6 million for the year ended 31 March 2012 to approximately HK\$17.0 million for the year ended 31 March 2013. The increase was mainly due to TW7 Project which commenced in August 2011 and was in full swing during the year ended 31 March 2013. As a result of TW7 Project, our Group recorded an increase in management fee income received from the Retained Vantage Group from approximately HK\$2.9 million for the year ended 31 March 2012 to approximately HK\$14.0 million for the year ended 31 March 2013 for reimbursement of staff cost of our Group's certain staff working for the Retained Vantage Group and for charging back certain corporate expenses, as further disclosed in relation to the paragraph "Our other income and gains" in this section.

Administrative expenses

Administrative expenses increased by approximately HK\$3.9 million or 20.4%, from approximately HK\$18.8 million for the year ended 31 March 2012 to approximately HK\$22.7 million for the year ended 31 March 2013. This increase was primarily due to the increase in staff costs.

Our staff costs increased to approximately HK\$12.1 million for the year ended 31 March 2013 compared to approximately HK\$10.2 million for the year ended 31 March 2012, mainly due to the increase in the number of our employees.

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Finance costs

Finance costs increased by approximately HK\$1.9 million from approximately HK\$33,000 for the year ended 31 March 2012 to approximately HK\$1.9 million for the year ended 31 March 2013. The increase was mainly attributable to the increase in interest-bearing bank loans during the year ended 31 March 2013.

Income tax expense

Income tax expense increased by approximately HK\$2.4 million from approximately HK\$5.5 million for the year ended 31 March 2012 to approximately HK\$7.9 million for the year ended 31 March 2013. The increase was mainly attributable to the increase in profit before tax from approximately HK\$33.7 million for the year ended 31 March 2012 to approximately HK\$47.9 million for the year ended 31 March 2013.

The effective tax rate remained steady at approximately 16.4% for the years ended 31 March 2012 and 2013.

Profit attributable to owners of the parent

As a result of the above factors, profit for the year attributable to owners of the parent increased by approximately HK\$11.9 million, or 42.2%, from approximately HK\$28.2 million for the year ended 31 March 2012 to approximately HK\$40.1 million for the year ended 31 March 2013. Our net profit margin remained stable at approximately 4.1% for the two years ended 31 March 2013.

Financial year ended 31 March 2012 compared with the financial year ended 31 March 2011

Revenue

Our revenue increased mildly by approximately HK\$16.8 million, or 2.5%, from approximately HK\$673.2 million for the year ended 31 March 2011 to approximately HK\$690.0 million for the year ended 31 March 2012.

Revenue derived from civil engineering works was approximately HK\$476.9 million for the year ended 31 March 2012, representing an approximate growth of HK\$174.7 million from approximately HK\$302.2 million for the year ended 31 March 2011. The increase was primarily contributed by the revenue contribution from the commencement of the replacement and rehabilitation project for the WSD in West Kowloon, Kwai Tsing and Tsuen Wan during the year ended 31 March 2012.

Our revenue from building construction and maintenance works decreased from approximately HK\$371.0 million for the year ended 31 March 2011 to approximately HK\$213.1 million for the year ended 31 March 2012. Such decrease in revenue was mainly attributable to the completion of a building construction project in March 2011, which offset the increase in revenue from civil engineering works in 2012.

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Contract costs

Our contract costs increased by approximately HK\$13.4 million, or 2.1%, from approximately HK\$627.7 million for the year ended 31 March 2011 to approximately HK\$641.1 million for the year ended 31 March 2012. Such increase was in line with our revenue growth during the year ended 31 March 2012, which resulted in more works being sub-contracted to sub-contractors.

Gross profit and gross profit margin

As a result of revenue growth, our gross profit increased by approximately HK\$3.5 million or 7.6%, from approximately HK\$45.5 million for the year ended 31 March 2011 to approximately HK\$49.0 million for the year ended 31 March 2012, while our gross profit margin remained relatively stable with slight increase from approximately 6.8% to approximately 7.1%.

Other income and gains

Other income and gains increased from approximately HK\$2.6 million for the year ended 31 March 2011 to approximately HK\$3.6 million for the year ended 31 March 2012, mainly because our Group started receiving management fee income from the Retained Vantage Group in connection with TW7 Project which commenced in August 2011. Further information relating to the management fee received from the Retained Vantage Group is set out in the paragraph “Our other income and gains” in this section.

Administrative expenses

Administrative expenses increased slightly by approximately HK\$0.5 million or 3.1%, from approximately HK\$18.3 million for the year ended 31 March 2011 to approximately HK\$18.8 million for the year ended 31 March 2012, which was in line with our mild revenue growth.

Finance costs

Finance costs represent interest on bank loans and overdrafts wholly repayable within five years of approximately HK\$33,000 for the year ended 31 March 2012.

No finance costs was recorded for the year ended 31 March 2011 because no interest bearing bank loan was drawn down by our Group during the year ended 31 March 2011.

Income tax expense

Income tax expense increased by approximately HK\$0.6 million from approximately HK\$4.9 million for the year ended 31 March 2011 to approximately HK\$5.5 million for the year ended 31 March 2012. The increase was mainly attributable to and in line with the increase in profit before tax from approximately HK\$29.9 million for the year ended 31 March 2011 to approximately HK\$33.7 million for the year ended 31 March 2012.

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The effective tax rate remained stable at approximately 16.4% for the years ended 31 March 2011 and 2012.

Profit attributable to owners of the parent

As a result of the above factors, profit for the year attributable to owners of the parent increased by approximately HK\$3.2 million, or 12.9%, from approximately HK\$25.0 million for the year ended 31 March 2011 to approximately HK\$28.2 million for the year ended 31 March 2012. Our net profit margin improved slightly from approximately 3.7% for the year ended 31 March 2011 to approximately 4.1% for the year ended 31 March 2012, mainly due to the higher gross profit achieved as we increased our revenue mildly for the year ended 31 March 2012.

LIQUIDITY AND CAPITAL RESOURCES

We have historically met our working capital needs primarily through internally generated cash flows, bank borrowings and funding from Vantage. Our primary uses of cash are for funding the operation of our projects and our working capital for general corporate purpose. Upon the completion of the Share Offer, our source of funds will be a combination of internally generated funds, bank loans and net proceeds from the Share Offer. As at the Latest Practicable Date, we had not experienced any difficulty in raising funds by bank loans and we had not experienced any liquidity problems in settling our payables in the normal course of business and repaying our bank loans when they fall due.

The following table is a condensed summary of our combined statements of cash flows for the periods indicated:

	Year ended 31 March			Four months ended	
	2011	2012	2013	31 July	
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Net cash flows from/(used in) operating activities	4,608	130,071	(35,232)	(106,662)	(70,605)
Net cash flows from/(used in) investing activities	(377)	(73,235)	(45,790)	(7,964)	110,953
Net cash flows from/(used in) financing activities	—	18,736	59,900	49,621	(78,636)
Net increase/(decrease) in cash and cash equivalents	4,231	75,572	(21,122)	(65,005)	(38,288)
Cash and cash equivalents at beginning of year/period	<u>71,144</u>	<u>75,375</u>	<u>150,947</u>	<u>150,947</u>	<u>129,825</u>
Cash and cash equivalents at end of year/period	<u><u>75,375</u></u>	<u><u>150,947</u></u>	<u><u>129,825</u></u>	<u><u>85,942</u></u>	<u><u>91,537</u></u>

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Net cash flows from/(used in) operating activities

Our major operating cash flows are derived mainly from revenues from contract works undertaken by us. Our Group derives its cash inflow from operating activities principally from the receipt of payments from contract work and the sources of cash outflow from operations mainly include sub-contracting fees, purchase of materials and direct labour.

Our cash from operating activities reflects profit before tax for the year, mainly adjusted for finance costs, depreciation of property, plant and equipment, gain on disposal of items of property, plant and equipment, gain on changes in fair value of investment properties, the effect of changes in working capital, interest income and expense and Hong Kong profits tax paid.

For the four months ended 31 July 2013, our cash generated from operations consisted of cash flow from operating activities of approximately HK\$16.2 million before net negative changes in working capital of approximately HK\$86.7 million. Net negative changes in working capital primarily consisted of the combined effects of (i) an increase in accounts receivable of approximately HK\$60 million as a result of the revenue growth; and (ii) a decrease in accounts payable HK\$35.1 million. Such outflows were partially offset by the decrease in prepayments, deposits and other receivables of HK\$9.8 million.

For the year ended 31 March 2013, our cash used in operations consisted of cash flow from operating activities of approximately HK\$48.3 million before net negative changes in working capital of approximately HK\$74.4 million. Net negative changes in working capital primarily consisted of (i) an increase in gross amount due from customers for contract works of approximately HK\$48.2 million as a result of timing difference in billing; and (ii) an increase in accounts receivable of approximately HK\$100.4 million because of increased revenue for the year ended 31 March 2013. These outflows were partially offset by the increase in accounts payable of approximately HK\$104.6 million due to the increase in sub-contracting fees payable in 2013 arising from increased contract works.

For the year ended 31 March 2012, our cash generated from operations consisted of cash flow from operating activities of approximately HK\$34.2 million before net positive changes in working capital of approximately HK\$99.7 million. Net positive changes in working capital primarily consisted of (i) an increase in gross amount due from customers for contract works of approximately HK\$32.9 million as a result of timing difference in billing; and (ii) an increase in accounts receivable of approximately HK\$36.8 million because of increased revenue for the year ended 31 March 2012. These outflows were offset by the increase in accounts payable of approximately HK\$167.9 million due to the increase in sub-contracting fees payable in 2012 arising from increased contract works.

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For the year ended 31 March 2011, our cash generated from operations consisted of cash flow from operating activities of approximately HK\$30.7 million before net negative changes in working capital of approximately HK\$21.1 million. Net negative changes in working capital primarily consisted of (i) an increase in gross amount due from customers for contract works of approximately HK\$3.9 million as a result of timing difference in billing; and (ii) a decrease in accounts receivable of approximately HK\$36.9 million because a building construction project was completed during the year ended 31 March 2011. Such inflows were partially offset by the combined effect of (i) a decrease in accounts payable of approximately HK\$40.7 million due to the completion of the building construction project in March 2011; and (ii) a decrease in accruals of costs for contract works of approximately HK\$13.8 million.

Net cash flows from/(used in) investing activities

For the four months ended 31 July 2013, we had a net cash inflow from investing activities of approximately HK\$111.0 million, which was mainly due to the settlement of a significant portion of the amount due from the Retained Vantage Group in preparation for the Spin-off.

For the year ended 31 March 2013, we had a net cash outflow from investing activities of approximately HK\$45.8 million, which was mainly the combined effect of the increase in amount due from the Retained Vantage Group of approximately HK\$400.0 million, repayment of an amount due from the Retained Vantage Group of HK\$327.2 million, and the repayment of a loan by the Retained Vantage Group of approximately HK\$27.0 million.

For the year ended 31 March 2012, we had a net cash outflow from investing activities of approximately HK\$73.2 million, which was primarily resulting from the increase in amount due from the Retained Vantage Group of approximately HK\$240.0 million, and repayment of an amount due from the Retained Vantage Group of HK\$166.8 million.

For the year ended 31 March 2011, we had a net cash outflow from investing activities of approximately HK\$0.4 million, which was primarily resulting from the purchase of property, plant and equipment of approximately HK\$0.4 million.

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Net cash flows from/(used in) financing activities

For the four months ended 31 July 2013, we had a net cash outflow from financing activities of approximately HK\$78.6 million, which was mainly due to the net repayment of interest-bearing bank loans of approximately HK\$78.6 million.

For the year ended 31 March 2013, we had a net cash inflow from financing activities of approximately HK\$59.9 million, which was mainly due to the combined effect of new interest-bearing bank loans raised of approximately HK\$329.6 million and repayment of interest-bearing bank loans of approximately HK\$269.7 million.

For the year ended 31 March 2012, we had a net cash inflow from financing activities of approximately HK\$18.7 million, which was primarily resulting from new interest-bearing bank loans raised of approximately HK\$18.7 million.

For the year ended 31 March 2011, we did not generate any cash inflows or make any cash payments in relation to financing activities.

CAPITAL EXPENDITURES

During the Track Record Period, our Group did not incur significant capital expenditure and maintained a relatively insignificant amount of machinery throughout the Track Record Period. This was because our Group, acting as the main contractor for all our projects during the Track Record Period, would delegate the actual construction works to our sub-contractors which are required to provide the necessary machinery and equipment.

WORKING CAPITAL

Taking into account of the net proceeds available to us from the Share Offer, our cash at bank and in hand, our available banking facilities and our future operating cash flows, our Directors are of the opinion that we have sufficient working capital to meet our requirements for at least the next 12 months from the date of this prospectus.

We strive to manage our cash flow to ensure that we have sufficient funds to meet our existing and future cash requirements. In addition to cash generated from our operations and proceeds from the Share Offer, we may consider, if necessary, to obtain bank loans to fund our working capital requirement.

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NET CURRENT ASSETS

The table below sets out, as at the dates indicated, our current assets, current liabilities and net current assets:

	As at 31 March			As at 31 July	As at
	2011	2012	2013	2013	30 September
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>2013</i>
					<i>HK\$'000</i>
CURRENT ASSETS					
Gross amount due from customers for contract works	4,461	37,318	85,557	85,714	81,556
Accounts receivable	89,970	126,783	227,177	287,213	317,816
Prepayments, deposits and other receivables	48,767	122,941	186,008	65,563	58,842
Due from a joint venture	950	—	—	—	—
Tax recoverable	22	43	—	—	—
Pledged deposit	1,075	1,075	—	—	—
Cash and cash equivalents	<u>74,300</u>	<u>149,872</u>	<u>129,825</u>	<u>91,537</u>	<u>91,956</u>
Total current assets	<u>219,545</u>	<u>438,032</u>	<u>628,567</u>	<u>530,027</u>	<u>550,170</u>
CURRENT LIABILITIES					
Accounts payable	70,178	238,106	342,687	307,592	328,349
Accruals of costs for contract works	21,075	22,039	5,390	2,980	5,133
Tax payable	274	1,923	2,357	5,870	6,940
Other payables and accruals	53,863	54,262	55,999	57,224	48,042
Interest-bearing bank loans	<u>—</u>	<u>18,736</u>	<u>78,636</u>	<u>—</u>	<u>—</u>
Total current liabilities	<u>145,390</u>	<u>335,066</u>	<u>485,069</u>	<u>373,666</u>	<u>388,464</u>
NET CURRENT ASSETS	<u><u>74,155</u></u>	<u><u>102,966</u></u>	<u><u>143,498</u></u>	<u><u>156,361</u></u>	<u><u>161,706</u></u>

As at 31 July 2013, our current assets of approximately HK\$530.0 million comprised of (i) gross amount due from customers for contract works of approximately HK\$85.7 million; (ii) accounts receivable of approximately HK\$287.2 million; (iii) prepayments, deposits and other receivables of approximately HK\$65.6 million; and (iv) cash and cash equivalents of approximately HK\$91.5 million.

As at 31 July 2013, our current liabilities of approximately HK\$373.7 million comprised of (i) accounts payable of approximately HK\$307.6 million; (ii) accruals of costs for contract works of approximately HK\$3.0 million; (iii) Tax payable of approximately HK\$5.9 million; and (iv) Other payables and accruals of approximately HK\$57.2 million.

Our net current assets increased by approximately HK\$12.9 million, or 9.0%, from approximately HK\$143.5 million as at 31 March 2013 to approximately HK\$156.4 million as at 31 July 2013. The increase was mainly due to (i) an increase in accounts receivable of approximately HK\$60.0 million; (ii) a decrease in accounts payable of approximately

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HK\$35.1 million; and (iii) a decrease in interest-bearing bank loans of approximately HK\$78.6 million. The effects of the foregoing factors, were partially offset by (i) a decrease in prepayments, deposits and other receivables of approximately HK\$120.4 million; and (ii) a decrease in cash and cash equivalents of approximately HK\$38.3 million.

Our net current assets increased by approximately HK\$40.5 million, or 39.4%, from approximately HK\$103.0 million as at 31 March 2012 to approximately HK\$143.5 million as at 31 March 2013. The increase was mainly due to (i) an increase in gross amount due from customers for contract works of approximately HK\$48.2 million; (ii) an increase in accounts receivable of approximately HK\$100.4 million; (iii) an increase in prepayments, deposits and other receivables of approximately HK\$63.1 million; and (iv) a decrease in accruals of costs for contract works of approximately HK\$16.6 million. The effects of the foregoing factors, were partially offset by (i) an increase in accounts payable of approximately HK\$104.6 million; (ii) an increase in interest-bearing bank loans of approximately HK\$59.9 million; and (iii) a decrease in cash and cash equivalents of approximately HK\$20.0 million.

Our net current assets increased by approximately HK\$28.8 million, or 38.9%, from approximately HK\$74.2 million as at 31 March 2011 to approximately HK\$103.0 million as at 31 March 2012. The increase was mainly due to an increase in (i) gross amount due from customers for contract works of approximately HK\$32.9 million; (ii) accounts receivable of approximately HK\$36.8 million; (iii) prepayments, deposits and other receivables of approximately HK\$74.2 million; and (iv) cash and cash equivalent of approximately HK\$75.6 million. The effects of the foregoing factors, were partially offset by (i) an increase in accounts payable of approximately HK\$167.9 million; and (ii) an increase in interest-bearing bank loans of approximately HK\$18.7 million.

CERTAIN MAJOR COMBINED STATEMENTS OF FINANCIAL POSITION ITEMS

Gross amount due from customers for contract works

Gross amount due from customers for contract works represent the surplus derived when the contract costs incurred to date plus recognised profits less recognised losses exceed progress billings. The increase from approximately HK\$4.5 million as at 31 March 2011 to HK\$37.3 million as at 31 March 2012 was mainly attributable to the commencement of certain waterworks and utilities civil engineering works in which the site preparation costs have been incurred but relevant works have not yet been certified by the relevant employers.

The gross amount due from customers for contract works as at 31 March 2013 mainly attributable to certain replacement and rehabilitation projects for the WSD of approximately HK\$43.5 million and the provision of external cable construction works and outside telecommunication on plant maintenance services and other civil engineering works contracts for HKT Group of approximately HK\$23.8 million. The increase in gross amount due from customers for contract works as compared to 31 March 2012 was mainly due to the timing difference in billing.

As at 31 July 2013, the gross amount due from customers for contract works remained stable as compared to 31 March 2013.

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Accounts receivable

Accounts receivable includes retention receivables. Accounts receivable increased from approximately HK\$90.0 million as at 31 March 2011 to approximately HK\$126.8 million as at 31 March 2012 and increased to HK\$227.2 million as at 31 March 2013 and further increased to HK\$287.2 million as at 31 July 2013, which was in line with the increase in our revenue during the Track Record Period. All of the accounts receivable were not impaired as at 31 March 2011, 31 March 2012 and 31 March 2013 and 31 July 2013.

The following table sets out the aging analysis of the accounts receivable as at 31 March 2011, 31 March 2012 and 31 March 2013 and 31 July 2013.

	As at 31 March			As at
	2011	2012	2013	31 July
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Past due but not impaired:				
One to three months past due	1,546	2,149	3,741	7,680
Four to six months past due	34	83	40	28
Over six months past due	<u>56</u>	<u>365</u>	<u>—</u>	<u>55</u>
	1,636	2,597	3,781	7,763
Neither past due nor impaired	<u>88,334</u>	<u>124,186</u>	<u>223,396</u>	<u>279,450</u>
	<u><u>89,970</u></u>	<u><u>126,783</u></u>	<u><u>227,177</u></u>	<u><u>287,213</u></u>

The credit term offered by our Group was in accordance with the terms specified in each contract being entered into with relevant customers which was generally about 30 days. Generally, payments would be paid within 21 days from the date of issue of the payment certificate for the Government projects while it takes around a month for private sector projects.

Accounts receivable that were past due but not impaired relate to a number of Independent Third Party customers that have a good track record with our Group. They are customers that have established business relationship with our Group and have no history of defaulting payment to our Group. Based on past experience and historical payment record of such customers, our Directors are of the opinion that the exposure to credit risk is minimal and no allowance for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

As detailed in the section headed “Business” in this prospectus, in most contracts, there is a contract term for the customers to hold up a retention money from the progress payment which will generally be used for recovery of the damages, charges, expenses for which the contractor is liable to the customers in connection with the undertaking of the relevant project. The retention money for each project ranges from 1% to 10% of the total

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contract sum for a period of time according to the terms of respective contract to ensure satisfactory completion of the projects. Generally, for the retention money, either the first half of the retention money is released upon completion of the project and the second half of the retention money is released to us upon expiry of the guaranteed maintenance period subject to the customers' satisfaction of the works, or all of the retention money is released to us upon expiry of the guaranteed maintenance period subject to the customers' satisfaction of our works. The retentions held by customers for contract works included in accounts receivable amounted to approximately HK\$48.8 million, HK\$54.3 million, HK\$95.0 million and HK\$113.4 million as at 31 March 2011, 31 March 2012, 31 March 2013 and 31 July 2013 respectively. The increase in the retention receivables as at 31 March 2013 and 31 July 2013 was mainly contributed by the retention receivables from a building construction contract works of approximately HK\$67.8 million and HK\$80.3 million respectively.

As at 31 October 2013, about 60.5% of the outstanding accounts receivable balances as at 31 July 2013 have been subsequently settled. About 99.9% of the remaining trade receivable balance represented retentions receivable, which were only required to be settled upon project completion and/or expiry of maintenance period according to the relevant contract terms.

Prepayments, deposits and other receivables

	As at 31 March			As at
	2011	2012	2013	31 July
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>2013</i> <i>HK\$'000</i>
Prepayments	7,823	5,800	3,834	2,546
Deposits and other receivables	13,944	16,865	34,206	25,689
Due from the Retained Vantage Group	27,000	73,276	147,968	37,328
Loan to the Retained Vantage Group	—	27,000	—	—
	<u>48,767</u>	<u>122,941</u>	<u>186,008</u>	<u>65,563</u>

Prepayments amounted to approximately HK\$7.8 million, HK\$5.8 million, HK\$3.8 million and HK\$2.5 million as at 31 March 2011, 31 March 2012 and 31 March 2013 and 31 July 2013 respectively. The balance mainly represented insurance prepayments for construction contracts. The decrease in such balance as at 31 March 2012 and 31 March 2013 and 31 July 2013 was mainly attributable to the amortisation of insurance prepayment over contract periods of each construction projects and that fact that insurance prepayment for TW7 Project was borne by the Retained Vantage Group.

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Deposits and other receivables amounted to approximately HK\$13.9 million, HK\$16.9 million, HK\$34.2 million and HK\$25.7 million as at 31 March 2011, 31 March 2012 and 31 March 2013 and 31 July 2013 respectively. The balance mainly represented performance deposits and advances to sub-contractors for construction projects. The increase in performance deposits and advances to sub-contractors was mainly attributable to the commencement of certain new sizeable civil engineering projects during the three years ended 31 March 2013. The decrease in the balance as at 31 July 2013 was mainly due to the settlement of the advances to sub-contractors during the four months ended 31 July 2013.

The amount due from the Retained Vantage Group, which is of trade nature arising from sub-contracting arrangement between our Group and the Retained Vantage Group, amounted to approximately HK\$27.0 million, HK\$73.2 million, HK\$148.0 million and HK\$37.3 million. The significant increase in balance as at 31 March 2012 and 31 March 2013 was mainly because we sub-contracted TW7 Project to the Retained Vantage Group which commenced in August 2011 and was in full swing during the year ended 31 March 2013, and in connection with this, we purchased materials for the use of the Retained Vantage Group, which led to the increase in such balance. The significant decrease in balance as at 31 July 2013 was primarily due to the repayment from the Retained Vantage Group in preparation for the Spin-off. The amount due from the Retained Vantage Group is currently expected to be fully settled after full certification of completion and expiry of maintenance period for TW7 Project.

The loan to the Retained Vantage Group of HK\$27 million as at 31 March 2012 was interest-bearing at an annual interest rate with reference to HIBOR and has no fixed term of repayment. The balance was fully settled during the year ended 31 March 2013.

Pledged deposit and cash and cash equivalents

Our pledged bank deposit represents cash pledged against bank overdraft facilities for our Group. Our pledged bank deposit was approximately HK\$1.1 million as at 31 March 2011 and 31 March 2012. Such pledged deposit was released during the year ended 31 March 2013. Cash and cash equivalents comprise cash held by our Group and non-pledged time deposits with original maturity of less than three months when acquired. For further information relating to the cash flows of our Group during the Track Record Period, refer to the sub-section headed “Liquidity and Capital Resources” in this section.

Accounts payable

Accounts payable represented the amounts due to the Retained Vantage Group and other sub-contractors, for its sub-contract works and suppliers of materials. The payables due to the Retained Vantage Group were unsecured, interest free and have no fixed terms of repayment. All other accounts payable are non-interest bearing and the payment terms are stipulated in the relevant contracts. The increase in accounts payable as at 31 March 2012 and 31 March 2013 was a result of the increase in contract works done by our Group for the years as indicated by the increase in revenue for the financial years ended 31 March 2012 and 31 March 2013.

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Accounts payable decreased from approximately HK\$342.7 million as at 31 March 2013 to approximately HK\$307.6 million as at 31 July 2013 mainly because of the settlement of payables in connection with the procurement of construction materials of TW7 Project by us during the four months ended 31 July 2013.

The amounts due to sub-contractors of our Group included retention payables. Retention payables represented the money withheld by our Group when making interim payment to the sub-contractors. Retention money will usually be retained by us for a period of time according to the terms of respective contract to ensure satisfactory completion of the projects by our sub-contractors. The retention money for each project ranges from 1% to 10% of the total contract sum for a period of time. Generally, for the retention money, either, the first half of the retention money is released upon completion of the project and the second half of the retention money is released to us upon expiry of the guaranteed maintenance period subject to the customers' satisfaction of our works, or all of the retention money is released to us upon expiry of the guaranteed maintenance period subject to the customers' satisfaction of our works. The retention payable amounted to approximately HK\$39.8 million, HK\$50.9 million, HK\$111.8 million and HK\$116.2 million as at 31 March 2011, 31 March 2012 and 31 March 2013 and 31 July 2013 respectively, which increased as a result of more sub-contracting works during the Track Record Period.

The following table sets out the ageing analysis of the accounts payable as at 31 March 2011, 31 March 2012 and 31 March 2013 and 31 July 2013.

	As at 31 March			As at
	2011	2012	2013	31 July
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>2013</i>
Current to 3 months	68,939	236,764	331,451	306,027
4 to 6 months	6	1,036	10,802	392
Over 6 months	<u>1,233</u>	<u>306</u>	<u>434</u>	<u>1,173</u>
	<u><u>70,178</u></u>	<u><u>238,106</u></u>	<u><u>342,687</u></u>	<u><u>307,592</u></u>

We normally settle accounts payable with a credit period ranging from 7 to 30 days. The accounts payable are short term and hence their carrying values are considered by our Directors to be a reasonable approximation of their fair values. The majority of accounts payable as at 31 March 2011, 31 March 2012 and 31 March 2013 and 31 July 2013 were current or aged less than 4 months.

As at 31 October 2013, about 61.7% of the outstanding trade payable balances as at 31 July 2013 have been subsequently settled. About 98.3% of the remaining trade payable balances represented retentions payable, which were only required to be settled upon project completion and/or expiry of maintenance period according to the relevant contract terms.

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Accruals of costs for contract works

Accruals of costs for contract works represent accrued costs payable to sub-contractors for contract works. During the Track Record Period, the amounts increased from approximately HK\$21.1 million as at 31 March 2011 to approximately HK\$22.0 million as at 31 March 2012 and then decreased to approximately HK\$5.4 million and HK\$3.0 million as at 31 March 2013 and 31 July 2013, respectively, due to differences in billing time.

Other payables and accruals

	As at 31 March			As at
	2011	2012	2013	31 July
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>2013</i> <i>HK\$'000</i>
Other payables and accruals	1,759	2,043	2,267	3,243
Due to Vantage	52,104	52,219	53,732	53,742
Due to the Retained Vantage Group	—	—	—	239
	<u>53,863</u>	<u>54,262</u>	<u>55,999</u>	<u>57,224</u>

The other payables and accruals represented accrued expenses in relation to our Group's operating activities.

The amount due to Vantage arose from a reorganisation within the Vantage Group in the past and to a lesser extent the management fee payable to Vantage for sharing of corporate expenses. The amount due to Vantage and the amount due to the Retained Vantage Group were unsecured, interest-free and have no fixed terms of repayment. The amount due to Vantage arose from the reorganisation within the Vantage Group in the past will be cleared by way of assignment of shareholder's loans owed by Great Jump and Top Integration from Profit Chain to Best Trader during the Reorganisation. The management fee payable to Vantage for sharing of corporate expenses and the amount due to the Retained Vantage Group will also be settled by way of cash using our Group's own internal resources before Listing.

Interest-bearing bank loans

Our interest-bearing bank loans represent secured bank borrowings amounted to nil, approximately HK\$18.7 million and approximately HK\$78.6 million as at 31 March 2011, 31 March 2012 and 31 March 2013, respectively. As compared to the year ended 31 March 2011, as the scale of our projects became larger for the two years ended 31 March 2013, our Group borrowed loans from banks during the two years ended 31 March 2013 to partly finance the operation of one of our projects. For the years ended 31 March 2011, 31 March

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2012 and 31 March 2013, the effective contractual interest rate was nil, 2.45%, and 2.19% to 2.55%, respectively, for our interest-bearing bank loans. We repaid all interest-bearing bank loans during the four months ended 31 July 2013, and hence no interest-bearing bank loans existed as at 31 July 2013.

During the Track Record Period, the financing agreements with the financial institutions are entered into under normal standard terms and conditions. During the Track Record Period and as at the Latest Practicable Date, none of our lenders have claimed default against us under any of the terms in the financing agreements.

CERTAIN KEY FINANCIAL RATIOS

The following table sets out certain key financial ratios of our Group for the Track Record Period:

		Year ended 31 March			Four months ended 31 July 2013
	<i>Notes</i>	2011	2012	2013	
Turnover growth	1	43.5%	2.5%	42.6%	100.2%
Adjusted turnover growth *	1	0.9%	57.8%	-3.7%	51.5%
Net profit growth	2	2.8%	12.9%	42.2%	30.1%
Gross margin	3	6.8%	7.1%	5.6%	3.7%
Adjusted gross margin *	3	15.1%	9.7%	11.0%	9.1%
Net profit margin before interest and tax	4	4.4%	4.9%	5.1%	2.5%
Net profit margin	5	3.7%	4.1%	4.1%	1.9%
Return on equity	6	32.8%	27.0%	27.7%	24.2%
Return on total assets	7	11.3%	6.4%	6.4%	7.2%
Accounts receivable turnover days	8	58.8	57.3	65.6	48.0
Accounts payable turnover days	9	52.7	87.8	114.1	63.0
Current ratio	10	1.5	1.3	1.3	1.4
Gearing ratio	11	0%	17.9%	54.4%	0%
Interest coverage ratio	12	N/A	1,022.0	26.7	83.8

* Adjusted to exclude contribution from building construction and maintenance business.

Notes:

1. The calculation of turnover growth is based on the difference between our turnover of respective period and previous period, divided by our turnover of previous period multiplied by 100%.
2. The calculation of net profit growth is based on the difference between our net profit of respective period and previous period, divided by our net profit of previous period multiplied by 100%.

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3. *The calculation of gross margin is based on our gross profit of respective period divided by our turnover of respective period multiplied by 100%.*
4. *The calculation of net profit margin before interest & tax is based on our net operating profit before interest and tax of respective period divided by our turnover of respective period multiplied by 100%.*
5. *The calculation of net profit margin is based on our net profit of respective period divided by our turnover of respective period multiplied by 100%.*
6. *For each of the three years ended 31 March 2013, the calculation of return on equity is based on the profit attributable to owners of the parent of the respective period divided by the ending equity attributable to owners of the parent of the respective period and multiplied by 100%. For the four months ended 31 July 2013, the calculation of return on equity is based on the profit attributable to owners of the parent divided by the ending equity attributable to owners of the parent, multiplied by 365/122, and then multiplied by 100%.*
7. *For each of the three years ended 31 March 2013, the calculation of return on total assets is based on the profit attributable to owners of the parent of the respective period divided by the ending total assets of the respective period and multiplied by 100%. For the four months ended 31 July 2013, the calculation of return on total assets is based on the profit attributable to owners of the parent divided by the ending total assets, multiplied by 365/122, and then multiplied by 100%.*
8. *Accounts receivable turnover days is calculated based on the average of the beginning and ending balance of accounts receivable for the year/period divided by revenue during the year/period and multiplied by 365 days for the years ended 31 March 2011, 2012 and 2013 /122 days for the four months ended 31 July 2013.*
9. *Accounts payable turnover days is calculated based on the average of the beginning and ending balance of accounts payable for the year/period divided by contract costs for the year/period and multiplied by 365 days for the years ended 31 March 2011, 2012 and 2013 /122 days for the four months ended 31 July 2013.*
10. *Current ratio is calculated by dividing current assets by current liabilities as at the respective year/period end.*
11. *Gearing ratio is calculated by dividing total interest-bearing bank loans by the total equity as at the respective year/period end.*
12. *The calculation of interest coverage is based on our profit before finance costs and income tax expense of the respective period divided by our finance costs of the respective period.*

Please refer to the paragraphs “Four months ended 31 July 2013 compared to four months ended 31 July 2012”, “Financial year ended 31 March 2013 compared with the financial year ended 31 March 2012” and “Financial year ended 31 March 2012 compared with the financial year ended 31 March 2011” in this section for discussions regarding our turnover growth, net profit growth and gross and net profit margins during the Track Record Period.

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Return on equity and return on total assets

Our return on equity for the years ended 31 March 2011, 2012 and 2013 and the four months ended 31 July 2013 was approximately 32.8%, 27.0%, 27.7% and 24.2%, respectively, and our return on total assets for the years ended 31 March 2011, 2012 and 2013 and the four months ended 31 July 2013 was approximately 11.3%, 6.4%, 6.4% and 7.2% respectively.

The decreases in both our return on equity and return on total assets for the year ended 31 March 2012 as compared to the year ended 31 March 2011 were mainly due to a less-than-proportionate increase in our net profit as compared to the growth in the increases in our equity and total assets, which was mainly resulted from a relatively mild growth in our revenue for the year ended 31 March 2012.

Both our return on equity and return on total assets remained relatively stable for the year ended 31 March 2013 as compared to the year ended 31 March 2012.

The decrease in our return on equity for the four months ended 31 July 2013 as compared to the year ended 31 March 2013 was mainly due to a less-than proportionate increase in our net profit as compared to the growth in the increase in our equity. The increase in our return on total assets for the four months ended 31 July 2013 as compared to the year ended 31 March 2013 was mainly to the reduction of total assets.

Accounts receivable turnover days

The credit term offered by our Group was in accordance with the terms specified in each contract being entered into with relevant customers. For the financial years ended 31 March 2011, 2012 and 2013 and the four months ended 31 July 2013, our Group's accounts receivable turnover days was approximately 58.8 days, 57.3 days, 65.6 days and 48.0 days, respectively. Retention receivables for each project generally ranged from 1% to 10% of the total contract sums. Since the retention monies were withheld by customers and were not released until some time after completion of the project and/or upon expiry of the guaranteed maintenance period according to the terms of respective contracts, our accounts receivable turnover days, which have also accounted for retention receivables, were longer than 30 days during the Track Record Period. The slight increase in accounts receivable turnover days for the year ended 31 March 2013 as compared to that for the year ended 31 March 2012 was primarily due to higher accounts receivable balance related to TW7 Project as at 31 March 2013 since TW7 Project which started in the second half of the year ended 31 March 2012 was in full swing during the year ended 31 March 2013. The decrease in accounts receivable turnover days for the four months ended 31 July 2013 was mainly because of faster processing of settlement for the accounts receivable relating to certain R&R Programme projects by our customer during the four months ended 31 July 2013.

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Accounts payable turnover days

The accounts payable turnover days increased from approximately 52.7 days in 2011 to approximately 87.8 days in 2012 and approximately 114.1 days in 2013 and decreased to approximately 63.0 days for the four months ended 31 July 2013. Retention payables for each project generally ranged from 1% to 10% of the total contract sums. Since the retention monies were released some time after completion of the project and/or upon expiry of the guaranteed maintenance period according to the terms of respective contracts, our accounts payable turnover days, which have also accounted for retention payables, were longer than 30 days during the Track Record Period. As a project may comprise variation orders and would involve sub-contract agreements, sufficient amount of time is needed to not only identify the corresponding sub-contractors and its work progress but also to match the settlement from customers with the payables of the corresponding sub-contractors. For the two years ended 31 March 2012 and 2013 and the four months ended 31 July 2013, our Group's accounts payable turnover days were longer than our accounts receivable turnover days primarily due to (i) the more flexible settlement period obtained from suppliers which have long-term business relationships with our Group; and (ii) the additional time required to process the payment of the accounts payable after settlement of the corresponding accounts receivables with our customers. The overall increasing trend during the three years ended 31 March 2013 was in line with our practice to match the payment received from customers with the payment to be paid by us in order to better manage our cash flow, and we usually settle the accounts payable after the settlement of the corresponding accounts receivable. The decrease in accounts payable turnover days for the four months ended 31 July 2013 was mainly because of faster settlement of the accounts payable in connection with the procurement of construction materials by us during the period.

Current ratio

Current ratio was maintained at a relatively steady level throughout the Track Record Period. Our Group has been striving to maintain adequate liquidity and working capital position to cope with our operation needs for our projects, recording net current asset position as at 31 March, 2011, 2012 and 2013 and 31 July 2013 respectively. Our Directors believe that the current ratio of our Group has been maintained at a healthy level during the Track Record Period.

Gearing ratio

Gearing ratio is calculated based on the amount of total interest-bearing bank loans divided by the total equity as at the respective year/period end. As compared to 31 March 2011, the increase in gearing ratio as at 31 March 2012 and 2013 was mainly due to the increase in total interest-bearing bank loans which increased from nil as at 31 March 2011 to approximately HK\$18.7 million as at 31 March 2012 and further to approximately HK\$78.6 million as at 31 March 2013. We borrowed bank loans during each of the years ended 31 March 2012 and 2013 to partly finance TW7 Project which started in August 2011 and was ongoing as at 31 March 2013.

FINANCIAL INFORMATION

Despite the increasing trend in our gearing ratio during the three years ended 31 March 2013, our Group maintained a net cash position during the Track Record Period. We repaid all interest-bearing bank loans during the four months ended 31 July 2013, mainly because we stopped providing financing to the Retained Vantage Group since June 2013 for TW7 Project.

Interest coverage ratio

Our interest coverage ratio for the years ended 31 March 2012 and 2013 and the four months ended 31 July 2013 was 1,022.0 times, 26.7 times and 83.8 times, respectively. The interest coverage ratio decreased for the year ended 31 March 2013 as compared to the year ended 31 March 2012 and was mainly due to increase in finance costs as a result of the increase in interest-bearing bank loans. As we did not borrow any interest-bearing loans, we did not incur any finance cost during the year ended 31 March 2011.

The interest coverage ratio increased for the four months ended 31 July 2013 as compared to the year ended 31 March 2013 and was mainly due to the decrease in finance costs as a result of repayment of interest-bearing bank loans during the four months ended 31 July 2013.

STATEMENT OF INDEBTEDNESS

Bank borrowings, security and guarantees

As at 30 September 2013, being the latest practicable date for the purpose of this statement prior to the printing of this prospectus, our Group had aggregate bank facilities of approximately HK\$226,000,000 which was not utilised.

As at 30 September 2013, the banking facilities were secured by the following:

- (a) Corporate guarantee from Vantage amounted to HK\$242,000,000; and
- (b) The assignment of our Group's accounts receivable under certain contract works with an aggregate amount of approximately HK\$215,853,000.

All the corporate guarantees provided by Vantage, a connected person of our Company, in relation to the banking facilities will be released or replaced by guarantees by our Company and/or other security of our Group upon Listing.

Our Directors confirmed that we had not experienced difficulties in meeting obligations during the Track Record Period and none of our Group's bank overdrafts and bank borrowings facilities are subject to the fulfillment of covenants relating to financial ratio requirements which would adversely affect our Group's ability to undertake additional debt or equity financing.

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Contingent liabilities

As at 31 March 2011, 2012 and 2013 and 31 July 2013, our Group provided guarantee to certain banks in respect of performance bonds in favour of certain contract customers amounted to HK\$17.9 million, HK\$15.2 million, HK\$37.8 million and HK\$37.8 million, respectively. As at 30 September 2013, other than guarantee to certain banks in respect of performance bonds of approximately HK\$37.8 million and save as disclosed in this Prospectus, our Group had no material contingent liabilities and was not involved in any material legal proceedings. Our Directors are not aware of any pending or potential material legal proceedings involving our Group. If our Group is involved in such material legal proceedings, our Group will record contingency loss when, based on information then available, it is likely that a loss will incur and the amount of loss can be reasonable estimated.

Operating lease commitments

Our Group as lessee

At the end of each of the Track Record Period, our Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	As at 31 March			As at 31 July
	2011	2012	2013	2013
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Within one year	2,419	3,076	4,600	6,194
In the second to fifth years, inclusive	<u>474</u>	<u>2,946</u>	<u>1,521</u>	<u>6,338</u>
	<u><u>2,893</u></u>	<u><u>6,022</u></u>	<u><u>6,121</u></u>	<u><u>12,532</u></u>

Operating lease payments represent rentals payable by our Group for certain of its construction site offices. Leases are negotiated for terms from 1 to 4 years.

Save as otherwise disclosed above, and apart from the intra-group liabilities, accruals of costs for contract works, our Group did not have, at the close of business on 30 September 2013, any outstanding mortgages, charges, debentures, loan capital, bank overdrafts, loans, debt securities or other similar indebtedness, finance lease or hire purchase commitments, liabilities under acceptance or acceptance credits or any guarantees or other material contingent liabilities outstanding.

OFF-BALANCE SHEET TRANSACTIONS

Except for the commitments and contingent liabilities set forth above, our Group has not entered into any material off-balance sheet transactions or arrangements as at the Latest Practicable Date.

QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISKS**Interest rate risk**

Our Group's exposure to the risk of changes in market interest rates relating primarily to our Group's debt obligations with floating interest rates. Our Group currently does not have an interest rate hedging policy. However, management monitors interest rate exposure and will consider other necessary actions when significant interest rate exposure is anticipated.

At 31 March 2011, 2012 and 2013 and 31 July 2013, it is estimated that an increase/decrease of 25 basis points in interest rates, with all other variables held constant, would decrease/increase our Group's profit after tax and retained profits by nil, approximately HK\$39,000, approximately HK\$164,000 and nil, respectively, arising as a result of higher/lower interest expense on our Group's floating-rate borrowings. This sensitivity analysis has been determined assuming that the change in interest rates had occurred at the end of each year of the Track Record Period, and that the amount of variable-rate borrowings outstanding at the end of each year of the Track Record Period was outstanding throughout the whole year.

Credit risk

Our Group's maximum exposure to credit risk in the event of the counterparties' failure to perform their obligations as at 31 March 2011, 2012 and 2013 and 31 July 2013 in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the statement of financial position. Management monitors the creditworthiness and payment patterns of each debtor closely and on an on-going basis. As our Group's customers in respect of contract works primarily consist of government departments and developers or owners with strong financial backgrounds, management considers that the risk of irrecoverable receivables from contract works is not significant.

As at 31 March 2011, 2012 and 2013 and 31 July 2013, our Group has concentration of credit risk as 41%, 43%, 60% and 63% of the total accounts receivable were due from our Group's largest external customers while 95%, 95%, 98% and 99% of the total accounts receivable were due from our Group's five largest external customers, respectively.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

Liquidity risk

In the management of the liquidity risk, our Group's policy is to monitor regularly the current and expected liquidity requirements 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 long term. In addition, banking facilities have been put in place for contingency purposes.

FINANCIAL INFORMATION

DISCLOSURE REQUIRED UNDER THE LISTING RULES

Our Directors have confirmed that, as at the Latest Practicable Date, there are no circumstances that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

RELATED PARTY TRANSACTIONS

During the Track Record Period, our Group entered into certain related party transactions, details of which are set out in note 32 headed “Related Party Transactions” to the Accountants’ Report set out in Appendix I to this prospectus. Our Directors confirm that these related party transactions were conducted on normal commercial terms.

DIVIDENDS AND RESERVES

Prior to the Reorganisation, EXCEL declared a one-off and non-recurring dividend of HK\$60 million to the then shareholder, Great Jump on 21 November 2013. On the same day, Great Jump declared the entire HK\$60 million as dividend to the then shareholder, Profit Chain. Such dividend will be funded by using our internal resources and paid before the Listing in December 2013. Investors in the Share Offer and persons becoming our Shareholders after the Listing will not be entitled to such dividend. After completion of the Share Offer, our Shareholders will be entitled to receive dividends only when declared by our Board. Save as aforesaid, no dividend has been paid or declared by companies comprising our Group or our Company during the Track Record Period and from 1 August 2013 up to the Latest Practicable Date.

Our historical dividend distribution in the past should not be indicative of our future dividend policy. In general, the amount of future dividends to be declared by our Company will depend on factors such as our profitability, financial condition, business development requirements, future prospects and cash requirements. Any declaration and payment, as well as the amount of dividends, will be subject to our constitutional documents and Cayman Islands laws, including the approval of our Shareholders and our Directors. Our Directors consider that our Company’s dividend policy mentioned above will not materially affect our Group’s working capital position in the coming years.

As at 31 July 2013, our Company did not have any distributable reserves available for distribution to the Shareholders.

LISTING EXPENSES

The estimated total listing expenses (excluding underwriting commission), which are non-recurring in nature and are mainly comprised of professional fees paid to the Sole Sponsor, legal advisors, the reporting accountants and other parties for their services in connection with the Share Offer, are approximately HK\$14 million. No significant listing expenses have been incurred by our Group during the three years ended 31 March 2013. For the four months ended 31 July 2013, listing expenses of approximately HK\$5.1 million was charged to profit or loss. For the remaining amount of approximately HK\$8.9 million, we expect to further charge approximately HK\$4.0 million to profit or loss, while

FINANCIAL INFORMATION

approximately HK\$4.9 million is expected to be directly attributable to the issue of Shares and accounted for as a deduction from equity upon successful listing under the relevant accounting standards. The amount of listing expenses is a current estimate for reference only and the final amount to be recognised to the consolidated statement of comprehensive income of our Group for the year ending 31 March 2014 is subject to audit and the then changes in variables and assumptions.

UNAUDITED PRO FORMA ADJUSTED NET TANGIBLE ASSETS

The following is an illustrative and unaudited pro forma adjusted combined net tangible assets of our Group prepared in accordance with Rule 4.29 of the Listing Rules and on the basis of the notes set out below for the purpose of illustrating the effect of the Share Offer on the combined net tangible assets of our Group attributable to owners of our Company as if the Share Offer had taken place on 31 July 2013.

This unaudited pro forma adjusted combined net tangible assets has been prepared for illustrative purposes only and, because of its hypothetical nature, it may not give a true picture of the combined net tangible assets of our Group had the Share Offer been completed as at 31 July 2013 or any future dates.

	Combined net tangible assets attributable to owners of our Company as at 31 July 2013 HK\$'000 (Note 1)	Acquisition of shareholder's loans HK\$'000 (Note 2)	Estimated net proceeds from the Share Offer HK\$'000 (Note 3)	Unaudited pro forma adjusted combined net tangible assets HK\$'000	Unaudited pro forma adjusted combined net tangible assets per Share HK\$'000 (Notes 4 and 5)
Based on an Offer Price of HK\$1.0 per Share	157,152	45,923	37,840	240,915	1.205
Based on an Offer Price of HK\$1.2 per Share	157,152	45,923	47,840	250,915	1.255

Notes:

- The combined net tangible assets attributable to owners of our Company as at 31 July 2013 is extracted from the Accountants' Report set out in Appendix I to this prospectus.*
- As part of the Reorganisation, on 21 November 2013, Best Trader, a wholly-owned subsidiary of our Company, acquired the shareholder's loans of Great Jump and Top Integration from Profit Chain, the then shareholder of our Company, of approximately HK\$45,923,000.*
- The estimated net proceeds from the Share Offer are based on the indicative Offer Price of HK\$1.0 and HK\$1.2 per Share, after deduction of the underwriting fees and other related expenses payable by our Company.*
- The unaudited pro forma adjusted combined net tangible assets per Share is calculated based on 200,000,000 Shares expected to be in issue immediately following the completion of the Share Offer and the Capitalisation Issue 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 our Company pursuant to the general mandates for the allotment and issue or repurchase of Shares.*

FINANCIAL INFORMATION

5. *The unaudited pro forma adjusted combined net tangible assets attributable to owners of our Company does not take into account a special dividend of HK\$60,000,000 declared on 21 November 2013 by Great Jump, a subsidiary of the Group, to Profit Chain. Such dividend will be paid before the listing of the shares of our Company on the Stock Exchange in December 2013. Had the special dividend been taken into account, the unaudited pro forma adjusted combined net tangible assets per Share would be HK\$0.905 (assuming an Offer Price of HK\$1.0 per Share) and HK\$0.955 (assuming an Offer Price of HK\$1.2 per Share), respectively.*
6. *No adjustment has been made to reflect any trading results or other transactions of our Group entered into subsequent to 31 July 2013.*

OUR BUILDING CONSTRUCTION AND MAINTENANCE BUSINESS WHICH SHALL BE CEASED

We are principally engaged in civil engineering construction business. During the whole history of our operation, we were engaged in only two private residential building construction projects. The principal reason for our engaging in private residential building construction projects was in relation to the overall strategies and considerations of the Vantage Group, in particular, on diversification of risks and establishing track records on different nature of construction projects among member companies. As the Retained Vantage Group has been engaged in building construction projects and possesses the relevant expertise and technical experience, it was then decided for us to sub-contract the two private residential building construction projects to the Retained Vantage Group.

The two private residential building construction projects that we have undertaken are MOS Project which was completed in March 2011 and TW7 Project which commenced in August 2011. In addition to building construction, we were also engaged in certain relatively minor building maintenance works in terms of scale and value during the Track Record Period. We shall not take up any new building construction projects and maintenance works, and shall cease all building construction and maintenance business upon completion of TW7 Project.

As set out in the section headed “Relationship with Controlling Shareholders” in this prospectus, the Retained Vantage Group is principally engaged in, among other things, building construction works for public and private sectors in Hong Kong including construction of buildings. As part of the effort to ensure clear delineation of business activities between our Group and the Retained Vantage Group after the Spin-off, our Group will continue to focus on civil engineering construction business which is our core business and shall cease engaging in building construction and maintenance works except for TW7 Project which is expected to be completed in mid-2014. Except for TW7 Project which we will continue until its completion in order to fulfill our obligations under the terms of the relevant project contract, upon the Listing we will no longer be engaged in building construction and maintenance business.

During the Track Record Period, we recorded revenue of approximately HK\$371 million, HK\$213 million, HK\$525 million and HK\$435 million from building construction and maintenance works, representing approximately 55.1%, 30.9%, 53.3% and 66.5% of our total revenue, for each of the three years ended 31 March 2013 and the four months

FINANCIAL INFORMATION

ended 31 July 2013 respectively. For illustration purpose only, below is a summary of the major income and expense items which are directly attributable to our building construction and maintenance business as recorded in our combined statements of comprehensive income during the Track Record Period:

	Year ended 31 March			Four months ended 31 July 2013
	2011	2012	2013	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Relating to gross profit generated from building construction and maintenance business				
— Revenue	371,002	213,141	524,907	435,120
— Contract costs	<u>(370,997)</u>	<u>(210,602)</u>	<u>(519,740)</u>	<u>(430,549)</u>
— Gross profit	(A) <u>5</u>	<u>2,539</u>	<u>5,167</u>	<u>4,571</u>
Relating to staff cost reimbursement for TW7 Project				
— Management fee income from the Retained Vantage Group for staff cost reimbursement (<i>Note</i>)	(B) <u>—</u>	<u>1,320</u>	<u>9,880</u>	<u>2,458</u>
Relating to sharing of corporate expense of the Vantage Group attributable to MOS Project and TW7 Project				
— Management fee paid to Vantage (<i>Note</i>)	—	(1,535)	(4,146)	—
— Management fee income charged back to the Retained Vantage Group to recover the corresponding amount of management fee paid to Vantage (<i>Note</i>)	<u>—</u>	<u>1,535</u>	<u>4,146</u>	<u>—</u>
	(C) <u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Relating to financing of materials purchase for TW7 Project				
— Finance costs paid by our Group to banks (<i>Note</i>)	—	(33)	(1,848)	(168)
— Interest income reimbursed from the Retained Vantage Group (<i>Note</i>)	<u>—</u>	<u>33</u>	<u>1,848</u>	<u>168</u>
	(D) <u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total financial impact (A) + (B) + (C) + (D)	<u><u>5</u></u>	<u><u>3,859</u></u>	<u><u>15,047</u></u>	<u><u>7,029</u></u>

Note: Further information relating to these items are set out in this section under the items “Our other income and gains”, “Our administrative expenses” and “Our finance costs”.

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In relation to the financial impact shown above relating to our building construction and maintenance business, our Group has seconded staff to Able Contractors and received reimbursement of costs from Able Contractors. Such reimbursement of staff costs amounted to approximately HK\$1,320,000, HK\$9,880,000 and HK\$2,458,000, based on actual salaries and staff benefits costs and approximate amounts of time spent on TW7 Project for the seconded staff for the financial years ended 31 March 2012 and 2013 and the four months ended 31 July 2013 respectively. Our seconded staff to Able Contractors include our Director responsible for the overall management and monitoring of project performance; project staff such as project managers, engineers and safety officer responsible for project execution, co-ordination and safety matters; and other administrative staff responsible for general administrative matters. We anticipate that such seconded staff of our Group would be able to generate revenue from civil engineering projects should they not be seconded to Able Contractors during the same periods.

Our Group will continue to sub-contract TW7 Project to Able Contractor until its completion after Listing. In this connection, our sub-contracting arrangement with the Retained Vantage Group for TW7 Project which involves sub-contracting fee payable to Able Contractors and staff cost reimbursement to receive from Able Contractors will also continue, and such sub-contracting arrangement will constitute a continuing connected transaction upon Listing, further information of which is set out in the section headed “Connected Transactions” in this prospectus.

The contract sum for TW7 Project is approximately HK\$1,605 million, of which approximately HK\$1,111 million has already been recognised as our revenue during the Track Record Period. Our Directors expect that the remaining outstanding amount of the contract sum of TW7 Project of approximately HK\$494 million will be recognised by our Group as revenue after Listing. Our Directors currently estimate that TW7 Project will be completed by mid-2014, but due to the time required for certification of project completion, maintenance period, and billing procedures, it is expected that our Group will continue to record relevant income and costs arising from TW7 Project after Listing for the three years ending 31 March 2016 or thereafter, depending on the actual project progress in future.

After Listing, as we shall cease to engage in building construction and maintenance business and will not take up any new contract works for building construction and maintenance, our Group will no longer record any revenue and profit from the building construction and maintenance business other than as a result of TW7 Project. Although we will cease to engage in building construction and maintenance works which had significant contribution to our revenue during our Track Record Period, as our Group has managed to grow our principal business of civil engineering construction in its 37-years’ track record and was able to generate the majority of our profit from our civil engineering construction business during the Track Record Period. In that regard, our Directors believe that our Group will be able to continue sustainable business development by focusing on our civil engineering construction business after Listing. For related risk of cessation of the building construction and maintenance business of our Group after Listing, please refer to “Risk Factors — Cessation of undertaking building construction and maintenance works by us after completion of TW7 Project may have a material adverse effect on our business, operating results and financial condition” in this prospectus.

FINANCIAL INFORMATION

NO MATERIAL ADVERSE CHANGE

Our Directors confirm that, up to the date of this prospectus, there has been no material adverse change in our financial or trading position or prospects since 31 July 2013 (being the date on which the latest audited combined financial information of our Group was made up) and there is no event since 31 July 2013 which would materially affect the information shown in our combined financial information included in the Accountants' Report set forth in Appendix I to this prospectus.

FUTURE PLANS AND USE OF PROCEEDS

FUTURE PLANS AND PROSPECTS

Please refer to the section headed “Business — Business Strategies” in this prospectus for a detailed description of our Group’s future plans.

USE OF PROCEEDS

The net proceeds from the Share Offer will strengthen our capital base and will provide funding for achieving our business strategies and carrying out our future plans as set out in the section headed “Business — Business Strategies” in this prospectus. As discussed in the “Regulatory Overview” and “Industry Overview” sections in this prospectus, there is a minimum requirement on employed capital and working capital for projects in the public sector in Hong Kong. Contractors for both public and private sector projects might be required to provide customers with retention money which generally ranges from 1% to 10% of the total contract sum or to take out performance or surety bonds (generally not exceeding 10% of the total contract sums) issued by a bank or an insurance company in favour of the customers according to the contract terms. It is therefore beneficial to our Group to strengthen its capital base through raising funds under the Share Offer in order that our Group will be able to tender for a greater volume of projects and projects of larger contract sums after Listing.

Assuming that the Offer Size Adjustment Option is not exercised at all and assuming an Offer Price of HK\$1.1, being the mid-point of the proposed Offer price range, our Directors estimate that the net proceeds to be received by our Company from the Share Offer will be about HK\$37.7 million, after deducting the underwriting commissions and other estimated expenses payable by our Company in relation to the Share Offer.

Our Directors presently intend to use the net proceeds from the Share Offer as follows:

- approximately 80% or HK\$30.1 million of the total estimated net proceeds will be used for the operation of the current projects and prospective projects;
- approximately 5% or HK\$1.9 million of the total estimated net proceeds will be used for the employment of additional staff for current and new projects and the expansion of the business of our Group;
- approximately 5% or HK\$1.9 million of the total estimated net proceeds will be used to support the increase of the performance bonds facilities available to our Group for satisfying performance bonds requirement of prospective projects; and
- approximately 10% or HK\$3.8 million of the total estimated net proceeds will be used for the working capital and other general corporate purposes.

Further information on the performance bonds of our Group is set out in the paragraph headed “Business — Performance bonds/Surety bonds” in this prospectus.

FUTURE PLANS AND USE OF PROCEEDS

If the Offer Size Adjustment Option is exercised in full, we estimate that we would receive additional net proceeds of approximately HK\$8 million, assuming an Offer Price of HK\$1.1 per Share, being the midpoint of the Offer Price range stated in this prospectus. The additional net proceeds received from the exercise of the Offer Size Adjustment Option will be applied pro rata to the above mentioned purposes. If the Offer Size Adjustment Option is exercised at the higher or lower end of the Offer Price range stated in this prospectus, we will adjust our allocation of the net proceeds for the above mentioned purposes on a pro rata basis. In such event, we will announce the net proceeds from the exercise of the Offer Size Adjustment Option.

To the extent that the net proceeds of the Share Offer 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 deposits with authorised financial institutions and/or licensed banks in Hong Kong.

We will issue an announcement in the event that there is any material change in the use of proceeds of the Share Offer as described above.

UNDERWRITING

UNDERWRITERS

Public Offer Underwriters

Mizuho Securities Asia Limited

RaffAello Securities (HK) Limited

Phillip Securities (Hong Kong) Limited

Phoenix Capital Securities Limited

Placing Underwriters

Mizuho Securities Asia Limited

RaffAello Securities (HK) Limited

Phillip Securities (Hong Kong) Limited

Phoenix Capital Securities Limited

PUBLIC OFFER UNDERWRITING ARRANGEMENTS

Public Offer

Pursuant to the Public Offer Underwriting Agreement, our Company is offering initially 5,000,000 Public Offer Shares for subscription by way of the Public Offer at the Offer Price on and subject to the terms and conditions of this prospectus and the Application Forms.

Subject to the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Shares in issue and to be issued, and to certain other conditions described in the Public Offer Underwriting Agreement (including the Lead Manager, on behalf of the Underwriters, and us agreeing to the Offer Price), the Public Offer Underwriters have agreed severally to subscribe, or procure subscribers to subscribe, for the Public Offer Shares which are being offered but are not taken up under the Public Offer on the terms and subject to the conditions of this prospectus and the Application Forms. The Public Offer Underwriting Agreement is conditional upon and subject to the Placing Agreement having been signed and becoming unconditional.

UNDERWRITING

Grounds for termination

The obligations of the Public Offer Underwriters to subscribe 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:

- (a) there has been a 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 Controlling Shareholders, the executive Directors and the non-executive Director (collectively, the “**Warrantors**”); or
- (b) any statement contained in the web proof information pack, this prospectus, the Application Forms or the formal notice or any announcement 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 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
- (c) any event, act or omission which gives or is likely to give rise to any liability of any of the Warrantors pursuant to the indemnities given by them under the Public Offer Underwriting Agreement or the Placing Agreement, as applicable; or
- (d) any breach of any of the obligations of any of the Warrantors under the Public Offer Underwriting Agreement or the Placing Agreement, as applicable; or
- (e) any of our reporting accountants or any of our legal counsels 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
- (f) 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, is refused or not granted, on or before the listing approval date, or if granted, the approval is subsequently withdrawn, qualified or withheld; or
- (g) our Company withdraws any of this prospectus, the Application Forms, or the listing application in respect of the Share Offer; or
- (h) 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

UNDERWRITING

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

- (i) any of the representations, warranties, undertakings given by the Warrantors pursuant to 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
- (j) 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 or to the issue of any of this prospectus, the Application Forms and the formal notice; or
- (k) 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:
 - (i) any local, national, regional or international financial, political, economic, legal, military, industrial, fiscal, regulatory, currency or market conditions (including, without limitation, conditions in the 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 dollar 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), British Virgin Islands or the Cayman Islands or any other jurisdiction the Lead Manager consider relevant (each a “**Relevant Jurisdiction**”); or
 - (ii) 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 Relevant Jurisdiction; or
 - (iii) any condition of the financial markets in any Relevant Jurisdiction or generally in the international equity securities or other financial markets; or
 - (iv) (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)

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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), affecting any Relevant Jurisdiction; or

- (v) (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 Exchanges 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
- (vi) any taxation or exchange controls, currency exchange rates or foreign investment regulations in any Relevant Jurisdiction adversely affecting an investment in the Shares; or
- (vii) any litigation or claim being threatened or instigated against any member of our 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
- (viii) any contravention by any member of our Group of the Companies Ordinance, the Companies Law, any of the Listing Rules or any applicable law or regulation; or
- (ix) 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
- (x) 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 Listing Rules or any other applicable law or regulation; or
- (xi) the issue or requirement to issue by our Company of a supplementary prospectus, Application Forms, pursuant to the Companies Ordinance or the Listing Rules in circumstances where the matter to be disclosed is, in the opinion of the Lead Manager, materially adverse to the marketing for or implementation of the Share Offer; or

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- (xii) 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
- (xiii) any demand by creditors for repayment of indebtedness or a petition is presented for the winding-up or liquidation of any member of our Group or any member of our Group makes any composition or arrangement with its creditors or enters into a scheme of arrangement or any resolution is passed for the winding-up of any member of our Group or a provisional liquidator, receiver or manager is appointed over all or part of the assets or undertaking of any member of our Group or anything analogous thereto occurs in respect of any member of our Group; or
- (xiv) any 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 of its members; or
- (xv) 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 (i) through (xv) above, in the sole and absolute opinion of the Lead Manager (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, taken as a whole or be materially adverse to any present or prospective shareholder of our Company in its capacity as such; or
- (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 or the formal notice; or

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- (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.

UNDERTAKINGS GIVEN TO THE STOCK EXCHANGE PURSUANT TO THE LISTING RULES

Undertaking by our Company

Pursuant to Rule 10.08 of the Listing Rules, we have undertaken to the Stock Exchange that no further Shares or securities convertible into our equity securities (whether or not of a class already listed) may be issued by us or form the subject of any agreement to such an issue by us within six months from the Listing Date (whether or not such issue of Shares or our securities will be completed within six months from the commencement of dealing), except in certain circumstances prescribed by Rule 10.08 of the Listing Rules.

Undertaking by each of the Controlling Shareholders

Pursuant to Rule 10.07(1) of the Listing Rules, each of the Controlling Shareholders has undertaken to the Stock Exchange, our Company and Mizuho that except pursuant to the Share Offer or unless in compliance with the requirements of the Listing Rules, it/he shall not, and shall procure that the relevant registered holder(s) (if any) of our Shares in which it/he has a beneficial interest shall not:

- (a) within the period commencing on the date by reference to which disclosure of the shareholding of it/him is made in this prospectus and ending on the date which is six months from the date on which dealings in our Shares first commence on the Main Board of the Stock Exchange (“**First Six-Month Period**”), dispose of, or enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of our Shares or other securities of our Company in respect of which it/he are shown by this prospectus to be the beneficial owner; and
- (b) within six months commencing on the day immediately following the expiry of the First Six-Month Period (“**Second Six-Month Period**”), dispose of, or enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Controlling Shareholders’ Shares if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, it/he would cease to be a controlling shareholder of our Company.

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Each of our Controlling Shareholders has further undertaken to the Stock Exchange, our Company and Mizuho that, within the First Six-Month Period and the Second Six-Month Period, it/he shall and shall procure the relevant registered holder(s):

- (a) when it/he, or the relevant registered holder(s) pledge/charge any of our Shares or other securities of the Company beneficially owned by it/him in favour of an authorised institution pursuant to Note (2) to Rule 10.07(2) of the Listing Rules (the “**Permissible Pledge**”), immediately inform our Company in writing of such pledge/charge together with the number of such Shares or other securities in our Company so pledged/charged; and
- (b) when it/he, or the relevant registered holder(s) receive indications, either verbal or written, from any pledgee/chargee that any of the pledged/charged Shares or securities will be disposed of, immediately inform our Company in writing of such indications.

Our Company will also inform the Stock Exchange as soon as we have been informed of the matters mentioned in the paragraphs (a) and (b) above by the Controlling Shareholders and subject to the then requirements of the Listing Rules disclose such matters by way of an announcement which is published in accordance with the Rule 2.07C of the Listing Rules as soon as possible.

LOCK-UP UNDERTAKINGS PURSUANT TO THE PUBLIC OFFER UNDERWRITING AGREEMENT

Undertaking by our Company

We have undertaken to each of the Bookrunner, the Lead Manager, the Sole Sponsor and the Public Offer Underwriters pursuant to the Public Offer Underwriting Agreement that, except pursuant to the Share Offer (including pursuant to the Offer Size Adjustment Option) and the Capitalisation Issue, we will not, without the prior written consent of the Lead Manager (on behalf of the Public Offer Underwriters) and unless in compliance with the requirements of the Listing Rules, at any time from the date of the Public Offer Underwriting Agreement until the expiry of the First Six-Month Period,

- (a) offer, accept subscription for, pledge, charge, allot, issue, sell, lend, mortgage, assign, contract to allot, issue or sell, sell any option or contract to purchase, purchase any option or contract to sell, grant or agree to grant any option, right or warrant to purchase or subscribe for, make any short sale, lend, mortgage, assign or otherwise transfer or dispose of, either directly or indirectly, conditionally or unconditionally, or repurchase, any of our share capital or other securities of our Company or any interest therein (including but not limited to any securities convertible into or exercisable or exchangeable for or that represent the right to receive any such share capital or securities or any interest therein), or

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- (b) enter into any swap, derivative, lending, repurchase, mortgage or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of such share capital or securities, or
- (c) enter into any transaction with the same economic effect as any transaction described in sub-paragraph (a) or (b) above, or
- (d) agree or contract to, or publicly announce any intention to enter into, any transaction described in sub-paragraph (a), (b) or (c) above,

whether any of the foregoing transactions described in sub-paragraphs (a) to (d) is to be settled by delivery of share capital or such other securities, in cash or otherwise or publicly disclose that our Company will or may enter into any transaction described above, provided that foregoing restrictions shall not apply to the issue of Shares by our Company pursuant to the Share Offer (including pursuant to the Offer Size Adjustment Option), the Capitalisation Issue, or the issue of warrants of our Company by the Sole Sponsor, and our Company further agrees that, in the event of an issue or disposal of any Shares or any interest therein after the expiry of the First Six-Month Period, it will take all reasonable steps to ensure that such an issue or disposal will not create a disorderly or false market for the Shares.

Undertaking by each of the Controlling Shareholders

Each of the Controlling Shareholders, pursuant to the Public Offer Underwriting Agreement, has agreed and undertaken to Company, the Bookrunner, the Lead Manager, the Sole Sponsor and the Public Offer Underwriters that, except pursuant to (A) the Share Offer and the Capitalisation Issue and (B) the Offer Size Adjustment Option, it/he will not, and will procure that any other registered holder(s) of our Shares in which it/he has a beneficial interest will not without the prior written consent of the Lead Manager and subject to requirements set out in the Listing Rules,

- (a) at any time from the date of the Public Offer Underwriting Agreement up to and including the expiry date of the First Six-Month Period:
 - (i) offer, accept subscription for, pledge, mortgage, charge, allot, issue, sell, lend, assign, contract to allot, issue or sell, sell any option or contract to purchase, purchase any option or contract to sell, grant or agree to grant any option, right or warrant to purchase or subscribe for, lend, mortgage, assign, make any short sale or otherwise transfer or dispose of (or enter into any agreement to transfer or dispose of or otherwise create any options, rights, interests or encumbrances in respect of), either directly or indirectly, conditionally or unconditionally, any of the share or debt capital or other securities of our Company or any interest therein (including, but not limited to any securities that are convertible into or exercisable or exchangeable for, or that represent the right to receive, any such capital or securities or any interest therein whether now owned or hereinafter acquired, owned directly by each of the Controlling Shareholders (including holding as a custodian) or with respect to which such Controlling Shareholder has beneficial ownership

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(collectively the “**Lock-up Shares**”) (the foregoing restriction is expressly agreed to preclude such Controlling Shareholder from engaging in any hedging or other transaction which is designed to or which reasonably could be expected to lead to or result in a sale or disposition of the Lock-up Shares even if such Shares would be disposed of by someone other than such Controlling Shareholder, respectively. Such prohibited hedging or other transactions would include without limitation any short sale or any purchase, sale or grant of any right (including without limitation any put or call option) with respect to any of the Lock-up Shares or with respect to any security that includes, relates to or derives any significant part of its value from such Shares; or

- (ii) enter into any swap, derivative, repurchase or mortgage or other arrangement that transfers to another, in whole or in part, directly or indirectly, any of the economic consequences of ownership of any such capital or securities or any interest therein; or
 - (iii) enter into any transaction with the same economic effect as any transaction described in sub-paragraph (i) or (ii) above; or
 - (iv) agree or contract to, or publicly announce any intention to enter into, any transaction described in sub-paragraph (i) or (ii) or (iii) above, whether any such transaction described in sub-paragraph (i) or (ii) or (iii) above is to be settled by delivery of share capital or such other securities, in cash or otherwise, or offer to or agree to do any of the foregoing or announce any intention to do so;
- (b) at any time during the Second Six-Month Period, enter into any of the foregoing transactions in paragraphs (a)(i) or (a)(ii) or (a)(iii) above or agree or contract to or publicly announce any intention to enter into any such transactions if, immediately following such transfer or disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, any of the Controlling Shareholders will cease to be a “controlling shareholder” (as the term is defined in the Listing Rules) of our Company;
- (c) until the expiry of the Second Six-Month Period, in the event that any of the Controlling Shareholders enters into any such transactions or agrees or contracts to, or publicly announces an intention to enter into any such transactions, it/he will take all reasonable steps to ensure that it will not create a disorderly or false market in the securities of our Company; and

Each of the Controlling Shareholders, pursuant to the Public Offer Underwriting Agreement has agreed and undertaken to each of the Company, the Bookrunner, the Lead Manager, the Sole Sponsor and the Public Offer Underwriters that, at any time during the First Six-Month Period or the Second Six-Month Period (where applicable), each of the Controlling Shareholders will, (i) if it/he pledges or charges any Shares or other securities of our Company in respect of which it/he is the beneficial owner, immediately inform our Company, the Sole Sponsor and the Lead Manager and, if required, the Stock Exchange of

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any such pledges or charges and the number of Shares or other securities of our Company so pledged or charged, and (ii) if it/he receives any indication, either verbal or written, from any such pledgee or chargee of Shares or other securities of our Company that such Shares or other securities of our Company will be disposed of, immediately inform us, the Sole Sponsor and the Lead Manager in writing and, if required, the Stock Exchange of any such indication.

PLACING

In connection with the Placing, our Company expects to enter into the Placing Agreement with, among others, the Placing Underwriters and other parties named therein. Under the Placing Agreement, the Placing Underwriters will, subject to certain conditions, severally agree to purchase the Placing Shares being offered pursuant to the Placing or procure purchasers for such Placing Shares. It is expected that pursuant to the Placing Agreement, our Company and the Controlling Shareholders will give undertakings similar to those given pursuant to the Public Offer Underwriting Agreement in the sub-section headed “Lock-up Undertakings Pursuant to the Public Offer Underwriting Agreement” under this section.

Our Company is expected to grant to the Placing Underwriters the Offer Size Adjustment Option exercisable by the Lead Manager, 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 allocation of the Public Offer Shares, to require our Company to allot and issue up to an aggregate of 7,500,000 additional Shares, representing 15% of the Offer Shares, at the Offer Price per Offer Share under the Placing, solely to cover excess demand, if any, in the Placing.

COMMISSION AND EXPENSES

The Underwriters will receive an underwriting commission of 2.5% of the aggregate Offer Price payable for the Offer Shares initially offered under the Share Offer. We will bear the underwriting commissions, SFC transaction levy and Stock Exchange trading fee payable by us in connection with the issue of the new Shares together with any applicable fees relating to the Share Offer. In addition, we may pay the Sole Sponsor an additional incentive fee for all the Shares offered and sold in the Share Offer.

The aggregate commissions and fees, together with the listing fees, SFC transaction levy, the Stock Exchange trading fee, legal and other professional fees, printing and other expenses payable by us relating to the Share Offer are estimated to amount to approximately HK\$17.3 million in total assuming no exercise of the Offer Size Adjustment Option (based on the mid-point of our indicative price range for the Share Offer).

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STAMP TAXES

Buyers of Offer Shares sold by the Underwriters may be required to pay stamp taxes and other charges in accordance with the laws and practice of the country of purchase in addition to the Offer Price.

INDEMNITY

Our Company and each of the Controlling Shareholders have agreed to jointly and severally indemnify the Public Offer Underwriters against certain losses which they may suffer, including losses arising from their performance of their obligations under the Public Offer Underwriting Agreement and any breach by us or the Controlling Shareholders of the Public Offer Underwriting Agreement as the case may be.

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

THE SHARE OFFER

The Share Offer comprises the Public Offer and the Placing. Assuming the Offer Size Adjustment Option is not exercised, the total number of Offer Shares under the Public Offer and the Placing is 50,000,000 Shares. 5,000,000 new Shares, representing 10% of the total number of Shares initially available under the Share Offer, will initially be offered for subscription under the Public Offer. 45,000,000 new Shares, representing 90% of the total number of Shares initially available under the Share Offer, will initially be offered for subscription or purchase under the Placing.

Of the 45,000,000 Placing Shares initially being offered under the Placing, 5,000,000 Placing Shares are available for subscription by Qualifying Vantage Shareholders under the Preferential Offer as Assured Entitlement.

Both the Placing and the Public Offer are subject to re-allocation on the basis described in the paragraph headed “Offer mechanism — Basis of allocation of the Offer Shares” below in this section.

Investors may apply for Shares under the Public Offer or indicate an interest for Shares under the Placing, but may not do both (except in respect of Reserved Shares applied under the Preferential Offer). The Public Offer is open to members of the public in Hong Kong as well as to institutional and professional investors. The Placing will involve selective marketing of Shares to professional and institutional investors and other investors. Professional and institutional investors and other 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.

Qualifying Vantage Shareholders may make an application for Reserved Shares on a **BLUE** Application Form and, in addition, will be entitled to apply for Public Offer Shares under the Public Offer or apply for or indicate an interest for Placing Shares under the Placing (other than an application to subscribe for Reserved Shares under the Preferential Offer) but may not do both.

Assuming the Offer Size Adjustment Option is not exercised, the Offer Shares will represent approximately 25% of the enlarged issued share capital of our Company immediately after the completion of the Share Offer. If the Offer Size Adjustment Option is exercised in full, the Offer Shares comprised in the Share Offer will represent approximately 27.71% of the enlarged issued share capital of our Company immediately after the completion of the Share Offer and the exercise of the Offer Size Adjustment Option.

The Public Offer is fully underwritten by the Public Offer Underwriters and the Placing is expected to be fully underwritten by the Placing Underwriters, in each case, on a several basis, and each being subject to other conditions set out in the section headed “Underwriting” in this prospectus and the Lead Manager and our Company agreeing the Offer Price.

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 the Lead Manager, for itself and on behalf of the Underwriters, and our Company on or before the Price Determination Date, which is currently scheduled on 3 December 2013 or by no later than 10 December 2013.

If the Lead Manager (for itself and on behalf of the Underwriters) and our Company are unable to reach an agreement on the Offer Price on or before 10 December 2013, the Share Offer will not become unconditional and will lapse.

Prospective investors should be aware that the Offer Price to be determined on the Price Determination Date may be, but is not expected to be, lower than the indicative Offer Price range as stated in this prospectus.

The Offer Price will not be more than HK\$1.2 per Offer Share and is expected to be not less than HK\$1.0 per Offer Share. The Offer Price will fall within the Offer Price range as stated in this prospectus unless otherwise announced, as further explained below, not later than the morning of the last day for lodging applications under the Public Offer.

The Lead Manager (for itself and on behalf of the Underwriters) may, where considered appropriate, based on the level of interests expressed by prospective professional, institutional and other investors during a book-building process, and with the consent of our Company, reduce the indicative Offer Price range stated in this prospectus at any time prior to the morning of the last day for lodging applications under the Public Offer. In such a case, our Company will, as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the day which is the last day for lodging applications under the Public Offer, cause to be published in The Standard (in English) and Hong Kong Economic Journal (in Chinese) notice of such a change. Such notice will also be available at the website of the Stock Exchange at www.hkexnews.hk and our website at www.excelengco.com. Upon issue of such a notice, the revised Offer Price range will be final and conclusive and the Offer Price, if agreed upon with our Company, will be fixed within such revised Offer Price range. Such notice will also include confirmation or revision, as appropriate, of the working capital statement, the Share Offer statistics as currently set out in the section headed "Summary" in this prospectus, and any other financial information which may change as a result of such reduction. In the absence of any notice being published in The Standard (in English) and Hong Kong Economic Journal (in Chinese) of a reduction in the indicative Offer Price range as stated in this prospectus on or before the morning of the last day for lodging applications under the Public Offer, the Offer Price, if agreed upon with our Company, will under no circumstances be set outside the Offer Price range as stated in this prospectus.

Our Company expects to announce (i) the final Offer Price, (ii) the level of applications in the Public Offer and the Preferential Offer, (iii) the level of indication of interests under the Placing and (iv) the basis of allocation of the Public Offer Shares and the Reserved Shares on or before 10 December 2013 in The Standard (in English) and Hong Kong Economic Journal (in Chinese). Such announcement will also be available at the website of the Stock Exchange at www.hkexnews.hk and our website at www.excelengco.com.

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

Results of allocations in the Public Offer and the Preferential Offer, including the Hong Kong identity card/passport/Hong Kong business registration numbers of successful applicants (where applicable) and the number of Offer Shares successfully applied for under **WHITE, YELLOW or BLUE** Application Forms or applying online through the **HK eIPO White Form** service or by giving **electronic application instructions** to HKSCC will be made available as described under the section headed “How to apply for Public Offer Shares and Reserved Shares — Publication of Results” in this prospectus.

PRICE PAYABLE ON APPLICATION

The Offer Price will not be more than HK\$1.2 per Offer Share and is expected to be not less than HK\$1.0 per Offer Share. Applicants under the Public Offer should pay, on application, the maximum price of HK\$1.2 per Offer Share plus 1% brokerage, 0.005% Stock Exchange trading fee and 0.003% SFC transaction levy, amounting to a total of HK\$2,424.19 per board lot of 2,000 Offer Shares.

If the Offer Price, as finally determined in the manner described above, is lower than the maximum price of HK\$1.2 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 and Reserved Shares” in this prospectus.

CONDITIONS OF THE SHARE OFFER

Acceptance of all applications for the Offer Shares pursuant to the Share Offer will be conditional upon:

(a) Listing

the Listing Committee granting the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus, including any Shares which may fall to be issued upon the exercise of the Offer Size Adjustment Option;

(b) Placing Agreement

the execution and delivery of the Placing Agreement on or around the Price Determination Date; and

(c) Underwriting Agreements becoming unconditional

the obligations of the Underwriters under each of the Placing Agreement and Public Offer Underwriting Agreement having become unconditional, including, among other things, the Offer Price be agreed by no later than the Price Determination Date and the Price Determination Agreement has been duly entered into, and if relevant, as a result of the waiver of any conditions by the Lead Manager, acting for itself and on behalf of the Underwriters, and not being

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

terminated in accordance with the terms of the respective Underwriting Agreements or otherwise, in each case, on or before the dates and times specified in the respective Underwriting Agreements, unless and to the extent such conditions are validly waived on or before such dates and times, and in any event not later than the date which is 30 days after the date of this prospectus.

In the event that the Share Offer does not become unconditional, the Share Offer will lapse and a press announcement will be made by our Company as soon as possible. Details of the Underwriting Agreements and the conditions and grounds for termination are set out in the section headed “Underwriting” in this prospectus.

If any of these conditions is not fulfilled, or where applicable, waived by the Lead Manager, for and on behalf of the Underwriters prior to the times and dates specified, your application money will be returned to you as soon as possible without interest. The terms on which your money will be returned to you are set out in the section headed “How to apply for Public Offer Shares and Reserved Shares — Despatch/collection of Share Certificates and Refund Monies” in this prospectus. In the meantime, the application monies will be held in one or more separate bank accounts with the receiving banker or other licensed bank or banks in Hong Kong licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong) (as amended).

THE PUBLIC OFFER

Number of Offer Shares Initially Offered

Our Company is initially offering 5,000,000 Public Offer Shares at the Offer Price, representing in aggregate 10% of the Offer Shares initially available under the Share Offer, for subscription by members of the public in Hong Kong. The Public Offer Shares will represent 2.5% of our Company’s total issued share capital immediately after the completion of the Share Offer, assuming that the Offer Size Adjustment Option is not exercised. The Public Offer is fully underwritten by the Public Offer Underwriters, subject to the terms and conditions of the Public Offer Underwriting Agreement and the Lead Manager and our Company agreeing the Offer Price.

The Public Offer is open to all members of the public in Hong Kong. Persons allotted Shares under the Public Offer cannot apply for Shares under the Placing, except in respect of Reserved Shares applied under the Preferential Offer. An applicant for Shares under the Public Offer will be required to give an undertaking and confirmation in the Application Form submitted by him/her that he/she has 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 Placing Shares under the Placing nor participated in the Placing, except in respect of Reserved Shares applied under the Preferential Offer, and such applicant’s application will be rejected if such undertaking and confirmation is breached and, or found to be untrue, as the case may be. The completion of the Public Offer will be subject to the conditions stated under the paragraph headed “Conditions of the Share Offer” in this section.

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

Allocation

Allocation of the Public Offer Shares to applicants 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 Public Offer Shares, and those applicants who are not successful in the ballot may not receive any Public Offer Shares.

The total number of Public Offer Shares to be allotted and issued pursuant to the Public Offer may change as a result of the clawback arrangement or any discretionary reallocation as described under the section headed “Structure and Conditions of the Share Offer — Offer Mechanism — Basis of Allocation of the Offer Shares — Over-subscription” in this prospectus, or any reallocation of unsubscribed Public Offer Shares originally included in the Public Offer to the Placing or any reallocation of the unsubscribed Placing Shares to the Public Offer as described under the sub-paragraph headed “Under-subscription” below in this section.

THE PREFERENTIAL OFFER

Basis of Assured Entitlement

In order to enable Vantage Shareholders to participate in the Share Offer on a preferential basis as to allocation only, Qualifying Vantage Shareholders are entitled to apply for an aggregate of up to 5,000,000 Reserved Shares, representing 10% of the Offer Shares available under the Share Offer and 2.5% of the enlarged issued share capital of our Company upon completion of the Share Offer in the Preferential Offer, **on the basis of an Assured Entitlement of one (1) Reserved Share for every integral multiple of 350 shares in Vantage held by them as at 4:30 p.m. on the Record Date.** Fractional shareholders will not be entitled to apply for any Reserved Share. The Reserved Shares are being offered out of the Placing Shares, offered under the Placing and are not subject to reallocation.

With a view to maintaining at least the minimum prescribed percentage of the Shares in the hands of the public in compliance with the Listing Rules immediately after the Share Offer and to maximise the opportunity of the public to participate in the Share Offer, Mr. Ngai, an executive director and chairman of Vantage, Mr. Li Chi Pong and Mr. Yau Kwok Fai, our Directors, have indicated to Vantage and our Company that they, and the companies controlled by them, will not take up any Reserved Shares to which they or the companies controlled by them would be entitled to apply for under the Preferential Offer. The Reserved Shares in which they or the companies controlled by them are entitled to apply for (expectedly representing approximately 3,213,850 Reserved Shares or approximately 64.3% of the total number of Reserved Shares based on the number of Vantage’s shares in issue as at the Latest Practicable Date) will be available for excess application by other Qualifying Vantage Shareholders under the Preferential Offer. In view of this, all of these excess Reserved Shares will be available for subscription by other

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

Qualifying Vantage Shareholders. As such, the number of Reserved Shares that other Qualifying Vantage Shareholders can apply for, if they so choose, will be more than the basis of one Reserved Share for every integral multiple of 350 shares in Vantage held by them.

The Assured Entitlements may represent Shares which are not in a multiple of a full board lot of 2,000 Shares. Dealings in odd lots of Shares may be at or below their prevailing market price.

Basis of allocation for applications for Reserved Shares

A **BLUE** Application Form is being despatched to each Qualifying Vantage Shareholder together with this prospectus. Qualifying Vantage Shareholders are permitted to apply for a number of Reserved Shares which is greater than, equal to or less than their Assured Entitlements under the Preferential Offer. A valid application in respect of a number of Reserved Shares equal to or less than a Qualifying Vantage Shareholder's Assured Entitlement will be accepted in full, subject to the terms and conditions set forth in the **BLUE** Application Forms. If an application is made for a number of Reserved Shares greater than the Assured Entitlement of a Qualifying Vantage Shareholder, the Assured Entitlement will be satisfied in full but the excess proportion of such application will only be met to the extent that there are sufficient available Reserved Shares resulting from other Qualifying Vantage Shareholders with an Assured Entitlement declining to take up all or some of their Assured Entitlements. Any Reserved Share not taken up by the Qualifying Vantage Shareholders will first be allocated to satisfy the excess applications for the Reserved Shares from other Qualifying Vantage Shareholders on a fair and reasonable basis. Such allocation basis is consistent with the allocation basis commonly used in the case of over-subscriptions in public offerings in Hong Kong, where a higher allocation percentage will be applied in respect of smaller applications of excess Reserved Shares, and thereafter at the discretion of the Lead Manager, to other investors in the Placing.

Beneficial Vantage Shareholders with their shares held by a nominee company (including HKSCC Nominees) should note that the board of the directors of Vantage will regard the nominee company (including HKSCC Nominees) as a single Vantage shareholder according to the register of members of Vantage. Accordingly, such Beneficial Vantage Shareholders should note that the aforesaid arrangement in relation to the allocation of the excess Reserved Shares will not be extended to beneficial owners individually.

If an application is made for a number of Reserved Shares greater than or less than the Assured Entitlement of a Qualifying Vantage Shareholder, the applicant is recommended to apply for a number in one of the multiples of full board lots stated in the table of multiples and payments on the **BLUE** Application Form which also states the amount of remittance payable on application for each multiple of full board lot of Reserved Shares. If such applicant does not follow this recommendation when applying for greater than or less than the Assured Entitlement, he/she/it must calculate the correct amount of remittance payable

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

on application for the number of Reserved Shares applied for by using the formula set out below the table of multiples and payments on the **BLUE** Application Form. Any application not accompanied by the correct amount of application monies will be treated as invalid in its entirety and no Reserved Share will be allotted to such applicant.

Applications by Qualifying Vantage Shareholders for Public Offer Shares

If you are a Qualifying Vantage Shareholder, in addition to being able to apply for the Reserved Shares under the Preferential Offer on a **BLUE** Application Form, you may also:

- apply for Public Offer Shares as members of the Public in the Public Offer; or
- apply for or indicate an interest for Placing Shares under the Placing.

Qualifying Vantage Shareholders will receive no preference as to entitlement or allocation in respect of applications for Public Offer Shares or Placing Shares.

Assured Entitlements of Qualifying Vantage Shareholders are not transferable and there will be no trading in nil-paid entitlements on the Stock Exchange. The Preferential Offer will not be subject to reallocation between the Public Offer and the Placing.

The procedures for application under, and the terms and conditions of, the Preferential Offer are set forth in the section headed “How to Apply for Public Offer Shares and Reserved Shares” and on the **BLUE** Application Form.

THE PLACING

Our Company is initially offering 45,000,000 new Shares representing in aggregate 90% of the total number of Offer Shares initially available under the Share Offer, for subscription by professional, institutional and other investors by way of Placing. The Placing is expected to be fully underwritten by the Placing Underwriters, subject to the terms and conditions of the Placing Agreement and the Lead Manager and our Company agreeing the Offer Price.

Pursuant to the Placing, it is expected that the Placing Underwriters or selling agents nominated by the Placing Underwriters on behalf of our Company shall place the Placing Shares at the Offer Price payable by the purchasers of the Placing Shares. Investors purchasing the Placing Shares are also required to pay 1.0% brokerage, 0.005% Stock Exchange trading fee and 0.003% SFC transaction levy. Placing Shares will be placed with professional, institutional and other investors in Hong Kong and certain other jurisdictions outside the United States. Professional investors generally include brokers, dealers and companies (including fund managers) whose ordinary business involves dealings in shares and other securities and entities which regularly invest in shares and other securities.

If you are a professional, institutional or other investor and have applied for the Placing Shares, you are required to declare that you have applied for the Placing Shares only. In such event, you will not receive any Shares under the Public Offer.

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

All decisions concerning the allocation of Placing Shares to prospective places pursuant to the Placing will be made on the basis of and by reference to a number of factors including the level and timing of demand, total size of the relevant investor's invested assets or equity assets in the relevant sector and whether or not it is expected that the relevant investor is likely to buy further, and, or hold or sell its Placing 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.

OFFER MECHANISM — BASIS OF ALLOCATION OF THE OFFER SHARES

The Share Offer

There will initially be a total of 5,000,000 Public Offer Shares available for subscription under the Public Offer by applying using the **WHITE** and **YELLOW** Application Forms or online through the **HK eIPO White Form** service or by giving **electronic application instructions** to HKSCC.

Over-subscription

The allocation of the Offer Shares between the Public Offer and the Placing is subject to the clawback arrangement in the event of over-subscription under the Public Offer. 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 Offer from the Placing, so that the total number of Shares available under the Public Offer will be 15,000,000 Shares (representing approximately 30% of the total number of the Offer Shares available under the Share Offer, assuming the Offer Size Adjustment Option is not exercised). 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 the number of Shares to be reallocated to the Public Offer from the Placing will be increased so that the total number of Shares available under the Public Offer will be 20,000,000 Shares (representing approximately 40% of the total number of Offer Shares available under the Share Offer, assuming the Offer Size Adjustment Option is not exercised). 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 the number of Shares to be reallocated to the Public Offer from the Placing will be increased so that the total number of Shares available under the Public Offer will be 25,000,000 Shares (representing approximately 50% of the total number of the Offer Shares available under the Share Offer, assuming the Offer Size Adjustment Option is not exercised).

In addition, Mizuho has the absolute discretion to reallocate Offer Shares from the Placing to the Public Offer to satisfy valid applications under the Public Offer.

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Under-subscription

If the Public Offer is not fully subscribed, Mizuho may in its absolute discretion reallocate all or any of the unsubscribed Public Offer Shares originally included in the Public Offer to the Placing, in such number as it deems appropriate provided that there is sufficient demand under the Placing to take up such reallocated Shares.

If the Placing is not fully subscribed, Mizuho may in its absolute discretion, in addition to any reallocation of the Offer Shares from the Placing to the Public Offer under the clawback arrangement described under the “Over-subscription” paragraph above, reallocate all or any unsubscribed Placing Shares originally included in the Placing to the Public Offer, in such number as it deems appropriate provided that there is sufficient demand under the Public Offer to take up such reallocated Shares. Details of any reallocation of Shares between the Public Offer and the Placing will be disclosed in the results announcement, which is expected to be made on 10 December 2013.

The Preferential Offer will not be subject to reallocation between the Public Offer and the Placing.

Applicants under the Public Offer will be required each to give an undertaking and confirmation in the Application Form submitted by them that they and any person(s) for whose benefit they are making the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Placing Shares under the Placing nor participated in the Placing, except in respect of Reserved Shares applied under the Preferential Offer, and their applications are liable to be rejected if the said undertaking and, or confirmation is breached and, or untrue, as the case may be. The Lead Manager (as agent for our Company) in consultation with our Company have full discretion to reject or accept any application, or to accept only part of any application.

Allocation of the Public Offer Shares, including any Offer Shares which may be reallocated from the Placing (except in respect of Reserved Shares applied for under the Preferential Offer), 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, the basis of allocation may vary depending on the number of Public Offer Shares validly applied for by each applicant. The allocation of the Public Offer Shares may involve balloting, which would mean that some applicants may be allotted more Public Offer Shares in such circumstances 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.

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 potential investors are likely to buy further Shares, or hold or sell their Shares, after the listing of the Shares on the Stock Exchange. Such allocation is intended to result in a distribution of the Placing Shares which would lead to the establishment of a solid shareholder base to the benefit of our Company and its Shareholders as a whole. Investors who have been allocated any of the Placing Shares under the Placing (except in respect of Reserved Shares applied under the

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

Preferential Offer) will not be allocated any Public Offer Shares under the Public Offer. Similarly, investors who have been allocated any Public Offer Shares under the Public Offer will not be allocated any Placing Shares under the Placing (except in respect of Reserved Shares applied under the Preferential Offer).

OFFER SIZE ADJUSTMENT OPTION

It is expected that our Company will grant the Offer Size Adjustment Option, exercisable by the Lead Manager on behalf of the Placing Underwriters at any time before 6:00 p.m. on the business day immediately before the date of the announcement of the results of applications and the basis of allocation of the Public Offer Shares, to require our Company to allot and issue up to an aggregate of 7,500,000 additional Shares, representing 15% of the Offer Shares initially being offered under the Share Offer, on the same terms as those applicable to the Share Offer. The purpose of the Offer Size Adjustment Option is to provide flexibility for the Lead Manager to meet as any excess demand in the Placing. 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 Futures (Price Stabilising) Rules of the SFO (Chapter 571W of the Laws of Hong Kong). No purchase of the shares in the secondary market will be effected to cover any excess demand in the Placing which will only be satisfied by the exercise of the Offer Size Adjustment Option in full or in part. 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, the Lead Manager in their absolute discretion 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 7,500,000 Shares and the Offer Shares will represent approximately 3.61% and 27.71% respectively of our Company's enlarged share capital immediately after completion of the Share Offer and the Capitalisation Issue and the exercise of the Offer Size Adjustment Option.

Our Company will disclose in the announcement of the results of the applications 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 the Lead Manager, our Company will confirm in such announcement that the Offer Size Adjustment Option has lapsed and cannot be exercised at any future date.

DEALING

Assuming that the Share Offer becomes unconditional at or before 8:00 a.m. in Hong Kong on 11 December 2013, it is expected that dealings in the Shares on the Stock Exchange will commence at 9:00 a.m. on 11 December 2013.

A. APPLICATIONS 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, except in respect of the Reserved Shares applied under the Preferential Offer.

To apply for Public Offer Shares, you may:

- use a **WHITE** or **YELLOW** Application Form;
- apply online via the **HK eIPO White Form** service at www.hkeipo.hk; 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 Lead Manager (on behalf of the Underwriters), the **HK eIPO White Form** Service Provider and our or their respective agents may reject or accept any application in full or in part for any reason at their discretion.

If you are a Qualifying Vantage Shareholder holding 350 or more of Vantage Shares as at 4: 30 p.m. on the Record Date, you are also entitled to apply on the basis of an Assured Entitlement of one Reserved Share for every integral multiple of 350 Vantage Shares held by you as at 4: 30 p.m. on the Record Date under the Preferential Offer by using a **BLUE** Application Form.

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); and
- are not a legal or natural person of the PRC (except qualified domestic institutional investors).

If you apply online through the **HK eIPO White Form** service, in addition to the above, you must also: (i) have a valid Hong Kong identity card number and (ii) provide a valid e-mail address and a contact telephone number.

HOW TO APPLY FOR PUBLIC OFFER SHARES AND RESERVED SHARES

You can apply for Reserved Shares on a **BLUE** Application Form if you or the person(s) for whose benefit you are applying are a Qualifying Vantage Shareholder holding 350 or more of Vantage Shares as at 4: 30 p.m. on the Record Date.

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, the Lead Manager (or its agents or nominees) may accept it at their discretion and on any conditions they think fit, including evidence of the attorney's authority.

The number of joint applicants may not exceed four and they may not apply by means of **HK eIPO White Form** service for the Public Offer Shares.

Unless permitted by the 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;
- are a Director or chief executive officer of our Company and/or any of its subsidiaries;
- are an associate of any of the above;
- are a connected person of our Company or will become a connected person of our Company immediately upon completion of the Share Offer; and
- have been allocated or have applied for any Placing Shares or otherwise participate in the Placing, except in respect of Reserved Shares under the Preferential Offer.

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 or apply online through **www.hkeipo.hk**.

For Public Offer Shares to be issued in the name of HKSCC Nominees and deposited directly into CCASS to be credited to your or 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.

For Reserved Shares under the Preferential Offer by a Qualifying Vantage Shareholders, use a **BLUE** Application Form, which together with a printed copy of this prospectus have been despatched to each Qualifying Vantage Shareholder.

HOW TO APPLY FOR PUBLIC OFFER SHARES AND RESERVED SHARES

Where to Collect the Application Forms

You can collect a **WHITE** Application Form and a prospectus during normal business hours from 9:00 a.m. on Thursday, 28 November 2013 until 12:00 noon on Tuesday, 3 December 2013 from:

- (i) any of the following offices of the Public Offer Underwriters:

Mizuho Securities Asia Limited	12th Floor, Chater House, 8 Connaught Road Central, Hong Kong
RaffAello Securities (HK) Limited	3rd Floor, Plaza 168, 166-168 Des Voeux Road Central, Hong Kong
Phillip Securities (Hong Kong) Limited	11-12th Floor, United Centre, 95 Queensway, Hong Kong
Phoenix Capital Securities Limited	Unit 3006, 30/F, COSCO Tower, Grand Millennium Plaza, 183 Queen's Road Central, Hong Kong

- (ii) any of the branches of the following receiving bank:

DBS Bank (Hong Kong) Limited	Branch	Address
Hong Kong Island	Head Office	G/F, The Center, 99 Queen's Road Central
	United Centre Branch	Shops 1015-1018 on 1/F, United Centre, 95 Queensway, Admiralty
	North Point Branch	G/F, 391 King's Road, North Point
	Hennessy Road Branch	427-429 Hennessy Road, Causeway Bay
Kowloon	Nathan Road Branch	G/F, Wofoo Commercial Building, 574-576 Nathan Road, Mongkok
	Tsimshatsui Branch	G/F, 22-24 Cameron Road, Tsimshatsui
	Hoi Yuen Road Branch	Unit 2, G/F, Hewlett Centre, 54 Hoi Yuen Road, Kwun Tong
New Territories	Yuen Long Branch	G/F, 1-5 Tai Tong Road, Yuen Long
	Shatin Plaza Branch	Shops 47-48, Level 1, Shatin Plaza, 21-27 Sha Tin Centre Street, Shatin
	Tsuen Wan Branch	G/F, 23 Chung On Street, Tsuen Wan

HOW TO APPLY FOR PUBLIC OFFER SHARES AND RESERVED SHARES

You can collect a **YELLOW** Application Form and a prospectus during normal business hours from 9:00 a.m. on Thursday, 28 November 2013 until 12:00 noon on Tuesday, 3 December 2013 from the Depository Counter of HKSCC at 2nd Floor, Infinitus Plaza, 199 Des Voeux Road Central, Hong Kong or from your stockbroker.

*Despatch of the Prospectus and the **BLUE** Application Forms*

The **BLUE** Application Form has been despatched, if you are a Qualifying Vantage Shareholder with an Assured Entitlement, to your address recorded on the register of members of Vantage at 4:30 p.m. on the Record Date, together with a printed copy of this prospectus. An electronic copy of this prospectus (which is identical to the printed prospectus) can be accessed and downloaded from the websites of our Company at www.excelengco.com and the Stock Exchange at www.hkexnews.hk.

Persons who held their Vantage Shares in CCASS indirectly through a broker/custodian, and wish to participate in the Preferential Offer, should instruct their broker or custodian to apply for the Reserved Shares on their behalf by no later than the deadline set by HKSCC or HKSCC Nominees. In order to meet the deadline set by HKSCC, such persons should check with their broker/custodian for the timing on the processing of their instructions, and submit their instructions to their broker/custodian as required by them. Persons who held their Vantage Shares in CCASS directly as a CCASS investor Participant, and wish to participate in the Preferential Offer, should give their instructions to HKSCC via the CCASS Phone System or CCASS Internet System no later than the deadline set by HKSCC or HKSCC Nominees.

Qualifying Vantage Shareholders who require a replacement **BLUE** Application Form should contact Tricor Investor Services Limited at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong or on its hotline at 2980 1333.

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 "Ting Hong Nominees Limited — EXCEL 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:

- Thursday, 28 November 2013 — 9:00 a.m. to 5:00 p.m.
- Friday, 29 November 2013 — 9:00 a.m. to 5:00 p.m.
- Saturday, 30 November 2013 — 9:00 a.m. to 1:00 p.m.
- Monday, 2 December 2013 — 9:00 a.m. to 5:00 p.m.
- Tuesday, 3 December 2013 — 9:00 a.m. to 12:00 noon

HOW TO APPLY FOR PUBLIC OFFER SHARES AND RESERVED SHARES

Your completed **BLUE** Application Form, together with a cheque/banker's cashier order attached and marked payable to "Ting Hong Nominees Limited — EXCEL Preferential Offer", should be deposited in the special collection boxes at Tricor Investor Services Limited at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong at the following times:

- Thursday, 28 November 2013 — 9:00 a.m. to 5:00 p.m.
- Friday, 29 November 2013 — 9:00 a.m. to 5:00 p.m.
- Monday, 2 December 2013 — 9:00 a.m. to 5:00 p.m.
- Tuesday, 3 December 2013 — 9:00 a.m. to 12:00 noon

The application lists will be open from 11:45 a.m. to 12:00 noon on Tuesday, 3 December 2013, the last application day or such later time as described in "Effect of Bad Weather on the Opening of the Applications 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 or applying through the **HK eIPO White Form** service, among other things, you:

- (i) undertake to execute all relevant documents and instruct and authorise our Company and/or the Lead Manager (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 and/or Reserved 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 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 AND RESERVED SHARES

- (vi) agree that none of our Company, the Sole Sponsor, the Lead Manager, the Bookrunner, 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 Placing Shares under the Placing nor participated in the Placing, except in respect of Reserved Shares applied under the Preferential Offer;
- (viii) agree to disclose to our Company, our Hong Kong Share Registrar, receiving bank, the Lead Manager, 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 Lead Manager 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 and/or Reserved Shares applied for, or any lesser number allocated to you under the application;
- (xv) authorise our Company to place your name(s) or the name of the HKSCC Nominees, on our Company's register of members as the holder(s) of any Public Offer Shares and or Reserved Shares allocated to you, and our Company and/or its agents to send any share certificate(s) and/or any e-Auto

HOW TO APPLY FOR PUBLIC OFFER SHARES AND RESERVED SHARES

Refund payment instructions 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 have chosen 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 and the Lead Manager will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Public Offer Shares and/or Reserved Shares to you and that you may be prosecuted for making a false declaration;
- (xviii) (if the application is made for your own benefit) warrant that no other application has been or will be made for your benefit on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or to the **HK eIPO White Form** Service Provider by you or by any one as your agent or by any other person; and
- (xix) (if you are making the application as an agent for the benefit of another person) warrant that (i) no other application has been or will be made by you as agent for or for the benefit of that person or by that person or by any other person as agent for that person on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC; and (ii) you have due authority to sign the Application Form or give **electronic application instructions** on behalf of that other person as their agent.

*Additional Instructions for **YELLOW** Application Form*

You may refer to the **YELLOW** Application Form for details.

*Additional Instructions for **BLUE** Application Form*

You may refer to the **BLUE** Application Form for details and choose one of the four options on the **BLUE** Application Form when applying for Reserved Shares.

5. Applying through HK eIPO White Form Service

General

Individuals who meet the criteria in “Who can apply” section, may apply through the **HK eIPO White Form** service for the Offer Shares to be allotted and registered in their own names through the designated website at **www.hkeipo.hk**.

HOW TO APPLY FOR PUBLIC OFFER SHARES AND RESERVED SHARES

Detailed instructions for application through the **HK eIPO White Form** service are on the designated website. If you do not follow the instructions, your application may be rejected and may not be submitted to our Company. If you apply through the designated website, you authorise the **HK eIPO White Form** Service Provider to apply on the terms and conditions in this prospectus, as supplemented and amended by the terms and conditions of the **HK eIPO White Form** service.

*Time for Submitting Applications under the **HK eIPO White Form***

You may submit your application to the **HK eIPO White Form** Service Provider at **www.hkeipo.hk** (24 hours daily, except on the last application day) from 9:00 a.m. on Thursday, 28 November 2013 until 11:30 a.m. on Tuesday, 3 December 2013 and the latest time for completing full payment of application monies in respect of such applications will be 12:00 noon on Tuesday, 3 December 2013 or such later time under the “Effects of Bad Weather on the Opening of the Applications Lists” in this section.

No Multiple Applications

If you apply by means of **HK eIPO White Form**, once you complete payment in respect of any **electronic application instruction** given by you or for your benefit through the **HK eIPO White Form** service to make an application for Public Offer Shares, an actual application shall be deemed to have been made. For the avoidance of doubt, giving an **electronic application instruction** under **HK eIPO White Form** more than once and obtaining different application reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application.

If you are suspected of submitting more than one application through the **HK eIPO White Form** service or by any other means, all of your applications are liable to be rejected.

Section 40 of the Companies Ordinance

For the avoidance of doubt, our Company and all other parties involved in the preparation of this prospectus acknowledge that each applicant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under Section 40 of the Companies Ordinance (as applied by Section 342E of the Companies Ordinance).

6. 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.

If you are a CCASS Investor Participant, you may give these **electronic application instructions** through the CCASS Phone System by calling 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
2/F, Infinitus Plaza
199 Des Voeux Road 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 Lead Manager and our Hong Kong Share Registrar.

HOW TO APPLY FOR PUBLIC OFFER SHARES AND RESERVED SHARES

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;
 - 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, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Placing Shares under the Placing nor participated in the Placing, except in respect of Reserved Shares under the Preferential Offer;
 - (if the **electronic application instructions** are given for your benefit) declare that only one set of **electronic application instructions** has been given for your benefit;
 - (if you are an agent for another person) declare that you have only given one set of **electronic application instructions** for the other person's benefit and are duly authorised to give those instructions as their agent;
 - confirm that you understand that our Company, our Directors and the Lead Manager 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;

HOW TO APPLY FOR PUBLIC OFFER SHARES AND RESERVED SHARES

- 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 Bookrunner, the Lead Manager, the Sole Sponsor, 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 Share Registrar, receiving bank, the Lead Manager, the Underwriters and/or its respective advisers and agents;
- agree (without prejudice to any other rights which you may have) that once HKSCC Nominees' application has been accepted, it cannot be rescinded for innocent misrepresentation;
- agree that any application made by HKSCC Nominees on your behalf is irrevocable before the fifth day after the time of the opening of the application lists (excluding any day which is a Saturday, Sunday or public holiday in Hong Kong), such agreement to take effect as a collateral contract with our Company 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 a 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 Ordinance gives a public notice under that section which excludes or limits that person's responsibility for this prospectus;

HOW TO APPLY FOR PUBLIC OFFER SHARES AND RESERVED SHARES

- 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 and Preferential 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 the Shareholders, with each CCASS Participant giving **electronic application instructions**) to observe and comply with the 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.

*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.

HOW TO APPLY FOR PUBLIC OFFER SHARES AND RESERVED SHARES

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 2,000 Public Offer Shares. Instructions for more than 2,000 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:

- Thursday, 28 November 2013 — 9:00 a.m. to 8:30 p.m.⁽¹⁾
- Friday, 29 November 2013 — 8:00 a.m. to 8:30 p.m.⁽¹⁾
- Saturday, 30 November 2013 — 8:00 a.m. to 1:00 p.m.⁽¹⁾
- Monday, 2 December 2013 — 8:00 a.m. to 8:30 p.m.⁽¹⁾
- Tuesday, 3 December 2013 — 8:00 a.m.⁽¹⁾ to 12:00 noon

CCASS Investor Participants can input **electronic application instructions** from 9:00 a.m. on Thursday, 28 November 2013 until 12:00 noon on Tuesday, 3 December 2013 (24 hours daily, except on the last application day).

The latest time for inputting your **electronic application instructions** will be 12:00 noon on Tuesday, 3 December 2013, the last application day or such later time as described in “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.

Note:

- (1) These times are subject to change as HKSCC may determine from time to time with prior notification to CCASS Clearing/Custodian Participants.

Section 40 of the Companies 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 Ordinance (as applied by Section 342E of the Companies Ordinance).

Personal Data

The section of the Application Form headed “Personal Data” applies to any personal data held by our Company, the Hong Kong Share Registrar, the receiving banker, the Bookrunner, the Lead Manager, the Sole Sponsor, 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.

7. 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. Similarly, the application for Public Offer Shares through the **HK eIPO White Form** service is also only a facility provided by the **HK eIPO White Form** Service Provider to public investors. Such facilities are subject to capacity limitations and potential service interruptions and you are advised not to wait until the last application day in making your electronic applications. Our Company, our Directors, the Bookrunner, the Sole Sponsor, the Lead Manager and the Underwriters take no responsibility for such applications and provide no assurance that any CCASS Participant or person applying through the **HK eIPO White Form** service 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/CASS 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 Tuesday, 3 December 2013.

8. 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,

HOW TO APPLY FOR PUBLIC OFFER SHARES AND RESERVED SHARES

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.

If you are a Qualifying Vantage Shareholder applying for Reserved Shares under the Preferential Offer on a **BLUE** Application Form, you may also make one application for Public Offer Shares either on a **WHITE** or **YELLOW** Application Form or electronically through CCASS (if you are a CCASS Investor Participant or act through a CCASS Clearing or Custodian Participant) or submit an application through the designated website at www.hkeipo.hk. However, in respect of any application for Public Offer Shares, you will not enjoy the preferential treatment accorded to you under the Preferential Offer as described in “Structure and Conditions of the Share Offer — The Preferential Offer”.

All of your applications will be rejected if more than one application on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or through **HK eIPO White Form** service, is made for your benefit (including the part of the application made by HKSCC Nominees acting on **electronic application instructions**), other than any application(s) made in respect of the Preferential Offer in your capacity as a Qualifying Vantage Shareholder. If an application is made by an unlisted company and:

- the principal business of that company is dealing in securities; and
- you exercise statutory control over that company,

then the application will be treated as being for your benefit.

“**Unlisted company**” means a company with no equity securities listed on the Stock Exchange.

“**Statutory control**” means you:

- control the composition of the board of directors of that company;
- control more than half of the voting power of that company; or
- hold more than half of the issued share capital of that company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

9. How Much Are the Public Offer Shares and Reserved Shares

The **WHITE**, **YELLOW** and **BLUE** 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.

HOW TO APPLY FOR PUBLIC OFFER SHARES AND RESERVED SHARES

You may submit an application using a **WHITE** or **YELLOW** Application Form or through the **HK eIPO White Form** service in respect of a minimum of 2,000 Public Offer Shares and if you are a Qualifying Vantage Shareholders at the same time, you may also submit an application using a **BLUE** Application Form. Each application or **electronic application instruction** in respect of more than 2,000 Public Offer Shares must be in one of the numbers set out in the table in the relevant Application Form, or as otherwise specified on the designated website at **www.hkeipo.hk**.

If your application is successful, brokerage will be paid to the Exchange Participants, and the SFC transaction levy and the Stock Exchange trading fee are paid to the Stock Exchange (in the case of the SFC transaction levy, collected by the Stock Exchange on behalf of the SFC).

For further details on the Offer Price, please refer to the section headed “Structure and Conditions of the Share Offer — Determining the Offer Price”.

10. Effect of Bad Weather on the Opening of the Application Lists

The application lists will not open if there is:

- a tropical cyclone warning signal number 8 or above; or
- a “black” rainstorm warning,

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Tuesday, 3 December 2013. Instead they will open between 11:45 a.m. and 12:00 noon on the next Business Day which does not have either of those warnings in Hong Kong in force at any time between 9:00 a.m. and 12:00 noon.

If the application lists do not open and close on Tuesday, 3 December 2013 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”, an announcement will be made in such event.

11. Publication of Results

Our Company expects to announce the final Offer Price, the level of indication of interest in the Placing, the level of applications in the Public Offer and the Preferential Offer and the basis of allocation of the Public Offer Shares and Reserved Shares on Tuesday, 10 December 2013 in The Standard (in English) and Hong Kong Economic Journal (in Chinese) on our Company’s website at **www.excelengco.com** and the website of the Stock Exchange at **www.hkexnews.hk**.

HOW TO APPLY FOR PUBLIC OFFER SHARES AND RESERVED SHARES

The results of allocations and the Hong Kong identity card/passport/Hong Kong business registration numbers of successful applicants (where applicable) under the Public Offer and the Preferential 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.excelengco.com** and the Stock Exchange's website at **www.hkexnews.hk** by no later than 9:00 a.m. on Tuesday, 10 December 2013;
- 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 Tuesday, 10 December 2013 to 12:00 midnight on Monday, 16 December 2013;
- by telephone enquiry line by calling 3691 8488 between 9:00 a.m. and 6:00 p.m. from Tuesday, 10 December 2013 to Friday, 13 December 2013 (excluding Saturday, Sunday and Public Holiday);
- in the special allocation results booklets which will be available for inspection during opening hours from Tuesday, 10 December 2013 to Thursday, 12 December 2013 at all the receiving bank branches and sub-branches.

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 or the Reserved 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".

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.

12. Circumstances in which You Will Not Be Allotted Offer Shares

You should note the following situations in which the Public Offer Shares and/or the Reserved Shares will not be allotted to you:

(i) If your application is revoked:

By completing and submitting an Application Form or giving **electronic application instructions** to HKSCC or to **HK eIPO White Form** Service Provider, you agree that your application or the application made by HKSCC Nominees on your behalf cannot be revoked on or before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is Saturday, Sunday or public holiday in Hong Kong). This agreement will take effect as a collateral contract with our Company.

Your application or the application made by HKSCC Nominees on your behalf may only be revoked on or before such fifth day if a person responsible for this prospectus under Section 40 of the Companies Ordinance (as applied by Section 342E of the Companies 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 Lead Manager (on behalf of the Underwriters), the **HK eIPO White Form** Service Provider 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 AND RESERVED SHARES

(iii) If the allotment of Public Offer Shares and/or Reserved Shares is void:

The allotment of Public Offer Shares and/or Reserved Shares will be void if the Listing Committee of the Stock Exchange does not grant permission to list the Shares either:

- within three weeks from the closing date of the application lists; or
- within a longer period of up to six weeks if the Listing Committee 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. By filling in any of the **WHITE** or **YELLOW** Application Forms or applying by giving electronic application instructions to HKSCC or through the designated website at **www.hkeipo.hk**, you agree not to apply for Placing Shares in the Placing applications (other than an application (if any) made on a **BLUE** Application Form in your capacity as a Qualifying Vantage Shareholder);
- your Application Form is not completed in accordance with the stated instructions;
- your **electronic application instructions** through the **HK eIPO White Form** service are not completed in accordance with the instructions, terms and conditions on the designated website;
- your payment is not made correctly or the cheque or banker's cashier order paid by you is dishonoured upon its first presentation;
- the Underwriting Agreements do not become unconditional or are terminated;
- our Company or the Lead Manager 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 5,000,000 Public Offer Shares, being 100% of the Public Offer Shares initially offered under the Public Offer.

HOW TO APPLY FOR PUBLIC OFFER SHARES AND RESERVED SHARES

- If you are applying for a number of Reserved Shares which is equal to your Assured Entitlement (Option 1):
 - your application will be rejected by our Company if the amount on your cheque/banker's cashier order does not match with the amount payable in Box B set out in the **BLUE** Application Form.
- if you are applying for a number of Reserved Shares within your Assured Entitlement and excess Reserved Shares (Option 2):
 - your application will be rejected if the amount on the cheque/banker's cashier order does not match and is less than the amount payable in relation to your Assured Entitlement applied for in your **BLUE** Application Form.
 - your application for your Assured Entitlement will be accepted in full but your application for Excess Reserved Shares will be rejected if the amount on the cheque/banker's cashier order does not match and is more than the amount payable in relation to your Assured Entitlement applied for but is less than the total amount payable in relation to both your Assured Entitlement applied for and the excess Reserved Shares applied for in your **BLUE** Application Form.
 - your application will be accepted in full if the amount on the cheque/banker's cashier order does not match and is more than the total amount payable in relation to both your Assured Entitlement applied for and the excess Reserved Share applied for in your **BLUE** Application Form.
- If you are applying for excess Reserved Shares only (Option 3):
 - when the number of Reserved Shares applied is one of the numbers set out in the table in the **BLUE** Application Form, your application will be rejected by our Company if the amount on your cheque/banker's cashier order does not match with the corresponding amount payable set out in the table in the **BLUE** Application Form.
 - when the numbers of Reserved Shares applied is not one of the numbers set out in the table in the **BLUE** Application Form, your application will be rejected by our Company if the amount on your cheque/banker's cashier order does not match with the amount payable calculated by using the formula set out in the **BLUE** Application Form.

HOW TO APPLY FOR PUBLIC OFFER SHARES AND RESERVED SHARES

- If you are applying for a number of Reserved Shares which is less than your Assured Entitlement (Option 4):
 - when the number of Reserved Shares applied is one of the numbers set out in the table in the **BLUE** Application Form, your application will be rejected by our Company if the amount on your cheque/banker's cashier order does not match with the corresponding amount payable set out in the table in the **BLUE** Application Form.

You should also note that you may apply for Public Offer Shares under the Public Offer or indicate an interest for Placing Shares under the Placing, but may not do both (except in respect of Reserved Shares applied under the Preferential Offer).

13. Refund of Application Monies

If an application is rejected, not accepted or accepted in part only, or if the Offer Price as finally determined is less than the maximum offer price of HK\$1.2 per Offer Share (excluding brokerage, SFC transaction levy and the Stock Exchange trading fee thereon), or if the conditions of the Share Offer are not fulfilled in accordance with "Structure and Conditions of the Share Offer — Conditions of the Share Offer" in this prospectus or if any application is revoked, the application monies, or the appropriate portion thereof, together with the related brokerage, SFC transaction levy and the Stock Exchange trading fee, will be refunded, without interest or the cheque or banker's cashier order will not be cleared.

Any refund of your application monies will be made on Tuesday, 10 December 2013.

14. 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) and one Share certificate for all of the Reserved Shares sold to you under Preferential Offer).

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** or **BLUE** 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 and/or Reserved Shares allotted to you (for **YELLOW** Application Forms, share certificates will be deposited into CCASS as described below); and

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- refund cheque(s) crossed “Account Payee Only” in favour of the applicant (or, in the case of joint applicants, the first-named applicant) for (i) all or the surplus application monies for the Public Offer Shares and/or Reserved 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 Tuesday, 10 December 2013. The right is reserved to retain any share certificate(s) and any surplus application monies pending clearance of cheque(s) or banker’s cashier’s order(s).

Share certificates will only become valid at 8:00 a.m. on Wednesday, 11 December 2013 provided that the Share Offer has become unconditional and the right of termination described in the “Underwriting” section 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.

Personal Collection

- (i) *If you apply using a **WHITE** Application Form and/or a **BLUE** Application Form*

If you apply for 1,000,000 or more Public Offer Shares and/or 1,000,000 or more Reserved Shares and have provided all information required by your Application Form, you may collect your refund cheque(s) and/or share certificate(s) from our Hong Kong Share Registrar, Tricor Investor Services Limited at 26/F, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Tuesday, 10 December 2013 or such other date as notified by us in the newspapers.

If you are an individual who is eligible for personal collection, you must not authorise any other person to collect for you. If you are a corporate applicant which is eligible for personal collection, your authorised representative must bear a letter of authorisation from your corporation stamped with your corporation’s chop. Both individuals and authorised representatives must produce, at the time of collection, evidence of identity acceptable to the Hong Kong Share Registrar.

HOW TO APPLY FOR PUBLIC OFFER SHARES AND RESERVED SHARES

If you do not collect your refund cheque(s) and/or share certificate(s) personally within the time specified for collection, they will be despatched promptly to the address specified in your Application Form by ordinary post at your own risk.

If you apply for less than:

- (a) 1,000,000 Public Offer Shares; and/or
- (b) 1,000,000 Reserved Shares;

your refund cheque(s) and/or Share certificate(s) will be sent to the address on the relevant Application Form on Tuesday, 10 December 2013, 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, please follow the same instructions as described above regarding your refund cheque(s). If you have applied for less than 1,000,000 Public Offer Shares, your refund cheque(s) will be sent to the address on the relevant Application Form on Tuesday, 10 December 2013, 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 Tuesday, 10 December 2013, or upon contingency, on any other date determined by HKSCC or HKSCC Nominees.

(iii) 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.

(iv) If you are applying as a CCASS investor participant

Our Company will publish the results of CCASS Investor Participants' applications together with the results of the Public Offer and the Preferential Offer in the manner described in "Publication of Results" above. You should check the announcement published by our Company and report any discrepancies to HKSCC before 5:00 p.m. on Tuesday, 10 December 2013 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.

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*(v) If you apply through the **HK eIPO White Form Service***

If you apply for 1,000,000 Public Offer Shares or more and your application is wholly or partially successful, you may collect your Share certificate(s) from our Hong Kong Share Registrar, Tricor Investor Services Limited at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Tuesday, 10 December 2013, or such other date as notified by our Company in the newspapers as the date of despatch/collection of Share certificates/e-Auto Refund payment instructions/refund cheques.

If you do not collect your Share certificate(s) personally within the time specified for collection, they will be sent to the address specified in your application instructions by ordinary post at your own risk.

If you apply for less than 1,000,000 Public Offer Shares, your Share certificate(s) (where applicable) will be sent to the address specified in your application instructions on Tuesday, 10 December 2013 by ordinary post at your own risk.

If you apply and pay the application monies from a single bank account, any refund monies will be despatched to that bank account in the form of e-Auto Refund payment instructions. If you apply and pay the application monies from multiple bank accounts, any refund monies will be despatched to the address as specified in your application instructions in the form of refund cheque(s) by ordinary post at your own risk.

*(vi) 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.

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 Tuesday, 10 December 2013, 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 “Publication of Results” above on Tuesday, 10 December 2013. You should check the announcement published by our Company and report any discrepancies to HKSCC before 5:00 p.m. on Tuesday, 10 December 2013 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 Tuesday, 10 December 2013. 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 Tuesday, 10 December 2013.

15. Admission of the Shares into CCASS

If the Stock Exchange grants the listing of, and permission to deal in, the Shares and we comply with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares or any other date HKSCC chooses. Settlement of transactions between Exchange Participants (as defined in the Listing Rules) is required to take place in CCASS on the second Business Day after any trading day.

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

HOW TO APPLY FOR PUBLIC OFFER SHARES AND RESERVED SHARES

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

All necessary arrangements have been made enabling the Shares to be admitted into CCASS.

The following is the text of a report, prepared for the purpose of incorporation in this prospectus, received from the reporting accountants of our Company, Ernst & Young, Certified Public Accountants, Hong Kong.



22/F, CITIC Tower
1 Tim Mei Avenue
Central, Hong Kong

28 November 2013

The Directors
Excel Development (Holdings) Limited

Mizuho Securities Asia Limited

Dear Sirs,

We set out below our report on the financial information of Excel Development (Holdings) Limited (formerly known as “Excel Engineering (Holdings) Limited”) (the “Company”) and its subsidiaries (hereinafter collectively referred to as the “Group”) comprising the combined statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group for each of the years ended 31 March 2011, 2012 and 2013, and the four-month period ended 31 July 2013 (the “Track Record Period”), and the combined statements of financial position of the Group as at 31 March 2011, 2012 and 2013 and 31 July 2013, and the statements of financial position of the Company as at 31 March 2013 and 31 July 2013, together with the notes thereto (the “Financial Information”), and the combined statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group for the four-month period ended 31 July 2012 (the “Interim Comparative Information”), prepared on the basis of presentation set out in note 2.1 of Section II below, for inclusion in the prospectus of the Company dated 28 November 2013 (the “Prospectus”) in connection with the listing of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 30 April 2012. Pursuant to a group reorganisation (the “Reorganisation”) as set out in note 2.1 of Section II below, which was completed on 21 November 2013, the Company became the holding company of the subsidiaries now comprising the Group. Apart from the Reorganisation, the Company has not commenced any business or operation since its incorporation.

As at the date of this report, no statutory financial statements have been prepared for the Company, as it is not subject to statutory audit requirements under the relevant rules and regulations in its jurisdiction of incorporation.

As at the date of this report, the Company had direct and indirect interests in the subsidiaries as set out in note 1 of Section II below. All companies now comprising the Group have adopted 31 March as their financial year end date. The statutory financial statements of the companies now comprising the Group were prepared in accordance with the relevant accounting principles applicable to these companies in the countries in which they were incorporated and/or established. Details of their statutory auditors during the Track Record Period are set out in note 1 of Section II below.

For the purpose of this report, the directors of the Company (the “Directors”) have prepared the combined financial statements of the Group (the “Underlying Financial Statements”) in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”), which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). The Underlying Financial Statements for each of the years ended 31 March 2011, 2012 and 2013, and the four-month period ended 31 July 2013 were audited by us in accordance with Hong Kong Standards on Auditing issued by the HKICPA.

The Financial Information set out in this report has been prepared from the Underlying Financial Statements with no adjustments made thereon.

DIRECTORS' RESPONSIBILITY

The Directors are responsible for the preparation of the Underlying Financial Statements, the Financial Information and the Interim Comparative Information that give a true and fair view in accordance with HKFRSs, and for such internal control as the Directors determine is necessary to enable the preparation of the Underlying Financial Statements, the Financial Information and the Interim Comparative Information that are free from material misstatement, whether due to fraud or error.

REPORTING ACCOUNTANTS' RESPONSIBILITY

It is our responsibility to form an independent opinion and a review conclusion on the Financial Information and the Interim Comparative Information, respectively, and to report our opinion and review conclusion thereon to you.

For the purpose of this report, we have carried out procedures on the Financial Information in accordance with Auditing Guideline 3.340 *Prospectuses and the Reporting Accountant* issued by the HKICPA.

We have also performed a review of the Interim Comparative Information in accordance with Hong Kong Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the HKICPA. A review consists principally of making enquires of management and applying analytical procedures to the financial information and, bases thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise

disclosed. A review excludes audit procedures such as tests of controls and verification of assets and liabilities and transactions. It is substantially less in scope than an audit and therefore provides a lower level of assurance than an audit. Accordingly, we do not express an opinion on the Interim Comparative Information.

OPINION IN RESPECT OF THE FINANCIAL INFORMATION

In our opinion, for the purpose of this report and on the basis of presentation set out in note 2.1 of Section II below, the Financial Information gives a true and fair view of the state of affairs of the Group as at 31 March 2011, 2012 and 2013 and 31 July 2013, and of the Company as at 31 March 2013 and 31 July 2013, and of the combined results and cash flows of the Group for each of the Track Record Period.

REVIEW CONCLUSION IN RESPECT OF THE INTERIM COMPARATIVE INFORMATION

Based on our review which does not constitute an audit, for the purpose of this report, nothing has come to our attention that causes us to believe that the Interim Comparative Information is not prepared, in all material respects, in accordance with the same basis adopted in respect of the Financial Information.

I. FINANCIAL INFORMATION

(A) COMBINED STATEMENTS OF COMPREHENSIVE INCOME

	Notes	Year ended 31 March			Four-month period ended 31 July	
		2011 HK\$'000	2012 HK\$'000	2013 HK\$'000	2012 HK\$'000	2013 HK\$'000
REVENUE	7	673,168	690,043	984,296	326,719	653,993
Contract costs		<u>(627,650)</u>	<u>(641,086)</u>	<u>(928,785)</u>	<u>(313,999)</u>	<u>(629,611)</u>
Gross profit		45,518	48,957	55,511	12,720	24,382
Other income and gains	7	2,606	3,607	16,973	5,484	3,283
Administrative expenses		(18,264)	(18,839)	(22,678)	(6,202)	(11,248)
Finance costs	8	<u>—</u>	<u>(33)</u>	<u>(1,865)</u>	<u>(337)</u>	<u>(196)</u>
PROFIT BEFORE TAX	9	29,860	33,692	47,941	11,665	16,221
Income tax expense	12	<u>(4,898)</u>	<u>(5,522)</u>	<u>(7,875)</u>	<u>(1,904)</u>	<u>(3,518)</u>
PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR/PERIOD		<u>24,962</u>	<u>28,170</u>	<u>40,066</u>	<u>9,761</u>	<u>12,703</u>
Profit and total comprehensive income attributable to owners of the parent	13	<u>24,962</u>	<u>28,170</u>	<u>40,066</u>	<u>9,761</u>	<u>12,703</u>

(B) COMBINED STATEMENTS OF FINANCIAL POSITION

	<i>Notes</i>	As at 31 March			As at
		2011	2012	2013	31 July
		<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
NON-CURRENT ASSETS					
Property, plant and equipment	16	1,737	943	364	209
Investment properties	17	500	560	600	600
Interest in a joint venture	18	—	—	—	—
Total non-current assets		<u>2,237</u>	<u>1,503</u>	<u>964</u>	<u>809</u>
CURRENT ASSETS					
Gross amount due from customers for contract works	19	4,461	37,318	85,557	85,714
Accounts receivable	20	89,970	126,783	227,177	287,213
Prepayments, deposits and other receivables	21	48,767	122,941	186,008	65,563
Due from a joint venture	18	950	—	—	—
Tax recoverable		22	43	—	—
Pledged deposit	23	1,075	1,075	—	—
Cash and cash equivalents	23	<u>74,300</u>	<u>149,872</u>	<u>129,825</u>	<u>91,537</u>
Total current assets		<u>219,545</u>	<u>438,032</u>	<u>628,567</u>	<u>530,027</u>
CURRENT LIABILITIES					
Accounts payable	24	70,178	238,106	342,687	307,592
Accruals of costs for contract works		21,075	22,039	5,390	2,980
Tax payable		274	1,923	2,357	5,870
Other payables and accruals	25	53,863	54,262	55,999	57,224
Interest-bearing bank loans	26	—	<u>18,736</u>	<u>78,636</u>	—
Total current liabilities		<u>145,390</u>	<u>335,066</u>	<u>485,069</u>	<u>373,666</u>
NET CURRENT ASSETS		<u>74,155</u>	<u>102,966</u>	<u>143,498</u>	<u>156,361</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>76,392</u>	<u>104,469</u>	<u>144,462</u>	<u>157,170</u>

		As at 31 March			As at
		2011	2012	2013	31 July
	Notes	HK\$'000	HK\$'000	HK\$'000	2013
					HK\$'000
NON-CURRENT LIABILITIES					
Deferred tax liabilities	27	<u>179</u>	<u>86</u>	<u>13</u>	<u>18</u>
Net assets		<u>76,213</u>	<u>104,383</u>	<u>144,449</u>	<u>157,152</u>
EQUITY					
Equity attributable to owners of the parent					
Issued capital	28	—	—	—	—
Reserves	29(a)	<u>76,213</u>	<u>104,383</u>	<u>144,449</u>	<u>157,152</u>
Total equity		<u>76,213</u>	<u>104,383</u>	<u>144,449</u>	<u>157,152</u>

(C) COMBINED STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the parent			Total equity HK\$'000
	Issued capital HK\$'000	Merger reserve HK\$'000 (note 29(b))	Retained profits HK\$'000	
At 1 April 2010	—	78	51,173	51,251
Profit and total comprehensive income for the year	—	—	24,962	24,962
At 31 March 2011 and 1 April 2011	—	78*	76,135*	76,213
Profit and total comprehensive income for the year	—	—	28,170	28,170
At 31 March 2012 and 1 April 2012	—	78*	104,305*	104,383
Profit and total comprehensive income for the year	—	—	40,066	40,066
At 31 March 2013 and 1 April 2013	—	78*	144,371*	144,449
Profit and total comprehensive income for the period	—	—	12,703	12,703
At 31 July 2013	—	78*	157,074*	157,152
At 1 April 2012	—	78	104,305	104,383
Profit and total comprehensive income for the period (unaudited)	—	—	9,761	9,761
At 31 July 2012 (unaudited)	—	78	114,066	114,144

* These reserve accounts comprise the combined reserves of HK\$76,213,000, HK\$104,383,000, HK\$144,449,000 and HK\$157,152,000 in the combined statements of financial position as at 31 March 2011, 2012 and 2013 and 31 July 2013, respectively.

(D) COMBINED STATEMENTS OF CASH FLOWS

	Notes	Year ended 31 March			Four-month period ended 31 July	
		2011 HK\$'000	2012 HK\$'000	2013 HK\$'000	2012 HK\$'000	2013 HK\$'000
(Unaudited)						
CASH FLOWS FROM OPERATING ACTIVITIES						
Profit before tax		29,860	33,692	47,941	11,665	16,221
Adjustments for:						
Finance costs	8	—	33	1,865	337	196
Interest income	7	(96)	(285)	(2,056)	(384)	(215)
Depreciation	9	1,095	871	596	220	161
Gain on disposal of items of property, plant and equipment	7	—	(9)	—	—	(151)
Gain on changes in fair value of investment properties	7	(140)	(60)	(40)	—	—
		30,719	34,242	48,306	11,838	16,212
(Increase)/decrease in the gross amount due from customers for contract works		(3,872)	(32,857)	(48,239)	2,289	(157)
(Increase)/decrease in accounts receivable		36,864	(36,813)	(100,394)	(75,589)	(60,036)
(Increase)/decrease in prepayments, deposits and other receivables		(987)	(898)	(15,375)	11,246	9,805
(Increase)/decrease in an amount due from a joint venture		(930)	950	—	—	—
Increase/(decrease) in accounts payable		(40,728)	167,928	104,581	(55,893)	(35,095)
Increase/(decrease) in accruals of costs for contract works		(13,786)	964	(16,649)	(1,622)	(2,410)
Increase in other payables and accruals		248	284	190	28	1,010
Increase in an amount due to Vantage		2,090	115	1,513	2,606	10
Increase in an amount due to the Retained Vantage Group		—	—	—	—	239
Cash generated from/(used in) operations		9,618	133,915	(26,067)	(105,097)	(70,422)
Interest received		96	176	137	49	47
Interest paid		—	(33)	(1,831)	(371)	(230)
Hong Kong profits tax paid		(5,106)	(3,987)	(7,471)	(1,243)	—
Net cash flows from/(used in) operating activities		4,608	130,071	(35,232)	(106,662)	(70,605)

	Notes	Year ended 31 March			Four-month period ended 31 July	
		2011 HK\$ '000	2012 HK\$ '000	2013 HK\$ '000	2012 HK\$ '000	2013 HK\$ '000
CASH FLOWS FROM INVESTING ACTIVITIES						
Addition of items of property, plant and equipment	16	(377)	(116)	(17)	—	(20)
Proceeds from disposal of items of property, plant and equipment		—	48	—	—	165
Increase in an amount due from the Retained Vantage Group		—	(239,957)	(399,974)	(230,472)	(110,338)
Repayment of an amount due from the Retained Vantage Group		—	166,790	327,201	195,508	221,146
Repayment of a loan from the Retained Vantage Group		—	—	27,000	27,000	—
Net cash flows from/(used in) investing activities		<u>(377)</u>	<u>(73,235)</u>	<u>(45,790)</u>	<u>(7,964)</u>	<u>110,953</u>
CASH FLOWS FROM FINANCING ACTIVITIES						
New interest-bearing bank loans		—	18,736	329,553	84,433	2,369
Repayment of interest-bearing bank loans		—	—	(269,653)	(34,812)	(81,005)
Net cash flows from/(used in) financing activities		<u>—</u>	<u>18,736</u>	<u>59,900</u>	<u>49,621</u>	<u>(78,636)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS						
Cash and cash equivalents at beginning of year/period		<u>4,231</u>	<u>75,572</u>	<u>(21,122)</u>	<u>(65,005)</u>	<u>(38,288)</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD		<u>75,375</u>	<u>150,947</u>	<u>129,825</u>	<u>85,942</u>	<u>91,537</u>
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS						
Cash and bank balances	23	20,856	129,799	104,755	64,755	61,429
Non-pledged time deposits with original maturity of less than three months when acquired	23	53,444	20,073	25,070	20,111	30,108
Time deposit with original maturity of less than three months when acquired, pledged as security for bank overdraft facilities	23	<u>1,075</u>	<u>1,075</u>	<u>—</u>	<u>1,076</u>	<u>—</u>
		<u>75,375</u>	<u>150,947</u>	<u>129,825</u>	<u>85,942</u>	<u>91,537</u>

(E) STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	<i>Notes</i>	As at 31 March 2013 HK\$'000	As at 31 July 2013 HK\$'000
NON-CURRENT ASSET			
Investment in a subsidiary		<u>—</u>	<u>—</u>
CURRENT LIABILITY			
Due to a subsidiary	22	<u>(88)</u>	<u>(101)</u>
Net liabilities		<u><u>(88)</u></u>	<u><u>(101)</u></u>
DEFICIENCY IN ASSETS			
Issued capital	28	—	—
Accumulated losses	29(c)	<u>(88)</u>	<u>(101)</u>
Total deficiency in assets		<u><u>(88)</u></u>	<u><u>(101)</u></u>

II. NOTES TO FINANCIAL INFORMATION

1. CORPORATE INFORMATION

The Company is an exempted company with limited liability incorporated in the Cayman Islands. The registered office address of the Company is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1 -1111, Cayman Islands. The principal place of business of the Company is located at No. 155 Waterloo Road, Kowloon Tong, Kowloon, Hong Kong.

The Company is an investment holding company. During the Track Record Period, the Company's principal subsidiaries were engaged in building construction, maintenance and civil engineering works.

Pursuant to a special resolution dated 9 May 2013, the Company changed its name from Excel Engineering (Holdings) Limited to Excel Development (Holdings) Limited with effect from 10 May 2013.

In the opinion of the Directors, Profit Chain Investments Limited ("Profit Chain"), a company incorporated in the British Virgin Islands ("BVI"), is the immediate holding company of the Company; Vantage International (Holdings) Limited ("Vantage"), a company incorporated in Bermuda and listed on the Main Board of the Stock Exchange, is the intermediate holding company of the Company; and the ultimate holding company of the Company is Winhale Ltd., a company incorporated in the BVI.

The Company and its subsidiaries are hereafter collectively referred to as the "Group"; whereas Vantage and its subsidiaries, but excluding the Group, are collectively referred to as the "Retained Vantage Group".

The Company and its subsidiaries now comprising the Group underwent the Reorganisation as set out in the paragraph headed "Reorganisation" in the section headed "History and Development" in the Prospectus.

The Company has undertaken that upon the completion of listing of its shares on the Stock Exchange, the Group will focus on civil engineering construction works while building construction and maintenance works will be taken up by the Retained Vantage Group.

As at the date of this report, the Company had direct and indirect interests in its subsidiaries, all of which are private limited liability companies (or, if incorporated outside Hong Kong, have substantially similar characteristics to a private company incorporated in Hong Kong), the particulars of which are set out below:

Company name	Place and date of incorporation and place of operations	Nominal value of issued ordinary share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Best Trader International Limited ("Best Trader") (Note (a))	BVI 28 May 2013	US\$1	100	—	Investment holding
Great Jump Enterprises Limited ("Great Jump") (Note (a))	BVI 6 January 2000	US\$1	—	100	Investment holding
Top Integration Limited ("Top Integration") (Note (a))	BVI 28 March 2000	US\$10,000	—	100	Investment holding

Company name	Place and date of incorporation and place of operations	Nominal value of issued ordinary share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Excel Engineering Company Limited (Note (b))	Hong Kong 7 May 1976	HK\$16,000,000	—	100	Building construction, maintenance, and civil engineering works
Gadelly Construction Company Limited (Note (b))	Hong Kong 8 May 1981	HK\$4,200,000	—	100	Construction, maintenance and civil engineering works

Notes:

- (a) No audited financial statements have been prepared for these entities since their incorporation as these entities were not subject to any statutory audit requirements under the relevant rules and regulations in their jurisdictions of incorporation.
- (b) The statutory financial statements of these entities for the years ended 31 March 2011, 2012 and 2013 prepared under HKFRSs were audited by Ernst & Young, Hong Kong.

2.1 BASIS OF PRESENTATION

Pursuant to the Reorganisation as more fully explained in the paragraph headed “Reorganisation” in the section headed “History and Development” in the Prospectus, the Company became the holding company of the companies now comprising the Group subsequent to the end of the Track Record Period on 21 November 2013. The companies now comprising the Group were under the common control of the controlling shareholders before and after the Reorganisation. Accordingly, for the purpose of this report, the Financial Information has been prepared on a combined basis by applying the principles of merger accounting as if the Reorganisation had been completed at the beginning of the Track Record Period.

The combined statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group for the Track Record Period and the four-month period ended 31 July 2012 include the results and cash flows of all companies now comprising the Group from the earliest date presented or since the date when the subsidiaries and/or businesses first came under the common control of the controlling shareholders, where this is a shorter period. The combined statements of financial position of the Group as at 31 March 2011, 2012 and 2013 and 31 July 2013 have been prepared to present the assets and liabilities of the subsidiaries and/or businesses using the existing book values from the controlling shareholders’ perspective. No adjustments are made to reflect fair values, or recognise any new assets or liabilities as a result of the Reorganisation.

All intra-group transactions and balances have been eliminated on combination.

2.2 BASIS OF PREPARATION

The Financial Information has been prepared in accordance with HKFRSs (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations) issued by the HKICPA and accounting principles generally accepted in Hong Kong. All HKFRSs effective for the accounting period commencing from 1 April 2013, together with the relevant transitional provisions, have been early adopted by the Group in the preparation of the Financial Information throughout the Track Record Period and the period covered by the Interim Comparative Information.

The Financial Information has been prepared under the historical cost convention, except for investment properties, which have been measured at fair value. The Financial Information is presented in Hong Kong dollars ("HK\$") and all values are rounded to the nearest thousand except when otherwise indicated.

3. ISSUED BUT NOT YET EFFECTIVE HKFRSs

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in the Financial Information:

HKFRS 9	<i>Financial Instruments</i> ²
HKFRS 10, HKFRS 12 and HKAS 27 (2011) Amendments	Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011) — <i>Investment Entities</i> ¹
HKAS 32 Amendments	Amendments to HKAS 32 <i>Financial Instruments: Presentation — Offsetting Financial Assets and Financial Liabilities</i> ¹
HKAS 36 Amendments	Amendments to HKAS 36 <i>Impairment of Assets — Recoverable Amount Disclosures for Non-Financial Assets</i> ¹
HKAS 39 Amendments	Amendments to HKAS 39 <i>Financial instruments: Recognition and Measurement — Novation of Derivatives and Continuation of Hedge Accounting</i> ¹
HK(IFRIC) — Int 21	<i>Levies</i> ¹

¹ Effective for annual periods beginning on or after 1 January 2014

² Effective for annual periods beginning on or after 1 January 2015

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application. So far, the Group considers that these new and revised HKFRSs are unlikely to have a significant impact on the Group's results of operations and financial position.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of combination

This Financial Information includes the financial statements of the Company and its subsidiaries now comprising the Group for the Track Record Period. As explained in note 2.1 above, the acquisition of subsidiaries and business under common control has been accounted for using merger accounting.

The merger accounting involves incorporating the financial statement items of the combining entities or businesses in which the common control combination occurs as if they had been combined 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 combined using the existing book value from the perspective of Vantage, one of the controlling shareholders of the Company. No amount is recognised in respect of goodwill or the excess of the acquirer's interest in the fair value of acquirees' net identifiable assets acquired and, liabilities and contingent liabilities assumed over the cost of investment at the time of common control combination.

The acquisition of subsidiaries other than those under common control has been accounted for using the purchase method of accounting.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. Except for the common control combination as mentioned above, the results of subsidiaries are combined from the date of acquisition, being the date on which the Group obtains control, and continue to be combined until the date that such control ceases. All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated on combination in full.

Adjustments are made to bring into line any dissimilar accounting policies that may exist.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate.

Subsidiaries

A subsidiary is an entity (including a structured entity) controlled by the Company and/or its other subsidiaries.

The Group controls an investee when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., the existing rights that give the Group the current ability to direct the relevant activities of the investee).

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the elements of control described above.

Joint venture

Joint arrangement is classified as either a joint operation or joint venture, based on the rights and obligations arising from the contractual arrangements between the parties to the arrangement.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

The Group's investment in joint venture is stated in the combined statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses. Adjustments are made to bring into line any dissimilar accounting policies that may exist. The Group's share of the post acquisition results and other comprehensive income of a joint venture are included in profit or loss and other comprehensive income, respectively.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than construction contract assets, financial assets and investment properties), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. 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.

An assessment is made at the end of each of the Track Record Period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

Related parties

A party is considered to be related to the Group if:

- (a) the party is a person or a close member of that person's family and that person
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

- (b) the party is an entity where any of the following conditions applies:
 - (i) the entity and the Group are members of the same group;
 - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
 - (iii) the entity and the Group are joint ventures of the same third party;
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
 - (vi) the entity is controlled or jointly controlled by a person identified in (a); and
 - (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).

Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Machinery and equipment	24%
Furniture, fixtures and office equipment	24%
Motor vehicles	24%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately.

Residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at least at the end of each of the Track Record Period.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Investment properties

Investment properties are interests in land and buildings (including the leasehold interest under an operating lease for a property which would otherwise meet the definition of an investment property) held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the end of each of the Track Record Period.

Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the year in which they arise.

Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the year of the retirement or disposal.

Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset and whether the arrangement conveys a right to use the asset.

Operating lease payments, net of any incentives received from the lessor, are recognised as an expense in profit or loss on a straight-line basis over the lease terms.

Investments and other financial assets

Initial recognition and measurement

Financial assets within the scope of HKAS 39 are classified as loans and receivables. The Group determines the classification of its financial assets at initial recognition. When financial assets are recognised initially, they are measured at fair value plus transaction costs.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

The Group's financial assets include accounts and other receivables, deposits, amounts due from a joint venture and the Retained Vantage Group, a pledged deposit and cash and cash equivalents.

Subsequent measurement

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such assets are subsequently measured at amortised cost using the effective interest rate method less any allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in other income and gains in profit or loss. The loss arising from impairment is recognised in profit or loss.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group assesses at the end of each of the Track Record Period whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (an incurred "loss event") and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses individually whether objective evidence of impairment exists for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition). If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in profit or loss. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to profit or loss.

Financial liabilities*Initial recognition and measurement*

Financial liabilities within the scope of HKAS 39 are classified as loans and borrowings. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

The Group's financial liabilities include accounts and other payables, accruals of costs for contract works, an amount due to Vantage, an amount due to the Retained Vantage Group and interest-bearing bank loans.

Subsequent measurement

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in profit or loss.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statements of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Cash and cash equivalents

For the purpose of the combined statements of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the statements of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits and assets similar in nature to cash, which are not restricted as to use.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each of the Track Record Period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of each of the Track Record Period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries and a joint venture, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries and a joint venture, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each of the Track Record Period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each of the Track Record Period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each of the Track Record Period.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed.

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

- (a) from construction, renovation and other contracts, based on the percentage of completion basis, as further explained in the accounting policy for “Construction, renovation and other contracts” below;
- (b) interest income, on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset; and
- (c) management fee income is recognised when the management services are rendered.

Construction, renovation and other contracts

Contract revenue comprises the agreed contract sum and appropriate amounts from variation orders, claims and incentive payments. Contract costs incurred comprise direct materials, the costs of sub-contracting, direct labour and an appropriate proportion of variable and fixed construction overheads.

Revenue from fixed price contracts is recognised on the percentage of completion method, measured by reference to the percentage of certified value of work performed to date to the total contract sum of the relevant contracts.

Provision is made for foreseeable losses as soon as they are anticipated by management. Where contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is treated as an amount due from customers for contract works. Where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is treated as an amount due to customers for contract works.

Employee benefits***Paid leave carried forward***

The Group provides paid annual leave to its employees under their employment contracts on a calendar year basis. Under certain circumstances, such leave which remains untaken as at the end of each of the Track Record Period is permitted to be carried forward and utilised by the respective employees in the following year. An accrual is made at the end of each of the Track Record Period for the expected future cost of such paid leave earned during the year by the employees and carried forward.

Pension schemes

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance in Hong Kong for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

The Group also operates a Mandatory Provident Fund Exempted Occupational Retirement Schemes Ordinance ("ORSO") retirement benefit scheme for those employees who are eligible to participate in the ORSO scheme. This scheme operates in a way similar to the MPF Scheme, except that when an employee leaves the scheme prior to his/her interest in the Group's employee contributions vesting fully, the ongoing contributions payable by the Group are reduced by the relevant amount of forfeited employer's contributions.

Borrowing costs

Borrowing cost directly attributable to the acquisition, construction or production of qualifying assets, i.e. assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on temporary investment of special borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in the connection with the borrowing of funds.

Dividends

Interim dividends are simultaneously proposed and declared, because Great Jump's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

Final dividends are recognised as a liability when they have been approved by the shareholder.

5. SIGNIFICANT ACCOUNTING ESTIMATES

The preparation of the Group's Financial Information requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of each of the Track Record Period. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each of the Track Record Period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Construction, renovation and other contracts

As further explained in note 4 to the Financial Information, revenue and profit recognition on contract works is dependent on the estimation of the total outcome of the construction contract, as well as the work performed to date. Based on the Group's past experience and the nature of the contract activities undertaken by the Group, the Group makes estimates of the point at which it considers the work is sufficiently advanced such that the costs to complete and the revenue can be reliably estimated. As a result, until this point is reached, the amount due from customers for contract works as disclosed in note 19 to the Financial Information will not include profit which the Group may eventually realise from the work performed to date. In addition, actual outcomes in terms of total contract costs and/or revenue may be higher or lower than those estimated at the end of each of the Track Record Period, which would affect the revenue and profit recognised in future years.

Significant assumptions are required to estimate the total contract costs and the recoverable variation works that will affect whether any provision is required for foreseeable losses. The estimates are made based on past experience and knowledge of the project management.

Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for all non-financial assets at the end of each of the Track Record Period. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The calculation of the fair value less costs to sell is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Estimation of fair value of investment properties

As disclosed in note 17 to the Financial Information, investment properties are revalued at the end of each of the Track Record Period on the market value, existing use basis by independent professionally qualified valuers. Such valuations were based on certain assumptions and estimates, which are subject to uncertainty and might materially differ from the actual outcomes. In making the judgement for valuation of investment properties on the market value, existing use basis, information from current prices in an active market for similar properties is considered and assumptions that are mainly based on market conditions existing at the end of each of the Track Record Period are used.

6. SEGMENT INFORMATION

For management purposes, the Group has only one reportable operating segment, which is building construction, maintenance and civil engineering works. Since this is the only operating segment of the Group, no further operating segment analysis thereof is presented.

The Group's revenue from external customers was derived solely from its operations in Hong Kong during the Track Record Period and the four-month period ended 31 July 2012, and the non-current assets of the Group were located in Hong Kong as at 31 March 2011, 2012 and 2013 and 31 July 2013.

Information about major customers

Revenue from each major customer which accounted for 10% or more of the Group's revenue for each of the Track Record Period, is set out below:

	Year ended 31 March			Four-month period ended 31 July	
	2011 HK\$'000	2012 HK\$'000	2013 HK\$'000	2012 HK\$'000	2013 HK\$'000
				(Unaudited)	
Customer A	224,456	363,172	342,155	111,556	138,043
Customer B	370,664	N/A*	N/A*	N/A*	N/A*
Customer C	N/A*	168,513	509,451	173,672	432,970
Customer D	<u>N/A*</u>	<u>75,770</u>	<u>N/A*</u>	<u>N/A*</u>	<u>N/A*</u>

* Less than 10% of the Group's revenue

Except for the aforesaid, no revenue from a single external customer accounted for 10% or more of the Group's revenue. Government bureaus and departments of the Government of the Hong Kong Special Administrative Region ("HKSAR Government") are considered a single customer.

Information about products and services

	Year ended 31 March			Four-month period ended 31 July	
	2011	2012	2013	2012	2013
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue from external customers:					
Contract works for civil engineering works	302,166	476,902	459,389	144,461	218,873
Contract works for building construction and maintenance	<u>371,002</u>	<u>213,141</u>	<u>524,907</u>	<u>182,258</u>	<u>435,120</u>
	<u>673,168</u>	<u>690,043</u>	<u>984,296</u>	<u>326,719</u>	<u>653,993</u>

7. REVENUE, OTHER INCOME AND GAINS

Revenue, which is also the Group's turnover, represents the appropriate proportion of contract revenue from construction, renovation and other contracts.

An analysis of revenue, other income and gains is as follows:

	Note	Year ended 31 March			Four-month period ended 31 July	
		2011	2012	2013	2012	2013
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<u>Revenue</u>						
Contract revenue		<u>673,168</u>	<u>690,043</u>	<u>984,296</u>	<u>326,719</u>	<u>653,993</u>
<u>Other income and gains</u>						
Interest income		96	285	2,056	384	215
Management fee income		2,220	3,105	14,686	5,060	2,458
Government subsidies*		150	—	55	—	17
Gain on disposal of items of property, plant and equipment		—	9	—	—	151
Gain on changes in fair value of investment properties	17	140	60	40	—	—
Sundry income		<u>—</u>	<u>148</u>	<u>136</u>	<u>40</u>	<u>442</u>
		<u>2,606</u>	<u>3,607</u>	<u>16,973</u>	<u>5,484</u>	<u>3,283</u>

* Subsidies have been received from the Hong Kong Vocational Training Council and the Construction Industry Council, institutions established by the HKSAR Government, for providing on-the-job training for graduate engineers and trainers, respectively. There are no unfulfilled conditions or contingencies relating to these subsidies.

8. FINANCE COSTS

	Year ended 31 March			Four-month period ended 31 July	
	2011	2012	2013	2012	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Interest on bank loans and overdrafts — wholly repayable within five years	<u>—</u>	<u>33</u>	<u>1,865</u>	<u>337</u>	<u>196</u>

(Unaudited)

9. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging:

	<i>Note</i>	Year ended 31 March			Four-month period ended 31 July	
		2011	2012	2013	2012	2013
		<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Depreciation	16	1,095	871	596	220	161
Auditors' remuneration		220	250	268	—	—
Employee benefits expense (exclusive of directors' remuneration — note 10):						
Wages and salaries		30,167	35,360	37,805	16,147	11,303
Pension scheme contributions (defined contribution schemes)		<u>1,200</u>	<u>1,310</u>	<u>1,449</u>	<u>703</u>	<u>445</u>
		<u>31,367</u>	<u>36,670</u>	<u>39,254</u>	<u>16,850</u>	<u>11,748</u>
Minimum lease payments under operating leases:						
Land and buildings		3,034	2,538	2,160	729	838
Equipment		<u>118</u>	<u>235</u>	<u>222</u>	<u>101</u>	<u>96</u>
		<u>3,152</u>	<u>2,773</u>	<u>2,382</u>	<u>830</u>	<u>934</u>

10. DIRECTORS' REMUNERATION

Directors' remuneration for the Track Record Period, disclosed pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and Section 161 of the Hong Kong Companies Ordinance, is as follows:

	Year ended 31 March			Four-month period ended 31 July	
	2011 HK\$'000	2012 HK\$'000	2013 HK\$'000	2012 HK\$'000 (Unaudited)	2013 HK\$'000
Fees	—	—	—	—	—
Other emoluments:					
Salaries, allowances and benefits in kind	2,374	2,528	2,954	896	1,004
Discretionary performance-related bonuses	1,160	2,432	2,588	592	1,759
Pension scheme contributions (defined contribution schemes)	109	112	120	40	40
	<u>3,643</u>	<u>5,072</u>	<u>5,662</u>	<u>1,528</u>	<u>2,803</u>
	<u>3,643</u>	<u>5,072</u>	<u>5,662</u>	<u>1,528</u>	<u>2,803</u>

(a) Independent non-executive directors

The Group did not have any independent non-executive directors at any time during the Track Record Period and the four-month period ended 31 July 2012.

Subsequent to the end of the Track Record Period, three directors were appointed as independent non-executive directors of the Company on 21 November 2013.

(b) Executive directors and a non-executive director

	Fees <i>HK\$'000</i>	Salaries, allowances and benefits in kind <i>HK\$'000</i>	Discretionary performance- related bonuses <i>HK\$'000</i>	Pension scheme contributions <i>HK\$'000</i>	Total remuneration <i>HK\$'000</i>
Year ended 31 March 2011					
Executive directors					
Mr. Li Chi Pong (chief executive officer)	—	1,323	728	61	2,112
Mr. Poon Yan Min	—	1,051	432	48	1,531
	—	2,374	1,160	109	3,643
Non-executive director					
Mr. Yau Kwok Fai	—	—	—	—	—
	—	2,374	1,160	109	3,643
Year ended 31 March 2012					
Executive directors					
Mr. Li Chi Pong (chief executive officer)	—	1,386	1,898	60	3,344
Mr. Poon Yan Min	—	1,142	534	52	1,728
	—	2,528	2,432	112	5,072
Non-executive director					
Mr. Yau Kwok Fai	—	—	—	—	—
	—	2,528	2,432	112	5,072
Year ended 31 March 2013					
Executive directors					
Mr. Li Chi Pong (chief executive officer)	—	1,653	1,996	60	3,709
Mr. Poon Yan Min	—	1,301	592	60	1,953
	—	2,954	2,588	120	5,662
Non-executive director					
Mr. Yau Kwok Fai	—	—	—	—	—
	—	2,954	2,588	120	5,662

	Fees <i>HK\$'000</i>	Salaries, allowances and benefits in kind <i>HK\$'000</i>	Discretionary performance- related bonuses <i>HK\$'000</i>	Pension scheme contributions <i>HK\$'000</i>	Total remuneration <i>HK\$'000</i>
Four-month period ended					
31 July 2012 (unaudited)					
Executive directors					
Mr. Li Chi Pong (chief executive officer)	—	504	—	20	524
Mr. Poon Yan Min	—	392	592	20	1,004
	—	896	592	40	1,528
Non-executive director					
Mr. Yau Kwok Fai	—	—	—	—	—
	—	896	592	40	1,528
Four-month period ended					
31 July 2013					
Executive directors					
Mr. Li Chi Pong (chief executive officer)	—	564	1,098	20	1,682
Mr. Poon Yan Min	—	440	661	20	1,121
	—	1,004	1,759	40	2,803
Non-executive director					
Mr. Yau Kwok Fai	—	—	—	—	—
	—	1,004	1,759	40	2,803

There was no arrangement under which a director waived or agreed to waive any remuneration during the Track Record Period and the four-month period ended 31 July 2012.

During the Track Record Period and the four-month period ended 31 July 2012, no remuneration was paid by the Group any of the Directors as an inducement to join or upon joining the Group as compensation for loss of office.

11. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the Track Record Period included two directors, details of whose remuneration are set out in note 10 above. Details of the remuneration of the remaining three non-director, highest paid employees for the Track Record Period and the four-month period ended 31 July 2012 are as follows:

	Year ended 31 March			Four-month period ended 31 July	
	2011 HK\$'000	2012 HK\$'000	2013 HK\$'000	2012 HK\$'000 (Unaudited)	2013 HK\$'000
Salaries, allowances and benefits in kind	2,126	2,870	3,215	1,007	918
Discretionary performance-related bonuses	164	159	185	—	—
Pension scheme contributions	36	42	51	17	18
	<u>2,326</u>	<u>3,071</u>	<u>3,451</u>	<u>1,024</u>	<u>936</u>

The number of non-director, highest paid employees whose remuneration fell within the following bands is as follows:

	Year ended 31 March			Four-month period ended 31 July	
	2011	2012	2013	2012 (Unaudited)	2013
Nil to HK\$1,000,000	3	1	1	3	3
HK\$1,000,001 to HK\$1,500,000	—	2	2	—	—
	<u>3</u>	<u>3</u>	<u>3</u>	<u>3</u>	<u>3</u>

During the Track Record Period and the four-month period ended 31 July 2012, no remuneration was paid by the Group to any of the five highest paid employees as an inducement to join or upon joining the Group or as compensation for loss of office.

12. 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 for each of the Track Record Period and the four-month period ended 31 July 2012.

	Year ended 31 March			Four-month period ended 31 July	
	2011 HK\$'000	2012 HK\$'000	2013 HK\$'000	2012 HK\$'000 (Unaudited)	2013 HK\$'000
Current — Hong Kong					
Charge for the year	4,980	5,615	7,971	1,931	3,513
Underprovision/(overprovision) in prior years	8	—	(23)	—	—
Deferred (note 27)	(90)	(93)	(73)	(27)	5
Total tax charge for the year	<u>4,898</u>	<u>5,522</u>	<u>7,875</u>	<u>1,904</u>	<u>3,518</u>

A reconciliation of the tax expense applicable to profit before tax at the statutory rate to the tax expense at the effective tax rate is as follows:

	Year ended 31 March			Four-month period ended 31 July	
	2011 HK\$'000	2012 HK\$'000	2013 HK\$'000	2012 HK\$'000	2013 HK\$'000
				(Unaudited)	
Profit before tax	<u>29,860</u>	<u>33,692</u>	<u>47,941</u>	<u>11,665</u>	<u>16,221</u>
Tax at the Hong Kong statutory tax rate of 16.5%	4,927	5,559	7,910	1,925	2,676
Adjustments in respect of current tax of previous periods	8	—	(23)	—	—
Income not subject to tax	(39)	(39)	(29)	(23)	(6)
Expenses not deductible for tax	<u>2</u>	<u>2</u>	<u>17</u>	<u>2</u>	<u>848</u>
Tax charge at the Group's effective tax rate	<u>4,898</u>	<u>5,522</u>	<u>7,875</u>	<u>1,904</u>	<u>3,518</u>

13. PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT

The combined profit attributable to owners of the parent for the year ended 31 March 2013, the four-month periods ended 31 July 2012 and 2013 included losses of HK\$88,000, nil and HK\$13,000, respectively, which have been dealt with in the Financial Information of the Company.

14. DIVIDEND

No dividend has been paid or declared by the Company since its incorporation.

15. EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE PARENT

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 and the four-month period ended 31 July 2012 on a combined basis as disclosed in note 2.1 above.

16. PROPERTY, PLANT AND EQUIPMENT

Group

	Machinery and equipment <i>HK\$'000</i>	Furniture, fixtures and office equipment <i>HK\$'000</i>	Motor vehicles <i>HK\$'000</i>	Total <i>HK\$'000</i>
31 March 2011				
At 1 April 2010:				
Cost	1,455	471	3,490	5,416
Accumulated depreciation	<u>(1,344)</u>	<u>(290)</u>	<u>(1,327)</u>	<u>(2,961)</u>
Net carrying amount	<u>111</u>	<u>181</u>	<u>2,163</u>	<u>2,455</u>
At 1 April 2010,				
net of accumulated depreciation	111	181	2,163	2,455
Additions	—	95	282	377
Depreciation provided during the year	<u>(111)</u>	<u>(98)</u>	<u>(886)</u>	<u>(1,095)</u>
At 31 March 2011,				
net of accumulated depreciation	<u>—</u>	<u>178</u>	<u>1,559</u>	<u>1,737</u>
At 31 March 2011:				
Cost	1,455	566	3,772	5,793
Accumulated depreciation	<u>(1,455)</u>	<u>(388)</u>	<u>(2,213)</u>	<u>(4,056)</u>
Net carrying amount	<u>—</u>	<u>178</u>	<u>1,559</u>	<u>1,737</u>
31 March 2012				
At 1 April 2011:				
Cost	1,455	566	3,772	5,793
Accumulated depreciation	<u>(1,455)</u>	<u>(388)</u>	<u>(2,213)</u>	<u>(4,056)</u>
Net carrying amount	<u>—</u>	<u>178</u>	<u>1,559</u>	<u>1,737</u>
At 1 April 2011,				
net of accumulated depreciation	—	178	1,559	1,737
Additions	—	111	5	116
Depreciation provided during the year	—	(71)	(800)	(871)
Disposals	<u>—</u>	<u>—</u>	<u>(39)</u>	<u>(39)</u>
At 31 March 2012,				
net of accumulated depreciation	<u>—</u>	<u>218</u>	<u>725</u>	<u>943</u>
At 31 March 2012:				
Cost	1,308	677	3,532	5,517
Accumulated depreciation	<u>(1,308)</u>	<u>(459)</u>	<u>(2,807)</u>	<u>(4,574)</u>
Net carrying amount	<u>—</u>	<u>218</u>	<u>725</u>	<u>943</u>

	Machinery and equipment <i>HK\$'000</i>	Furniture, fixtures and office equipment <i>HK\$'000</i>	Motor vehicles <i>HK\$'000</i>	Total <i>HK\$'000</i>
31 March 2013				
At 1 April 2012:				
Cost	1,308	677	3,532	5,517
Accumulated depreciation	<u>(1,308)</u>	<u>(459)</u>	<u>(2,807)</u>	<u>(4,574)</u>
Net carrying amount	<u>—</u>	<u>218</u>	<u>725</u>	<u>943</u>
At 1 April 2012,				
net of accumulated depreciation	—	218	725	943
Additions	—	17	—	17
Depreciation provided during the year	<u>—</u>	<u>(90)</u>	<u>(506)</u>	<u>(596)</u>
At 31 March 2013,				
net of accumulated depreciation	<u>—</u>	<u>145</u>	<u>219</u>	<u>364</u>
At 31 March 2013:				
Cost	1,308	694	3,532	5,534
Accumulated depreciation	<u>(1,308)</u>	<u>(549)</u>	<u>(3,313)</u>	<u>(5,170)</u>
Net carrying amount	<u>—</u>	<u>145</u>	<u>219</u>	<u>364</u>
31 July 2013				
At 1 April 2013:				
Cost	1,308	694	3,532	5,534
Accumulated depreciation	<u>(1,308)</u>	<u>(549)</u>	<u>(3,313)</u>	<u>(5,170)</u>
Net carrying amount	<u>—</u>	<u>145</u>	<u>219</u>	<u>364</u>
At 1 April 2013, net of accumulated				
depreciation	—	145	219	364
Additions	—	—	20	20
Disposals	—	—	(14)	(14)
Depreciation provided during the period	<u>—</u>	<u>(30)</u>	<u>(131)</u>	<u>(161)</u>
At 31 July 2013, net of accumulated				
depreciation	<u>—</u>	<u>115</u>	<u>94</u>	<u>209</u>
At 31 July 2013:				
Cost	1,308	694	2,618	4,620
Accumulated depreciation	<u>(1,308)</u>	<u>(579)</u>	<u>(2,524)</u>	<u>(4,411)</u>
Net carrying amount	<u>—</u>	<u>115</u>	<u>94</u>	<u>209</u>

17. INVESTMENT PROPERTIES

Group

	<i>Note</i>	As at 31 March			As at
		2011	2012	2013	31 July
		HK\$'000	HK\$'000	HK\$'000	2013
					HK\$'000
Carrying amount at beginning of year/period		360	500	560	600
Gain on fair value changes	7	<u>140</u>	<u>60</u>	<u>40</u>	<u>—</u>
Carrying amount at end of year/period		<u>500</u>	<u>560</u>	<u>600</u>	<u>600</u>

The Group's investment properties are situated in Hong Kong and are held under long term leases.

The Group's investment properties were revalued on 31 March 2011, 2012 and 2013 and 31 July 2013 by DTZ Debenham Tie Leung Limited, independent professionally qualified valuers, at HK\$500,000, HK\$560,000 and HK\$600,000 and HK\$600,000, respectively, on the market value, existing use basis.

The fair values of the Group's investment properties at 31 March 2011, 2012 and 2013 and 31 July 2013 were measured using direct comparison method based on market observable transactions of similar properties and were adjusted to reflect the conditions and locations of the subject properties and hence were classified as level 2 of the fair value hierarchy.

Level 2 inputs are defined as inputs other than unadjusted quoted prices in active markets for identical assets or liabilities that are observable for the asset or liability, either directly or indirectly.

18. INTEREST IN A JOINT VENTURE

The amount due from a joint venture included in the Group's current assets is unsecured, interest-free and has no fixed terms of repayment.

Particulars of the joint venture are as follows:

Name	Business structure	Place of registration and operation	Percentage of			Principal activity
			Ownership interest	Voting power	Profit sharing	
Excel-China Harbour Joint Venture	Body unincorporate	Hong Kong	70	50	70	Engineering works contractor

The above investment in a joint venture is indirectly held by the Company.

The Group has not shared any profit and other comprehensive income of its joint venture during the Track Record Period and the four-month period ended 31 July 2012 since the joint venture was at breakeven during the Track Record Period and the four-month period ended 31 July 2012.

19. CONSTRUCTION, RENOVATION AND OTHER CONTRACTS

Group

	As at 31 March			As at
	2011	2012	2013	31 July
	HK\$'000	HK\$'000	HK\$'000	2013
				HK\$'000
Gross amount due from customers for contract works	4,461	37,318	85,557	85,714
Contract costs incurred plus recognised profits less recognised losses to date	784,603	1,424,704	2,612,385	3,257,188
Less: Progress billings	(780,142)	(1,387,386)	(2,526,828)	(3,171,474)
	<u>4,461</u>	<u>37,318</u>	<u>85,557</u>	<u>85,714</u>

20. ACCOUNTS RECEIVABLE

Accounts receivable represented receivables for contract works. The payment terms of contract work receivables are stipulated in the relevant contracts. The credit period is generally one month. The carrying amounts of accounts receivable approximate to their fair values.

At 31 March 2011, 2012 and 2013 and 31 July 2013, retentions receivable included in accounts receivable amounted to HK\$48,804,000, HK\$54,330,000 and HK\$95,028,000 and HK\$113,356,000, respectively, which are repayable on terms ranging from two to three years.

The ageing analysis of the accounts receivable that are not individually nor collectively considered to be impaired is as follows:

Group

	As at 31 March			As at
	2011	2012	2013	31 July
	HK\$'000	HK\$'000	HK\$'000	2013
				HK\$'000
Past due but not impaired:				
One to three months past due	1,546	2,149	3,741	7,680
Four to six months past due	34	83	40	28
Over six months past due	56	365	—	55
	1,636	2,597	3,781	7,763
Neither past due nor impaired	88,334	124,186	223,396	279,450
	<u>89,970</u>	<u>126,783</u>	<u>227,177</u>	<u>287,213</u>

Accounts receivable 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, the Directors are of the opinion that no allowance for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral or other credit enhancement over these balances.

Accounts receivable that are neither past due nor impaired relate to a number of independent customers for whom there was no recent history of default.

As at 31 March 2012 and 2013 and 31 July 2013, the aggregate amounts of accounts receivable pledged to secure the Group's banking facilities amounted to HK\$36,144,000 and HK\$138,702,000 and HK\$197,298,000, respectively.

21. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

Group

	As at 31 March			As at
	2011	2012	2013	31 July
	HK\$'000	HK\$'000	HK\$'000	2013
Prepayments	7,823	5,800	3,834	2,546
Deposits and other receivables	13,944	16,865	34,206	25,689
Due from the Retained Vantage Group (note)	27,000	73,276	147,968	37,328
Loan to the Retained Vantage Group (note)	—	27,000	—	—
	<u>48,767</u>	<u>122,941</u>	<u>186,008</u>	<u>65,563</u>

Note: As at 31 March 2011, 2012 and 2013 and 31 July 2013, the amounts were unsecured, interest-free and have no fixed terms of repayment, except for a loan to the Retained Vantage Group as at 31 March 2012 of HK\$27,000,000 which borne interest at a rate with reference to HIBOR per annum.

None of the above assets is either past due or impaired. The financial assets included in the above balances relate to receivables for which there was no recent history of default.

22. BALANCE WITH A SUBSIDIARY

As at 31 March 2013 and 31 July 2013, the Company's balance with a subsidiary is unsecured, interest-free and has no fixed terms of repayment.

23. PLEDGED DEPOSIT AND CASH AND CASH EQUIVALENTS

Group

	As at 31 March			As at
	2011	2012	2013	31 July
	HK\$'000	HK\$'000	HK\$'000	2013
Pledged time deposit against bank overdraft facilities	<u>1,075</u>	<u>1,075</u>	<u>—</u>	<u>—</u>
Cash and cash equivalents:				
Cash and bank balances	20,856	129,799	104,755	61,429
Non-pledged time deposits	<u>53,444</u>	<u>20,073</u>	<u>25,070</u>	<u>30,108</u>
	<u>74,300</u>	<u>149,872</u>	<u>129,825</u>	<u>91,537</u>

The time deposit pledged to a bank was to secure bank overdraft facilities granted to the Group (note 26).

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balances and pledged deposits are deposited with banks with high credit ratings and no recent history of default.

24. ACCOUNTS PAYABLE

Group

	As at 31 March			As at
	2011	2012	2013	31 July
	HK\$'000	HK\$'000	HK\$'000	2013
Due to third parties	31,753	119,830	134,745	126,705
Due to the Retained Vantage Group (<i>note</i>)	<u>38,425</u>	<u>118,276</u>	<u>207,942</u>	<u>180,887</u>
	<u>70,178</u>	<u>238,106</u>	<u>342,687</u>	<u>307,592</u>

Note: As at 31 March 2011, 2012 and 2013 and 31 July 2013, the amounts were unsecured, interest-free and have no fixed terms of repayment.

An ageing analysis of the accounts payable as at the end of each of the Track Record Period, based on the invoice date, is as follows:

Group

	As at 31 March			As at
	2011	2012	2013	31 July
	HK\$'000	HK\$'000	HK\$'000	2013
Current to 3 months	68,939	236,764	331,451	306,027
4 to 6 months	6	1,036	10,802	392
Over 6 months	<u>1,233</u>	<u>306</u>	<u>434</u>	<u>1,173</u>
	<u>70,178</u>	<u>238,106</u>	<u>342,687</u>	<u>307,592</u>

At 31 March 2011, 2012 and 2013 and 31 July 2013, retentions payable included in accounts payable amounted to HK\$39,798,000, HK\$50,857,000 and HK\$111,775,000 and HK\$116,190,000, respectively, which are normally settled on terms ranging from two to three years. The carrying amounts of accounts payable approximate to their fair values.

Accounts payable are non-interest-bearing and are normally settled on terms ranging from 7 to 30 days. The payment terms are stipulated in the relevant contracts.

25. OTHER PAYABLES AND ACCRUALS*Group*

	As at 31 March			As at
	2011	2012	2013	31 July
	HK\$'000	HK\$'000	HK\$'000	2013
Other payables	237	267	302	1,278
Accruals	1,522	1,776	1,965	1,965
Due to Vantage (<i>note</i>)	52,104	52,219	53,732	53,742
Due to the Retained Vantage Group (<i>note</i>)	—	—	—	239
	<u>53,863</u>	<u>54,262</u>	<u>55,999</u>	<u>57,224</u>

Note: As at 31 March 2011, 2012 and 2013 and 31 July 2013, the amounts were unsecured, interest-free and have no fixed terms of repayment.

Other payables are non-interest-bearing and are expected to be settled within one year.

26. INTEREST-BEARING BANK LOANS

Interest-bearing bank loans of the Group are repayable on demand and are analysed as follows:

Group

	As at 31 March			As at
	2011	2012	2013	31 July
	HK\$'000	HK\$'000	HK\$'000	2013
Interest-bearing bank loans — secured and at a floating interest rate	—	18,736	78,636	—

Notes:

- As at 31 March 2012 and 2013, Vantage has guaranteed the Group's interest-bearing bank loans and certain general banking facilities up to HK\$140,000,000 and HK\$181,000,000, respectively.
- As at 31 March 2012 and 2013, the Group's interest-bearing bank loans and certain general banking facilities are secured by the accounts receivable with an aggregate carrying amount of HK\$36,144,000 and HK\$138,702,000, respectively.
- As at 31 March 2011 and 2012, the Group's bank overdraft facilities are secured by the assignment of the Group's time deposit with an aggregate carrying amount of HK\$1,075,000 and HK\$1,075,000, respectively.
- The interest-bearing bank loans are denominated in Hong Kong dollars.
- The interest rates of the Group's interest-bearing bank loans are primarily repriced every month based on the changes of HIBOR.
- In the opinion of the Directors, the carrying amounts of the Group's interest-bearing bank loans approximate to their fair values.

27. DEFERRED TAX LIABILITIES

The movements of deferred tax liabilities during the Track Record Period are as follows:

Group

	Depreciation allowance in excess of related depreciation HK\$'000
At 1 April 2010	269
Deferred tax credited to profit or loss during the year (<i>note 12</i>)	<u>(90)</u>
At 31 March 2011 and 1 April 2011	179
Deferred tax credited to profit or loss during the year (<i>note 12</i>)	<u>(93)</u>
At 31 March 2012 and 1 April 2012	86
Deferred tax credited to profit or loss during the year (<i>note 12</i>)	<u>(73)</u>
At 31 March 2013 and 1 April 2013	13
Deferred tax charged to profit or loss during the period (<i>note 12</i>)	<u>5</u>
At 31 July 2013	<u><u>18</u></u>

At 31 March 2011, 2012 and 2013 and 31 July 2013, there was no significant unrecognised deferred tax liability for taxes that would be payable on the unremitted earnings of certain of the Group's subsidiaries or a joint venture as the Group has no liability to additional tax should such amounts be remitted.

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

28. ISSUED CAPITAL

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 30 April 2012 with initial authorised share capital of HK\$370,000 divided into 37,000,000 shares of a par value of HK\$0.01 each. On the date of incorporation, 1 ordinary share of HK\$0.01 was allotted and issued by the Company to its then shareholder.

On 21 November 2013, an ordinary resolution of the Company was passed pursuant to which (a) the authorised share capital of the Company was increased from HK\$370,000 to HK\$5,000,000 by the creation of 463,000,000 additional shares of a par value of HK\$0.01 each, ranking pari passu in all respects with existing shares of the Company; and (b) the allotment of 49,999,999 ordinary shares of a par value of HK\$0.01 each to Profit Chain, a subsidiary of the Retained Vantage Group as a result of the Reorganisation.

29. RESERVES*(a) Group*

The amounts of the Group's reserves and the movements therein for each of the Track Record Period and the four-month period ended 31 July 2012 are presented in the combined statements of changes in equity.

(b) Merger reserve

Merger reserve represents the reserve that arose pursuant to the Reorganisation as detailed in note 2.1 above.

(c) Company

	Accumulated losses HK\$'000
At 30 April 2012 (the date of incorporation) and at 31 July 2012 (Unaudited)	—
Loss and total comprehensive loss for the period	<u>(88)</u>
At 31 March 2013 and at 1 April 2013	(88)
Loss and total comprehensive loss for the period	<u>(13)</u>
At 31 July 2013	<u><u>(101)</u></u>

30. CONTINGENT LIABILITIES

- (a) At 31 March 2011, 2012 and 2013 and 31 July 2013, the guarantees given by the Group to certain banks in respect of performance bonds in favour of certain contract customers amounted to HK\$17,923,000, HK\$15,206,000 and HK\$37,775,000 and HK\$37,775,000, respectively.
- (b) In the ordinary course of the Group's construction business, the Group has been subject to a number of claims due to personal injuries suffered by employees of the Group or the Group's sub-contractors in accidents arising out of and in the course of their employment. The Directors are of the opinion that such claims are well covered by insurance and would not result in any material adverse impact on the financial position or results and operations of the Group.

31. OPERATING LEASE ARRANGEMENTS

As lessee

The Group leases certain of its office properties under operating lease arrangements. Leases for properties are negotiated for terms ranging from one to four years.

At the end of each of the Track Record Period, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	As at 31 March			As at
	2011	2012	2013	31 July
	HK\$'000	HK\$'000	HK\$'000	2013
				HK\$'000
Within one year	2,419	3,076	4,600	6,194
In the second to fifth years, inclusive	474	2,946	1,521	6,338
	<u>2,893</u>	<u>6,022</u>	<u>6,121</u>	<u>12,532</u>

32. RELATED PARTY TRANSACTIONS

(a) In addition to the transactions and balances detailed elsewhere in the Financial Information, the Group had the following transactions with related parties during the Track Record Period and the four-month period ended 31 July 2012:

	Year ended 31 March			Four-month period	
	2011	2012	2013	2012	2013
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
				(Unaudited)	
Recurring:					
Sub-contracting fee to the Retained Vantage Group	378,478	212,339	518,803	180,168	428,640
Management fee income and staff cost reimbursement from the Retained Vantage Group	—	2,855	14,026	5,060	2,458
Rental expense to the Retained Vantage Group	—	—	—	—	207
Non-recurring:					
Corporate guarantee in respect of the Group's banking facilities provided by Vantage	61,000	201,000	242,000	201,000	242,000
Management fee to Vantage	6,181	6,286	7,790	2,596	—
Management fee income from a joint venture	2,220	250	660	—	—
Interest income from the Retained Vantage Group	—	109	1,919	337	168

The transactions were conducted on terms and conditions mutually agreed between the relevant parties. The Directors are of the opinion that these related party transactions were conducted in the ordinary course of business of the Group.

(b) Other non-recurring transactions with related parties

- (i) During the year ended 31 March 2013 and the four-month period ended 31 July 2013, Vantage had given performance guarantees in favour of a customer for a civil engineering contract work (the "Contract Customer") of the Group in respect of losses, claims, damages, costs and expenses caused by non-compliance with the terms and conditions of the construction contract entered into between Vantage, the Group and the Contract Customer.
- (ii) As at 31 March 2011, 2012 and 2013 and 31 July 2013, certain properties of the Retained Vantage Group with an aggregate carrying amount of approximately HK\$469,205,000, HK\$504,932,000 and HK\$243,659,000 and HK\$243,659,000, respectively, were pledged to secure certain banking facilities granted to the Group.

(c) Outstanding balances with related parties

Other than the balances with a subsidiary, a joint venture, the Retained Vantage Group and Vantage as disclosed in notes 18, 21, 22, 24 and 25 to the Financial Information, the Company and the Group had no outstanding balances with related parties as at the end of each of the Track Record Period.

(d) Compensation of key management personnel of the Group

Further details of Directors' remuneration are included in note 10 to the Financial Information.

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments include interest-bearing bank loans, accounts and other receivables, deposits, amounts due from a joint venture, balances with the Retained Vantage Group, accounts and other payables, accruals of costs for contract works, an amount due to Vantage, a pledged deposit and cash and cash equivalents. Details of these financial instruments are disclosed in the respective notes to the Financial Information.

The Group's ordinary activities expose it to various financial risks, including interest rate risk, credit risk and liquidity risk. The risks associated with financial instruments and the policies on how to mitigate these risks are described below. Management monitors closely the Group's exposures to financial risks to ensure appropriate measures are implemented in a timely and effective manner.

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's debt obligations with floating interest rates.

At 31 March 2011, 2012 and 2013 and 31 July 2013, it is estimated that an increase/decrease of 25 basis points in interest rates, with all other variables held constant, would decrease/increase the Group's profit after tax and retained profits by nil, HK\$39,000, HK\$164,000 and nil, respectively, arising as a result of higher/lower interest expense on the Group's floating-rate borrowings. There would be no impact on other components of the Group's equity.

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the end of each of the Track Record Period. For the purposes of the analysis, it is assumed that the amount of variable-rate borrowings outstanding at the end of each of the Track Record Period was outstanding throughout the whole year. The 25 basis point increase or decrease represents management assessment of a reasonably possible change in interest rates over the period until the reporting date of the next financial year.

Credit risk

The Group's credit risk is primarily attributable to bank balances, a time deposits and accounts and other receivables. The Group's maximum credit risk exposure at 31 March 2011, 2012 and 2013 and 31 July 2013 in the event of other parties failing to perform their obligations is represented by the carrying amount of each financial asset as stated in the combined statements of financial position.

Management monitors the creditworthiness and payment patterns of each debtor closely and on an ongoing basis. The Group's accounts receivable from contract works represent interim payments or retentions certified by the customers under terms as stipulated in the contracts and the Group does not hold any collateral over these receivables. As the Group's customers in respect of contract works primarily consist of government departments and developers or owners with strong financial backgrounds, management considers that the risk of irrecoverable receivables from contract works is not significant.

At 31 March 2011, 2012 and 2013 and 31 July 2013, the Group had certain concentrations of credit risk as 41%, 43%, 60% and 63% of the total accounts receivable were due from the Group's largest external customer and 95%, 95%, 98% and 99% of the total accounts receivable were due from the Group's five largest external customers, respectively.

Further quantitative data in respect of the Group's exposure to credit risk arising from accounts and other receivables are disclosed in notes 20 and 21, respectively, to the Financial Information.

Liquidity risk

The Group's policy is to monitor regularly the current and expected liquidity requirements 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 long term. In addition, banking facilities have been put in place for contingency purposes.

The following table details the remaining contractual maturities at the end of each of the Track Record Period of the Group's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates, or if floating, based on rates as at the end of each of the Track Record Period) and the earliest date that the Group could be required to repay:

Group

	Within 1 year or on demand	Between 1 and 2 years	Between 2 and 5 years	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
As at 31 March 2011				
Accounts payable	62,314	6,360	1,504	70,178
Accruals of costs for contract works	21,075	—	—	21,075
Other payables (<i>note 25</i>)	237	—	—	237
Due to Vantage (<i>note 25</i>)	52,104	—	—	52,104
	<u>135,730</u>	<u>6,360</u>	<u>1,504</u>	<u>143,594</u>
As at 31 March 2012				
Accounts payable	201,436	7,295	29,375	238,106
Accruals of costs for contract works	22,039	—	—	22,039
Other payables (<i>note 25</i>)	267	—	—	267
Interest-bearing bank loans	18,846	—	—	18,846
Due to Vantage (<i>note 25</i>)	52,219	—	—	52,219
	<u>294,807</u>	<u>7,295</u>	<u>29,375</u>	<u>331,477</u>
As at 31 March 2013				
Accounts payable	248,225	71,171	23,291	342,687
Accruals of costs for contract works	5,390	—	—	5,390
Other payables (<i>note 25</i>)	302	—	—	302
Interest-bearing bank loans	78,797	—	—	78,797
Due to Vantage (<i>note 25</i>)	53,732	—	—	53,732
	<u>386,446</u>	<u>71,171</u>	<u>23,291</u>	<u>480,908</u>
As at 31 July 2013				
Accounts payable	198,374	105,256	3,962	307,592
Accruals of costs for contract works	2,980	—	—	2,980
Other payables (<i>note 25</i>)	1,278	—	—	1,278
Due to Vantage (<i>note 25</i>)	53,742	—	—	53,742
Due to the Retained Vantage Group (<i>note 25</i>)	239	—	—	239
	<u>256,613</u>	<u>105,256</u>	<u>3,962</u>	<u>365,831</u>

Capital management

The primary objective of the Group's capital management policy is to ensure that the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The Directors review the capital structure on a periodical basis. As part of this review, the Directors consider the cost of capital and the risks associated with each class of capital and will balance the Group's overall capital structure through new share issues as well as raising new debts or repayment of existing debts.

The Group monitors capital using a gearing ratio, which is net cash and bank balances divided by the total capital. Net cash and bank balances are calculated as the total of interest-bearing bank loans less cash and cash equivalents and a pledged time deposit. Total capital refers to equity attributable to owners of the parent. The gearing ratios as at the end of each of the Track Record Period were as follows:

Group

	As at 31 March			As at
	2011	2012	2013	31 July
	HK\$'000	HK\$'000	HK\$'000	2013
Interest-bearing bank loans	—	18,736	78,636	—
Less: Cash and cash equivalents	(74,300)	(149,872)	(129,825)	(91,537)
Pledged time deposit	<u>(1,075)</u>	<u>(1,075)</u>	<u>—</u>	<u>—</u>
Net cash and bank balances	<u>(75,375)</u>	<u>(132,211)</u>	<u>(51,189)</u>	<u>(91,537)</u>
Equity attributable to owners of the parent	<u>76,213</u>	<u>104,383</u>	<u>144,449</u>	<u>157,152</u>
Gearing ratio (%)	<u>Nil</u>	<u>Nil</u>	<u>Nil</u>	<u>Nil</u>

III. EVENTS AFTER THE REPORTING PERIOD

- (a) On 21 November 2013 and before the completion of the Reorganisation, Great Jump, a subsidiary of the Group, declared a special dividend of HK\$60,000,000 to Profit Chain, its then shareholder and a subsidiary of the Retained Vantage Group. Such dividend was not accounted for in the Financial Information during the Track Record Period. Such dividend will be paid before the listing of the shares of the Company on the Stock Exchange in December 2013.
- (b) On 21 November 2013, the companies now comprising the Group completed the Reorganisation in preparation for the listing of the Company's shares on the Stock Exchange. Further details of the Reorganisation are set out in the section headed "History and Development" in the Prospectus.

IV. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Group, the Company or any of its subsidiaries in respect of any period subsequent to 31 July 2013.

Yours faithfully,
Ernst & Young
Certified Public Accountants
 Hong Kong

The information sets out in this appendix does not form part of the Accountants' Report prepared by Ernst & Young, 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" in this prospectus and the Accountants' Report set forth in Appendix I to this prospectus.

A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED COMBINED NET TANGIBLE ASSETS

The following is an illustrative statement of unaudited pro forma adjusted combined net tangible assets of the Group prepared in accordance with paragraph 4.29 of the Listing Rules and on the basis of the notes set out below for the purpose of illustrating the effect of the Share Offer on the combined net tangible assets of the Group attributable to owners of the Company as if the Share Offer had taken place on 31 July 2013. This unaudited pro forma statement of adjusted combined net tangible assets of the Group has been prepared for illustrative purposes only and, because of its hypothetical nature, it may not give a true picture of the combined net tangible assets of the Group had the Share Offer been completed as at 31 July 2013 or any future dates:

	Combined net tangible assets attributable to owners of the Company as at 31 July 2013 <i>HK\$'000</i> <i>(Note 1)</i>	Acquisition of shareholder's loans <i>HK\$'000</i> <i>(Note 2)</i>	Estimated net proceeds from the Share Offer <i>HK\$'000</i> <i>(Note 3)</i>	Unaudited pro forma adjusted combined net tangible assets <i>HK\$'000</i>	Unaudited pro forma adjusted combined net tangible assets per Share <i>HK\$</i> <i>(Notes 4 and 5)</i>
Based on an Offer Price of HK\$1.0 per Share	<u>157,152</u>	<u>45,923</u>	<u>37,840</u>	<u>240,915</u>	<u>1.205</u>
Based on an Offer Price of HK\$1.2 per Share	<u>157,152</u>	<u>45,923</u>	<u>47,840</u>	<u>250,915</u>	<u>1.255</u>

Notes:

1. The combined net tangible assets attributable to owners of the Company as at 31 July 2013 is extracted from the Accountants' Report set out in Appendix I to this prospectus.
2. As part of the Reorganisation, on 21 November 2013, Best Trader, a wholly-owned subsidiary of the Company, acquired the shareholder's loans of Great Jump and Top Integration from Profit Chain, the then shareholder of the Company, of approximately HK\$45,923,000.
3. The estimated net proceeds from the Share Offer are based on the indicative Offer Price of HK\$1.0 and HK\$1.2 per Share, after deduction of the underwriting fees and other related expenses payable by the Company.
4. The unaudited pro forma adjusted combined net tangible assets per Share is calculated based on 200,000,000 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.
5. The unaudited pro forma adjusted combined net tangible assets attributable to owners of the Company does not take into account a special dividend of HK\$60,000,000 declared on 21 November 2013 by Great Jump, a subsidiary of the Group, to Profit Chain. Such dividend will be paid before the listing of the shares of the Company on the Stock Exchange in December 2013. Had the special dividend been taken into account, the unaudited pro forma adjusted combined net tangible assets per Share would be HK\$0.905 (assuming an Offer Price of HK\$1.0 per Share) and HK\$0.955 (assuming an Offer Price of HK\$1.2 per Share), respectively.
6. Except from those mentioned above, no adjustment has been made to reflect any trading results or other transactions of the Group, entered into subsequent to 31 July 2013.

B. INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF PRO FORMA FINANCIAL INFORMATION

The following is the text of a report, received from the reporting accountants of the Company, Ernst & Young, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus, in respect of the Group's pro forma financial information.



22/F CITIC Tower
1 Tim Mei Avenue
Central, Hong Kong

28 November 2013

The Directors
Excel Development (Holdings) Limited

Dear Sirs,

We have completed our assurance engagement to report on the compilation of pro forma financial information of Excel Development (Holdings) Limited (formerly known as Excel Engineering (Holdings) Limited) (the “Company”) and its subsidiaries (hereinafter collectively referred to as the “Group”) by the directors of the Company (the “Directors”) for illustrative purposes only. The pro forma financial information consists of the pro forma combined net tangible assets as at 31 July 2013 and related notes as set out in Section A of Appendix II to the prospectus of the Company dated 28 November 2013 (the “Prospectus”) issued by the Company (the “Pro Forma Financial Information”). The applicable criteria on the basis of which the Directors have compiled the Pro Forma Financial Information are described in note 2 to note 6.

The Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the public offer and placing of shares of the Company on the Group's financial position as at 31 July 2013 as if the transaction had taken place at 31 July 2013. As part of this process, information about the Group's financial position has been extracted by the Directors from the Group's financial statements for the period ended 31 July 2013, on which an accountants' report has been published.

Directors' responsibility for the Pro Forma Financial Information

The Directors are responsible for compiling the Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and with reference to Accounting Guideline 7 *Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

Reporting Accountant's responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus* issued by the HKICPA. This standard requires that the reporting accountant comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the Pro Forma Financial Information, in accordance with paragraph 4.29 of the Listing Rules and with reference to Accounting Guideline 7 *Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars* issued by 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 Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Pro Forma Financial Information.

The purpose of Pro Forma Financial Information included in the Prospectus is solely to illustrate the impact of public offer and placing of shares of the Company on unadjusted financial information of the Group as if 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 transaction would have been as presented.

A reasonable assurance engagement to report on whether the Pro Forma Financial Information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountant's judgment, having regard to the reporting accountant's understanding of the nature of the Group, the transaction in respect of which the Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Pro Forma Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

- (a) the Pro Forma Financial Information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purpose of the Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Yours faithfully,
Ernst & Young
Certified Public Accountants
Hong Kong

Set out below is a summary of certain provisions of the Memorandum and Articles of Association of our Company and of certain aspects of Cayman Islands company law.

Our Company was incorporated in the Cayman Islands as an exempted company with limited liability on 30 April 2012 under the Companies Law. The Memorandum of Association and the Articles of Association comprise its constitution.

1. MEMORANDUM OF ASSOCIATION

- (a) The Memorandum states, inter alia, that the liability of members of our Company is limited to the amount, if any, for the time being unpaid on the Shares respectively held by them and that the objects for which our Company is established are unrestricted (including acting as an investment company), and that our Company shall have and be capable of exercising all the functions of a natural person of full capacity irrespective of any question of corporate benefit, as provided in section 27(2) of the Companies Law and in view of the fact that our Company is an exempted company that our Company will not trade in the Cayman Islands with any person, firm or corporation except in furtherance of the business of our Company carried on outside the Cayman Islands.
- (b) Our Company may by special resolution alter its Memorandum with respect to any objects, powers or other matters specified therein.

2. ARTICLES OF ASSOCIATION

The Articles were conditionally adopted on 21 November 2013 with effect from Listing. The following is a summary of certain provisions of the Articles:

(a) Directors

(i) 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 with or have attached thereto such rights, or such restrictions, whether with regard to dividend, voting, return of capital, or otherwise, as our Company may by ordinary resolution determine (or, in the absence of any such determination or so far as the same may not make specific provision, as the board may determine). Subject to the Companies Law, the rules of any Designated Stock Exchange (as defined in the Articles) and the Memorandum and Articles, any share may be issued on terms that, at the option of our Company or the holder thereof, they are 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 our Company on such terms as it may from time to time determine.

Subject to the provisions of the Companies Law and the Articles and, where applicable, the rules of any Designated Stock Exchange (as defined in the Articles) and without prejudice to any special rights or restrictions for the time being attached to any shares or any class of shares, all unissued shares in our Company shall be at the disposal of the board, which may offer, allot, grant options over or otherwise dispose of them to such persons, at such times, for such consideration and on such terms and conditions as it in its absolute discretion thinks fit, but so that no shares shall be issued at a discount.

Neither our Company nor the board shall be obliged, when making or granting any allotment of, offer of, option over or disposal of shares, to make, or make available, any such allotment, offer, option or shares to members or others 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.

(ii) Power to dispose of the assets of our Company or any subsidiary

There are no specific provisions in the Articles relating to the disposal of the assets of our Company or any of its subsidiaries. Our Directors may, however, exercise all powers and do all acts and things which may be exercised or done or approved by our Company and which are not required by the Articles or the Companies Law to be exercised or done by our Company in general meeting.

(iii) 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 our Director is contractually entitled) must be approved by our Company in general meeting.

(iv) Loans and provision of security for loans to Directors

There are provisions in the Articles prohibiting the making of loans to Directors.

(v) Disclosure of interests in contracts with our Company or any of its subsidiaries.

A Director may hold any other office or place of profit with our Company (except that of the auditor of our Company) in conjunction with his office of Director for such period and, subject to the Articles, upon such terms as the board may determine, and may be paid such extra remuneration therefor (whether by way of salary, commission, participation in profits or otherwise) in addition to any remuneration provided for by or pursuant to any other Articles. A Director

may be or become a director or other officer of, or otherwise interested in, any company promoted by our Company or any other company in which our Company may be interested, and shall not be liable to account to our Company or the members for any remuneration, profits or other benefits received by him as a director, officer or member of, or from his interest in, such other company. Subject as otherwise provided by the Articles, the board may also cause the voting power conferred by the shares in any other company held or owned by our Company to be exercised in such manner in all respects as it thinks fit, including the exercise thereof in favour of any resolution appointing our 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.

Subject to the Companies Law and the Articles, no Director or proposed or intended Director shall be disqualified by his office from contracting with our Company, either with regard to his tenure of any office or place of profit or as vendor, purchaser or in any other manner whatsoever, nor shall any such contract 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 our Company or the members for any remuneration, profit or other benefits realised by any such contract or arrangement by reason of such Director holding that office or the fiduciary relationship thereby established. A Director who to his knowledge is in any way, whether directly or indirectly, interested in a contract or arrangement or proposed contract or arrangement with our Company shall 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 associates is materially interested, but this prohibition shall not apply to any of the following matters, namely:

- (aa) any contract or arrangement for giving to such Director or his associate(s) any security or indemnity in respect of money lent by him or any of his associates or obligations incurred or undertaken by him or any of his associates at the request of or for the benefit of our Company or any of its subsidiaries;
- (bb) any contract or arrangement for the giving of any security or indemnity to a third party in respect of a debt or obligation of our Company or any of its subsidiaries for which our Director or his 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 our Company or any other company which our Company may promote or be interested in for subscription or purchase, where our Director or his 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 our Director or his associate(s) is/are interested in the same manner as other holders of shares or debentures or other securities of our Company by virtue only of his/their interest in shares or debentures or other securities of our Company; or
- (ee) any proposal or arrangement concerning the adoption, modification or operation of a share option scheme, a pension fund or retirement, death, or disability benefits scheme or other arrangement which relates both to Directors, his associates and employees of our Company or of any of its subsidiaries and does not provide in respect of any Director, or his associate(s), as such any privilege or advantage not accorded generally to the class of persons to which such scheme or fund relates.

(vi) Remuneration

The ordinary remuneration of our Directors shall from time to time be determined by our Company in general meeting, such sum (unless otherwise directed by the resolution by which it is voted) to be divided amongst our 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. Our Directors shall also be entitled to be prepaid or repaid all travelling, hotel and incidental expenses reasonably expected to be incurred or incurred by them in attending any board meetings, committee meetings or general meetings or separate meetings of any class of shares or of debentures of our Company or otherwise in connection with the discharge of their duties as Directors.

Any Director who, by request, goes or resides abroad for any purpose of our Company or who performs services which in the opinion of the board go beyond the ordinary duties of a Director may be paid such extra remuneration (whether by way of salary, commission, participation in profits or otherwise) 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 (whether by way of salary, commission or participation in profits or otherwise or by all or any

of those modes) and such other benefits (including pension and/or gratuity and/or other benefits on retirement) 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 our Company or companies with which it is associated in business) in establishing and making contributions out of our 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 our Company or any of its subsidiaries) and ex employees of our 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.

(vii) Retirement, appointment and removal

At each annual general meeting, one third of our 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) will 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. Our Directors to retire in every year will 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. There are no provisions relating to retirement of Directors upon reaching any age limit.

Our Directors shall have the power from time to time and at any time 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 our Company and shall then be eligible for re-election. Neither a Director nor an alternate Director is required to hold any shares in our Company by way of qualification.

A Director may be removed by an ordinary resolution of our 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 our Company) and may by ordinary resolution appoint another in his place. Unless otherwise determined by our Company in general meeting, the number of Directors shall not be less than two. There is no maximum number of Directors.

The office of director shall be vacated:

- (aa) if he resigns his office by notice in writing delivered to our Company at the registered office of our Company for the time being or tendered at a meeting of the Board;
- (bb) becomes of unsound mind or dies;
- (cc) if, without special leave, he is absent from meetings of the board (unless an alternate director appointed by him attends) for six (6) consecutive months, and the board resolves that his office is vacated;
- (dd) if he becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors;
- (ee) if he is prohibited from being a director by law;
- (ff) if 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 from time to time 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 our Company for such period and upon such terms as the board may determine and the board may revoke or terminate any of such appointments. The board may delegate any of its powers, authorities and discretions to committees consisting of such Director or Directors and other persons as the board thinks fit, and it may from time to time revoke such delegation or revoke the appointment of and discharge any such committees either wholly or in part, and either as to persons or purposes, but every committee so formed shall, 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.

(viii) Borrowing powers

The board may exercise all the powers of our Company to raise or borrow money, to mortgage or charge all or any part of the undertaking, property and assets (present and future) and uncalled capital of our Company and, subject to the Companies Law, to issue debentures, bonds and other securities of our Company, whether outright or as collateral security for any debt, liability or obligation of our Company or of any third party.

Note: These provisions, in common with the Articles in general, can be varied with the sanction of a special resolution of our Company.

(ix) Proceedings of the Board

The board may meet for the despatch of business, adjourn and otherwise regulate their meetings as they think fit. Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes, the chairman of the meeting shall have an additional or casting vote.

(x) Register of Directors and Officers

The Companies Law and the Articles provide that our 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 thirty (30) days of any change in such directors or officers.

(b) Alterations to constitutional documents

The Articles may be rescinded, altered or amended by our Company in general meeting by special resolution. The Articles state that a special resolution shall be required to alter the provisions of the Memorandum, to amend the Articles or to change the name of our Company.

(c) Alteration of capital

Our Company may from time to time by ordinary resolution in accordance with the relevant provisions of the Companies Law:

- (i) increase its capital by such sum, to be divided into shares of such amounts as the resolution shall prescribe;
- (ii) consolidate and divide all or any of its capital into shares of larger amount than its existing shares;

- (iii) divide its shares into several classes and without prejudice to any special rights previously conferred on the holders of existing shares attach thereto respectively any preferential, deferred, qualified or special rights, privileges, conditions or restrictions as our Company in general meeting or as the directors may determine;
- (iv) sub-divide its shares or any of them into shares of smaller amount than is fixed by the Memorandum, subject nevertheless to the provisions of the Companies Law, and so that the resolution whereby any share is sub-divided may determine that, as between the holders of the shares resulting from such sub-division, one or more of the shares may have any such preferred or other special rights, over, or may have such deferred rights or be subject to any such restrictions as compared with the others as our Company has power to attach to unissued or new shares; or
- (v) cancel any shares which, at the date of passing of the resolution, have not been taken, or agreed to be taken, by any person, and diminish the amount of its capital by the amount of the shares so cancelled.

Our Company may subject to the provisions of the Companies Law reduce its share capital or any capital redemption reserve or other undistributable reserve in any way by special resolution.

(d) Variation of rights of existing shares or classes of shares

Subject to the Companies Law, 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.

The 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.

(e) Special resolution majority required

Pursuant to the Articles, a special resolution of our Company must be passed by a majority of not less than three fourths of the votes cast by such members as, being entitled so to do, vote in person or, in the case of such members as are corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice of not less than twenty-one (21) clear days and not less than ten (10) clear business days specifying the intention to propose the resolution as a special resolution, has been duly given. Provided that if permitted by the Designated Stock Exchange (as defined in the Articles), except in the case of an annual general meeting, if it is so agreed by a majority in number of the members having a right to attend and vote at such meeting, being a majority together holding not less than ninety-five per cent. (95%) in nominal value of the shares giving that right and, in the case of an annual general meeting, if so agreed by all Members entitled to attend and vote thereat, a resolution may be proposed and passed as a special resolution at a meeting of which notice of less than twenty-one (21) clear days and less than ten (10) clear business days has been given.

A copy of any special resolution must be forwarded to the Registrar of Companies in the Cayman Islands within fifteen (15) days of being passed.

An ordinary resolution is defined in the Articles to mean a resolution passed by a simple majority of the votes of such members of our Company as, being entitled to do so, vote in person or, in the case of corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting held in accordance with the Articles.

(f) Voting rights

Subject to any special rights or restrictions as to voting for the time being attached to any shares by or in accordance with the Articles, 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 authorised representative), or by proxy(ies) shall have one vote provided that where more than one proxy is appointed by a member which is a clearing house (or its nominee(s)), each such proxy shall have one vote on a show of hands.

If a recognised clearing house (or its nominee(s)) is a member of our Company it may authorise such person or persons as it thinks fit to act as its representative(s) at any meeting of our Company or at any meeting of any class of members of our 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 our 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 our Company has any knowledge that any shareholder is, under the rules of the Designated Stock Exchange (as defined in the Articles), required to abstain from voting on any particular resolution of our Company or restricted to voting only for or only against any particular resolution of our Company, any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted.

(g) Requirements for annual general meetings

An annual general meeting of our Company must be held in each year, other than the year of adoption of the Articles (within a period of not more than fifteen (15) months after the holding of the last preceding annual general meeting or a period of eighteen (18) months from the date of adoption of the Articles, unless a longer period would not infringe the rules of any Designated Stock Exchange (as defined in the Articles)) at such time and place as may be determined by the board.

(h) Accounts and audit

The board shall cause true accounts to be kept of the sums of money received and expended by our Company, and the matters in respect of which such receipt and expenditure take place, and of the property, assets, credits and liabilities of our Company and of all other matters required by the Companies Law or necessary to give a true and fair view of our Company's affairs and to explain its transactions.

The accounting records shall 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 our Company except as conferred by law or authorised by the board or our Company in general meeting. However, an exempted company shall 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 (2009 Revision) 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 our Company at its general meeting, together with a printed copy of our 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 our Company under the provisions the Articles; however, subject to compliance with all applicable laws, including the rules of the Designated Stock Exchange (as defined in the Articles), our Company may send to such persons summarised financial statements derived from our Company's annual accounts and the directors' report instead provided that any such person may by notice in writing served on our Company, demand that our Company sends to him, in addition to summarised financial statements, a complete printed copy of our Company's annual financial statement and the directors' report thereon.

Auditors shall be appointed and the terms and tenure of such appointment and their duties at all times regulated in accordance with the provisions of the Articles. The remuneration of the auditors shall be fixed by our Company in general meeting or in such manner as the members may determine.

The financial statements of our Company shall be audited by the auditor in accordance with generally accepted auditing standards. The auditor shall make a written report thereon in accordance with generally accepted auditing standards and the report of the auditor shall be submitted to the members in general meeting. The generally accepted auditing standards referred to herein may be those of a country or jurisdiction other than the Cayman Islands. If so, the financial statements and the report of the auditor should disclose this fact and name such country or jurisdiction.

(i) Notices of meetings and business to be conducted thereat

An annual general meeting shall be called by notice of not less than twenty-one (21) clear days and not less than twenty (20) clear business days and any extraordinary general meeting at which it is proposed to pass a special resolution shall (save as set out in sub paragraph (e) above) be called by notice of at least twenty-one (21) clear days and not less than ten (10) clear business days. All other extraordinary general meetings shall be called by notice of at least fourteen (14) clear days and not less than ten (10) clear business days. The notice must specify the time and place of the meeting and, in the case of special business, the general nature of that business. In addition notice of every general meeting shall be given to all members of our Company other than such as, under the provisions of the Articles or the terms of issue of the shares they hold, are not entitled to receive such notices from our Company, and also to the auditors for the time being of our Company.

Notwithstanding that a meeting of our Company is called by shorter notice than that mentioned above if permitted by the rules of the Designated Stock Exchange, it shall be deemed to have been duly called if it is so agreed:

- (i) in the case of a meeting called as an annual general meeting, by all members of our Company entitled to attend and vote thereat; and
- (ii) in the case of any other meeting, by a majority in number of the members having a right to attend and vote at the meeting, being a majority together holding not less than ninety-five per cent (95%) in nominal value of the issued shares giving that right.

All business shall be deemed special that is transacted at an extraordinary general meeting and also all business shall be deemed special that is transacted at an annual general meeting with the exception of the following, which shall be deemed 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 our 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 our Company.

(j) 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 Designated Stock Exchange (as defined in the Articles) 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 in any case in which it thinks fit, in its discretion, to do so and 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 thereof. The board may also resolve either generally or in any particular case, upon request by either the transferor or the transferee, to accept mechanically executed transfers.

The board in so far as permitted by any applicable law may, in its absolute discretion, at any time and from time to 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.

Unless the board otherwise agrees, no shares on the principal register shall be transferred to any branch register nor may shares on any branch register be transferred to the principal register or any other branch register. All transfers and other documents of title shall be lodged for registration and registered, in the case of shares on a branch register, at the relevant registration office and, in the case of shares on the principal register, at the registered office in the Cayman Islands or such other place at which the principal register is kept in accordance with the Companies Law.

The board may, in its absolute discretion, and without assigning any reason, refuse to register a transfer of any share (not being a fully paid up share) to a person of whom it does not approve or any share issued under any share incentive scheme for employees upon which a restriction on transfer imposed thereby still subsists, and it may also refuse to register any transfer of any share to more than four joint holders or any transfer of any share (not being a fully paid up share) on which our Company has a lien.

The board may decline to recognise any instrument of transfer unless a fee of such maximum sum as any Designated Stock Exchange (as defined in the Articles) may determine to be payable or such lesser sum as our Directors may from time to time require is paid to our Company in respect thereof, the instrument of transfer, if applicable, is properly stamped, 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 a relevant newspaper and, where applicable, any other newspapers in accordance with the requirements of any Designated Stock Exchange (as defined in the Articles), at such times and for such periods as the board may determine and either generally or in respect of any class of shares. The register of members shall not be closed for periods exceeding in the whole thirty (30) days in any year.

(k) Power for our Company to purchase its own shares

Our 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 our Company subject to any applicable requirements imposed from time to time by any Designated Stock Exchange (as defined in the Articles).

(l) Power for any subsidiary of our Company to own shares in our Company and financial assistance to purchase shares of our Company

There are no provisions in the Articles relating to ownership of shares in our Company by a subsidiary.

Subject to compliance with the rules and regulations of the Designated Stock Exchange (as defined in the Articles) and any other relevant regulatory authority, our Company may give financial assistance for the purpose of or in connection with a purchase made or to be made by any person of any shares in our Company.

(m) Dividends and other methods of distribution

Subject to the Companies Law, our Company in general meeting may declare dividends in any currency to be paid to the members but no dividend shall be declared in excess of the amount recommended by the board.

The Articles provide dividends may be declared and paid out of the profits of our Company, realised or unrealised, or from any reserve set aside from profits which the directors determine is no longer needed. With the sanction of an ordinary resolution dividends may also be declared and paid out of share premium account or any other fund or account which can be authorised for this purpose in accordance with the 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. Our Directors may deduct from any dividend or other monies payable to any member or in respect of any shares all sums of money (if any) presently payable by him to our Company on account of calls or otherwise.

Whenever the board or our Company in general meeting has resolved that a dividend be paid or declared on the share capital of our Company, the board may further resolve either (a) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up, provided that the 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. Our Company may also upon the recommendation of the board by an ordinary resolution resolve in respect of any one particular dividend of our Company that it may be satisfied wholly in the form of an allotment of shares credited as fully paid up without offering any right to 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 our Company in respect of the shares at his address as appearing in the register or addressed to such person and at such addresses as the holder or joint holders may in writing direct. Every such cheque or warrant shall, unless the holder or joint holders otherwise direct, be made payable to the order of the holder 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 our 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 our Company in general meeting has resolved that a dividend be paid or declared the board may further resolve that such dividend be satisfied wholly or in part by the distribution of specific assets of any kind.

All dividends or bonuses unclaimed for one year after having been declared may be invested or otherwise made use of by the board for the benefit of our Company until claimed and our Company shall not be constituted a trustee in respect thereof. All dividends or bonuses unclaimed for six years after having been declared may be forfeited by the board and shall revert to our Company.

No dividend or other monies payable by our Company on or in respect of any share shall bear interest against our Company.

(n) Proxies

Any member of our Company entitled to attend and vote at a meeting of our Company is entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at a general meeting of our Company or at a class meeting. A proxy need not be a member of our Company and shall be entitled to exercise the same powers on behalf of a member who is an individual and for whom he acts as proxy as such member could exercise. In addition, a proxy shall be entitled to exercise the same powers on behalf of a member which is a corporation and for which he acts as proxy as such member could exercise if it were an individual member. Votes may be given either personally (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy.

(o) Call on shares and forfeiture of shares

Subject to the Articles and to the terms of allotment, 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 our Company may pay interest at such rate (if any) as the board may decide.

If a member fails to pay any call on the day appointed for payment thereof, the board may serve not less than fourteen (14) 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 our Company all monies which, at the date of forfeiture, were payable by him to our 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.

(p) Inspection of register of members

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 Registration Office (as defined in the Articles), unless the register is closed in accordance with the Articles.

(q) 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.

Save as otherwise provided by the Articles 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.

A corporation being a member shall be deemed for the purpose of the Articles to be present in person if represented by its duly authorised representative being the person appointed by resolution of the directors or other governing body of such corporation to act as its representative at the relevant general meeting of our Company or at any relevant general meeting of any class of members of our Company.

(r) Rights of the 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 our Company under Cayman law, as summarised in paragraph 3(f) of this Appendix.

(s) Procedures on liquidation

A resolution that our 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 our Company shall be wound up and the assets available for distribution amongst the members of our Company shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed *pari passu* amongst such members in proportion to the amount paid up on the shares held by them respectively and (ii) if our Company shall be wound up and the assets available for distribution amongst the members as such shall be insufficient to repay the whole of the paid-up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members in proportion to the capital paid up, or which ought to have been paid up, at the commencement of the winding up on the shares held by them respectively.

If our Company shall be 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 our Company whether the assets shall consist of property of one kind or shall consist of properties of different kinds and the liquidator may, for such purpose, set such value as he deems fair upon any one or more class or classes of property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members. 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.

(t) Untraceable members

Pursuant to the Articles, our Company may sell any of the shares of a member who is untraceable if (i) all cheques or warrants in respect of dividends of the shares in question (being not less than three in total number) for any sum payable in cash to the holder of such shares have remained uncashed for a period of 12 years; (ii) upon the expiry of the 12 year period, our Company has not during that time received any indication of the existence of the member; and (iii) our Company has caused an advertisement to be published in accordance with the rules of the Designated Stock Exchange (as defined in the Articles) giving notice of its intention to sell such shares and a period of three (3) months, or such shorter period as may be permitted by the Designated Stock Exchange (as defined in the Articles), has elapsed since the date of such advertisement and the Designated Stock Exchange (as defined in the Articles) has been notified of such intention. The net proceeds of any such sale shall belong to our Company and upon receipt by our Company of such net proceeds, it shall become indebted to the former member of our Company for an amount equal to such net proceeds.

(u) 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 our Company and our Company does any act or engages in any transaction which would result in the subscription price of such warrants being reduced below the par value of a share, a subscription rights reserve shall be established and applied in paying up the difference between the subscription price and the par value of a share on any exercise of the warrants.

3. CAYMAN ISLANDS COMPANY LAW

Our Company is incorporated in the Cayman Islands subject to the Companies Law and, therefore, operates subject to Cayman 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) Operations

As an exempted company, our Company's operations must be conducted mainly outside the Cayman Islands. Our 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 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.

The Articles includes certain protections for holders of special classes of shares, requiring their consent to be obtained before their rights may be varied. The consent of the specified proportions of the holders of the issued shares of that class or the sanction of a resolution passed at a separate meeting of the holders of those shares is required.

(c) Financial assistance to purchase shares of a company or its holding company

Subject to all applicable laws, our Company may give financial assistance to Directors and employees of our Company, its subsidiaries, its holding company or any subsidiary of such holding company in order that they may buy Shares in our Company or shares in any subsidiary or holding company. Further, subject to all applicable laws, our Company may give financial assistance to a trustee for the acquisition of Shares in our Company or shares in any such subsidiary or holding company to be held for the benefit of employees of our Company, its subsidiaries, any holding company of our Company or any subsidiary of any such holding company (including salaried Directors).

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

Subject to the provisions of the Companies Law, 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 shall 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 shall not be treated as a member for any purpose and shall 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 shall not be voted, directly or indirectly, at any meeting of the company and shall 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. Further, 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.

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

With the exception of section 34 of the Companies Law, there is 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. In addition, section 34 of 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 (see paragraph 2(m) above for further details).

(f) Protection of minorities

The Cayman Islands 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) Management

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 shall 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.

(i) Exchange control

There are no exchange control regulations or currency restrictions in the Cayman Islands.

(j) Taxation

Pursuant to section 6 of the Tax Concessions Law (1999 Revision) of the Cayman Islands, our Company has obtained an undertaking from the Governor-in-Cabinet:

- (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 our 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 our Company.

The undertaking for our Company is for a period of twenty years from 15 May 2012.

The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to our Company levied by the Government of the Cayman Islands save 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 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 our Company will have no general right under the Companies Law to inspect or obtain copies of the register of members or corporate records of our Company. They will, however, have such rights as may be set out in our Company's Articles.

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 shall 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 (2009 Revision) of the Cayman Islands.

(n) Winding up

A company may be wound up compulsorily by order of the Court voluntarily; or, under supervision of the Court. The Court has authority to order winding up in a number of specified circumstances including where it is, in the opinion of the Court, just and equitable to do so.

A company may be wound up voluntarily when the members so resolve in general meeting by special resolution, or, in the case of a limited duration company, when the period fixed for the duration of the company by its memorandum or articles expires, or the event occurs on the occurrence of which the memorandum or articles provides that the company is to be dissolved, or, the company does not commence business for a year from its incorporation (or suspends its business for a year), or, the company is unable to pay its debts. In the case of a voluntary winding up, such company is obliged to cease to carry on its business 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, there may be appointed one or more than one person to be called an official liquidator or official liquidators; and the Court may appoint to such office such qualified person or persons, either provisionally or otherwise, as it thinks fit, and if more persons than one are appointed to such office, the Court shall declare whether any act hereby 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. A person shall be qualified to accept an appointment as an official liquidator if he is duly qualified in terms of the Insolvency Practitioners Regulations. A foreign practitioner may be appointed to act jointly with a qualified insolvency practitioner.

In the case of a members' voluntary winding up of a company, the company in general meeting must appoint one or more liquidators for the purpose of winding up the affairs of the company and distributing its assets. A declaration of solvency must be signed by all the directors of a company being voluntarily wound up within twenty-eight (28) days of the commencement of the liquidation, failing which, its liquidator must apply to Court for an order that the liquidation continue under the supervision of the Court.

Upon the appointment of a liquidator, the responsibility for the company's affairs rests entirely in his hands and no future executive action may be carried out without his approval. A liquidator's duties are to collect the assets of the company (including the amount (if any) due from the contributories), settle the list of creditors and, subject to the rights of preferred and secured creditors and to any subordination agreements or rights of set-off or netting of claims, discharge the company's liability to them (*pari passu* if insufficient assets exist to discharge the liabilities in full) and to settle the list of contributories (shareholders) and divide the surplus assets (if any) amongst them in accordance with the rights attaching to the shares.

As soon as the affairs of the company are fully wound up, the liquidator must make up an account of the winding up, showing how the winding up has been conducted and 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. At least twenty-one (21) days before the final meeting, the liquidator shall send a notice specifying the time, place and object of the meeting to each contributory in any manner authorised by the company's articles of association and published in the Gazette in the Cayman Islands.

(o) 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.

(p) Compulsory acquisition

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.

(q) 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 (Cayman) Limited, our Company's special legal counsel on Cayman Islands law, have sent to our 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 paragraph headed "Documents available for inspection" in Appendix V. 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.

A. FURTHER INFORMATION ABOUT OUR COMPANY**1. Incorporation**

Our Company was incorporated in the Cayman Islands under the Companies Law as an exempted company with limited liability on 30 April 2012. Our Company has established a place of business in Hong Kong at No. 155, Waterloo Road, Kowloon Tong, Kowloon, Hong Kong and has been registered with the Registrar of Companies in Hong Kong as a non-Hong Kong company under Part XI of the Companies Ordinance on 29 August 2013. Mr. Li Chi Pong and Mr. Liu Shiu Yuen have been appointed as the authorised representatives of our Company 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, it operates subject to the Companies Law and to its constitution, which comprises the Memorandum of Association and Articles of Association. A summary of certain provisions of constitution of our Company and relevant aspects of the Companies Law is set out in Appendix III to this prospectus.

2. Change in share capital

The authorised share capital of our Company as of the date of its incorporation was HK\$370,000 divided into 37,000,000 shares of HK\$0.01 each. The following sets out the changes in our Company's share capital since the date of incorporation:

- (a) On 30 April 2012, one Share was issued nil paid to the subscriber and transferred on the same day to Profit Chain.
- (b) Pursuant to the resolutions in writing of the sole shareholder of our Company passed on 21 November 2013, the authorised share capital of our Company was increased from HK\$370,000 divided into 37,000,000 Shares of HK\$0.01 each to HK\$5,000,000 divided into 500,000,000 Shares by the creation of an additional 463,000,000 Shares.
- (c) On 21 November 2013, our Company acquired Great Jump and Top Integration from Profit Chain and in consideration therefor, our Company credited as fully paid the nil paid subscriber share transferred to Profit Chain and issued and allotted 49,999,999 new shares at an issue price of HK\$0.92 per Share credited as fully paid to Profit Chain.

Immediately following completion of the Share Offer and the Capitalisation Issue but not taking into account any Shares which may be allotted and issued pursuant to the exercise of the Offer Size Adjustment Option, the issued share capital of our Company will be HK\$2,000,000 divided into 200,000,000 Shares.

Save for the aforesaid and as mentioned in the paragraph headed “Written resolutions of our sole Shareholder” below, there has been no alteration in the share capital of our Company since its incorporation.

3. Written resolutions of our sole Shareholder

Pursuant to the written resolutions passed by the sole shareholder of our Company on 21 November 2013:

- (a) we approved and adopted the memorandum with immediate effect and conditionally adopted the Articles of Association with effect from Listing;
- (b) the authorised share capital of our Company was increased from HK\$370,000 to HK\$5,000,000 by the creation of an additional 463,000,000 Shares;
- (c) conditional upon the conditions stated in the section titled “Structure and Conditions of the Share Offer — Conditions of the Share Offer” in this prospectus being fulfilled or waived:
 - (i) the Share Offer was approved and our Directors were authorised to determine the Offer Price for, and to approve the allotment and issue of the Offer Shares pursuant to the Share Offer on and subject to the terms and conditions stated in this prospectus and in the relevant Application Forms;
 - (ii) the Offer Size Adjustment Option was approved and our Directors were authorised to effect the same and to allot and issue the Shares which may be required to be issued upon the exercise of the Offer Size Adjustment Option;
 - (iii) conditional on the share premium account of our Company being credited as a result of the issue of the Offer Shares by our Company pursuant to the Share Offer, our Directors were authorised to capitalise an amount of HK\$1,000,000 standing to the credit of the share premium account of our Company by applying such sum in paying up in full at par 100,000,000 Shares, such Shares to be allotted and issued to holders of Shares whose names appear on the register of members of our Company at the close of business on 21 November 2013 (or as they may direct) in proportion to their respective shareholdings in our Company and our Directors were authorised to allot and issue such Shares as aforesaid and to give effect to the Capitalisation Issue and the Shares to be allotted and issued shall rank pari passu with all Shares in issue.
- (d) a general unconditional mandate was given to our Directors to exercise all powers of our Company to allot, issue and deal with Shares and to make an offer or agreement or to grant an option which would or might require Shares to be allotted and issued or dealt with subject to the requirement that the aggregate nominal value of the Shares so allotted and issued or agreed conditionally or unconditionally to be allotted and issued, otherwise than (i) pursuant to a rights issue; or (ii) pursuant to any scrip dividend schemes or similar arrangements

providing for the allotment and issue of Shares in lieu of the whole or part of a dividend on Shares in accordance with the Articles of Association; or (iii) pursuant to any specific authority granted by our Shareholders in general meeting, shall not exceed 20% of the aggregate nominal value of the Shares in issue immediately following completion of the Share Offer and Capitalisation Issue (but excluding any Shares which may be issued and allotted pursuant to the exercise of the Offer Size Adjustment Option);

- (e) a general unconditional mandate was given to our Directors authorising them to exercise all powers of our Company to repurchase on the Stock Exchange or on any other approved stock exchange on which the securities of our Company may be listed and which is recognised by the SFC and the Stock Exchange for this purpose, such number of Shares as will represent up to 10% of the aggregate nominal value of the Shares in issue immediately following completion of the Share Offer and the Capitalisation Issue (but excluding any Shares which may be issued and allotted pursuant to the exercise of the Offer Size Adjustment Option);
- (f) the general unconditional mandate mentioned in paragraph (d) above was extended by the addition to the aggregate nominal value of the Shares which may be allotted and issued or agreed conditionally or unconditionally to be allotted and issued by our Directors pursuant to such general mandate of an amount representing the aggregate nominal value of the Shares repurchased by our Company pursuant to the mandate to repurchase Shares referred to in paragraph (e) above.

Each of the general mandates referred to in paragraphs (d) and (e) above will remain in effect until whichever is the earliest of: (1) the conclusion of the next annual general meeting of our Company, (2) the expiration of the period within which the next annual general meeting of our Company is required by the Articles or any applicable laws to be held, or (3) the time when such mandate is revoked or varied by an ordinary resolution of our Shareholders in a general meeting (the “**Relevant Period**”).

4. Reorganisation

The companies comprising our Group underwent the Reorganisation in preparation for the listing of the Shares on the Stock Exchange. The Reorganisation involved the following:

- (a) On 30 April 2012, our Company was incorporated in the Cayman Islands and one Share of HK\$0.01 was issued nil paid to the subscriber and transferred on the same day to Profit Chain.
- (b) On 28 May 2013, Best Trader was incorporated in the BVI as an intermediate holding company and on 4 June 2013, one subscriber Share of US\$1.00 was issued fully paid to our Company.
- (c) On 21 November 2013, Vantage assigned the shareholder’s loans owed by Great Jump and Top Integration to Profit Chain.

- (d) On 21 November 2013, Profit Chain and Best Trader entered into a reorganisation agreement pursuant to which Profit Chain transferred the entire issued share capital and assigned related shareholder's loans of Great Jump and Top Integration to Best Trader and in consideration therefor, our Company credited as fully paid the nil paid subscriber share transferred to Profit Chain and issued and allotted 49,999,999 new Shares at an issue price of HK\$0.92 per Share credited as fully paid to Profit Chain.

5. Changes in share capital of subsidiaries

Our Company's subsidiaries are referred to in the Accountants' Report in Appendix I to this prospectus. In addition to those disclosed above in the paragraphs headed "Changes in share capital" and "Reorganisation", there has been no alteration in the share capital of any of the subsidiaries of our Company within the two years immediately preceding the date of this prospectus.

6. Repurchase by our Company of Shares

This section includes the information required by the Stock Exchange to be included in this prospectus concerning the repurchase by our Company of its own securities.

(a) Regulations of the Listing Rules

The Listing Rules permit companies whose primary listings are on the Stock Exchange to repurchase their securities on the Stock Exchange subject to certain restrictions, the most important of which are summarised below:

(i) Shareholders' approval

The Listing Rules provide that all repurchases of securities (which must be fully paid up in the case of shares) on the Stock Exchange by a company with a primary listing on the Stock Exchange must be approved in advance by an ordinary resolution of its shareholders, either by way of general mandate or by specific approval of a particular transaction.

Pursuant to resolution passed by the shareholders of our Company on 21 November 2013, a general unconditional mandate (the "**Repurchase Mandate**") was granted to our Directors authorising the repurchase by our Company on the Stock Exchange, or on any other stock exchange on which the securities of our Company may be listed and which is recognised by the SFC and the Stock Exchange for this purpose, of Shares with an aggregate nominal value not exceeding 10% of the aggregate nominal amount of the share capital of our Company in issue and to be issued as mentioned herein, at any time during the Relevant Period.

(ii) Source of funds

Repurchases must be funded out of funds legally available for the purpose in accordance with the Articles and the applicable laws of the Cayman Islands. A listed company may not repurchase its own securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time. Subject to the foregoing, such purchases may only be effected out of the funds of the company otherwise available for dividend or distribution or out of the share premium account or out of the proceeds of a fresh issue of shares made for the purpose or, subject to solvency, out of capital. Any premium payable on a purchase over the par value of the shares to be purchased must be provided for out of funds of the company otherwise available for dividend or distribution or out of the company's share premium account or, subject to solvency, out of capital.

(iii) Status of repurchased securities

The listing of all repurchased securities (whether on the Stock Exchange or otherwise) is automatically cancelled upon repurchase and the relative certificates must be cancelled and destroyed. The shares so purchased may either be cancelled or held as treasury shares. Any purchased shares that are cancelled will, in effect, revert to the status of authorised but unissued shares. If shares of the company are held as treasury shares, the company is prohibited to exercise any rights in respect of those shares, including any right to attend and vote at meetings, including a meeting under a scheme of arrangement, and any purported exercise of such a right is void. No dividend shall be paid to the company in respect of shares held by the company as treasury shares; 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) shall be made to the company in respect of shares held by the company as treasury shares. Any shares allotted by the company as fully paid bonus shares in respect of shares held by the company as treasury shares shall be treated for the purposes of the Companies Laws as if they had been acquired by the company at the time they were allotted.

(iv) Connected persons

The Listing Rules prohibit a company from knowingly repurchasing securities on the Stock Exchange from a "**connected person**" (as defined in the Listing Rules), that is, a director, chief executive or substantial shareholder of the company or any of its subsidiaries or their respective associates (as defined in the Listing Rules) and a connected person shall not knowingly sell his securities to the company, on the Stock Exchange.

(b) Reasons for repurchases

Our Directors believe that it is in the best interests of our Company and the Shareholders for our Directors to have a general authority from the Shareholders to enable our Company to repurchase Shares in the market. Repurchases of Shares will only be made when our Directors believe that such repurchases will benefit our Company and the Shareholders. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net value of our Company and its assets and/or its earnings per Share.

(c) Funding of repurchases

In repurchasing Shares, our Company may only apply funds legally available for such purpose in accordance with the Articles and the applicable laws of the Cayman Islands. Pursuant to the Repurchase Mandate, repurchases will be made out of funds of our Company legally permitted to be utilised in this connection, including profits of our Company or out of a fresh issue of Shares made for the purpose of the repurchase or out of share premium account or, if authorised by the Articles and subject to the Companies Law, out of capital of our Company and, in the case of any premium payable on the repurchase, 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 and subject to the Companies Law, out of capital of our Company.

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 or gearing position of our Company which, in the opinion of our Directors, are from time to time appropriate for our Company. However, there might be a material adverse impact on the working capital or gearing position of our Company as compared with the position disclosed in this prospectus in the event that the Repurchase Mandate is exercised in full.

(d) Share capital

Exercise in full of the Repurchase Mandate, on the basis of 200,000,000 Shares in issue immediately after the completion of the Share Offer and Capitalisation Issue without taking into account any Shares which may be issued upon the exercise of the Offer Size Adjustment Option, would result in up to 20,000,000 Shares being repurchased by our Company during the period prior to the earliest of:

- (i) the conclusion of the next annual general meeting of our Company;
- (ii) the expiration of the period within which the next annual general meeting of our Company is required by the Articles and applicable laws and regulations of the Cayman Islands to be held; or
- (iii) the revocation, variation or renewal of the Repurchase Mandate by an ordinary resolution of the Shareholders in general meeting.

(e) General

None of our Directors or, to the best of their knowledge, having made all reasonable enquiries, any of their respective associates (as defined in the Listing Rules), have any present intention if the Repurchase Mandate is approved by the Shareholders, to sell any Shares to our Company or its subsidiaries.

Our Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the Listing Rules and the applicable laws and regulations of the Cayman Islands in force from time to time.

No connected person of our Company has notified our Company that he or it has a present intention to sell Shares to our Company, or has undertaken not to do so, if the Repurchase Mandate is exercised.

No repurchase of Shares has been made by our Company since its incorporation.

If as a result of a repurchase of Shares, a Shareholder's proportionate interest in the voting rights of our Company increases, such increase will be treated as an acquisition for the purpose of the Takeovers Code. Accordingly, a Shareholder, or a group of Shareholders acting in concert (within the meaning of the Takeovers Code), depending on the level of increase of the Shareholders' interest, could obtain or consolidate control of our Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code as a result of a repurchase of Shares made immediately after the listing of the Shares on the Stock Exchange. Save as aforesaid, our Directors are not aware of any other consequences which would arise under the Takeovers Code as a consequence of any repurchases made pursuant to the Repurchase Mandate immediately after the Listing.

B. FURTHER INFORMATION ABOUT THE BUSINESS**1. Summary of material contracts**

The following contracts (not being contracts in the ordinary course of business have been entered into by our Company or any of its subsidiaries within the two years preceding the date of this prospectus and are or may be material:



1. Reorganisation agreement dated 21 November 2013 entered into between Profit Chain and Best Trader, pursuant to which Profit Chain transferred its entire interests in Great Jump and Top Integration to Best Trader, a wholly-owned subsidiary of our Company and assigned the shareholder's loans owed by Great Jump and Top Integration to Best Trader; and in consideration our Company credited as fully paid the nil paid subscriber share transferred to Profit Chain and allotted and issued 49,999,999 shares credited as fully paid to Profit Chain;

2. Deed of assignment dated 21 November 2013 entered into between Best Trader, Profit Chain, Great Jump and Top Integration, pursuant to which Profit Chain transferred and assigned all shareholder's loans of Great Jump and Top Integration to Best Trader;
3. Deed of Indemnity;
4. Deed of Non-competition; and
5. Public Offer Underwriting Agreement.

2. Intellectual Property Rights

(a) Trademarks

As of the Latest Practicable Date, our Group was the registrant of the following trademarks:

Trademark	Owner	Place of registration	Mark Type	Class No.	Trademark No.	Date of registration	Actual date of registration	Expiry Date
1. 	EXCEL	Hong Kong	Ordinary	37	200104387	14 August 2000	12 April 2001	14 August 2017
2. 	GADELLY	Hong Kong	Ordinary	37	200308266	14 August 2000	19 June 2003	14 August 2017

(b) Domain name

As at the Latest Practicable Date, our Group was the registered proprietor of the following domain name:

Domain name	Registered owner	Expiry date
excelengco.com	EXCEL	15 September 2014

Save as disclosed herein, there are no other patents, trademarks or other intellectual or industrial property rights which are material in relation to our Group's business.

C. FURTHER INFORMATION ABOUT DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

1. Directors

(a) Disclosure of interest — interests and short positions of our Directors and the chief executives of our Company in the Shares, underlying Shares and debentures of our Company and its associated corporations

Immediately following completion of the Share Offer and Capitalisation Issue and assuming that the Offer Size Adjustment Option is not exercised, none of Directors or chief executives of our Company has any interest or short position in the Shares, underlying Shares and debentures of our Company or its associated corporations (within the meaning of Part XV of the SFO) which will be required to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interest or short positions which they were taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required to be notified to our Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies in the Listing Rules once the Shares are listed:

Interest in associated corporations

Name of Director	Name of associated corporation	Nature of interest	Name and class of shares	Approximate percentage of shareholding in associated corporations
1. Li Chi Pong	Vantage	Beneficial owner	5,501,200 ordinary shares	0.32%
2. Yau Kwok Fai	Vantage	Beneficial owner	8,448,000 ordinary shares	0.48%
		Interest in a controlled corporation (Note 1)	30,888,000 ordinary shares	1.77%

Note:

- These Shares are legally and beneficially owned by Business Success Limited, the entire issued share capital of which is legally and beneficially owned by Mr. Yau Kwok Fai.

(b) Directors' service contracts

Each of the executive Directors has entered into a service agreement with our Company on a term of three years commencing from the Listing Date, which may be terminated in accordance with the provisions of the service contract or by not less than three months' notice in writing served by either party on the other. Particulars of the service agreements of the executive Directors are in all material respects the same.

Mr. Yau Kwok Fai has been appointed as a non-executive Director pursuant to a letter of appointment for a term of three years commencing from the Listing Date. The appointments are subject to the provisions of retirement and rotation of Directors under the Articles.

Each of Dr. Law Kwok Sang, Professor Patrick Wong Lung Tak *B.B.S., J.P.* and Ms. Mak Suk Hing has been appointed as an independent non-executive Director pursuant to a letter of appointment for a term of two years commencing from the Listing Date. The appointments are subject to the provisions of retirement and rotation of Directors under the Articles.

(c) Directors' remuneration

The aggregate amount of remuneration paid and benefits in kind granted to our Directors in respect of each of the three financial years ended 31 March 2011, 2012 and 2013 and the four months ended 31 July 2013 were approximately HK\$3.6 million, HK\$5.1 million, HK\$5.7 million and HK\$2.8 million, respectively. Under the arrangements in force as on the date of this prospectus, our Directors will be entitled to receive remuneration and benefits in kind which, for the financial year ending 31 March 2014 is expected to be approximately HK\$3.5 million in aggregate (excluding any discretionary bonuses).

Save as disclosed in this prospectus, none of our Directors has or is proposed to have a service contract with any member of our Group, save for contracts expiring or determinable by any member of our Group within one year without the payment of compensation other than statutory compensation.

No Director has been paid, in cash or shares, or otherwise by any person to induce him to become, or qualify him as, a Director or otherwise for services rendered by him in connection with the promotion or formation of our Company.

2. Substantial Shareholders

So far as our Directors are aware, immediately following the completion of the Share Offer and the Capitalisation Issue and assuming that the Offer Size Adjustment Option is not exercised, the following persons (other than our Directors and chief executives of our Company) will have an interest and/or short position in the Shares or the underlying Shares which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO or who will be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company:

Name	Nature of interest	Class of securities (Note 1)	Total number of shares	Approximate percentage of issued Shares immediately after the Share Offer and the Capitalisation Issue (Note 2)
Vantage (Note 3)	Interest in a controlled corporation	Ordinary (L)	150,000,000	75%
Profit Chain (Note 3)	Beneficial owner	Ordinary (L)	150,000,000	75%
Winhale Ltd. (Note 4)	Interest in a controlled corporation	Ordinary (L)	150,000,000	75%
Braveway Limited (Note 5)	Interest in a controlled corporation	Ordinary (L)	150,000,000	75%
HSBC International Trustee Limited (Note 5)	Trustee	Ordinary (L)	150,000,000	75%
Mr. Ngai (Note 6)	Interest in a controlled corporation	Ordinary (L)	150,000,000	75%

Notes:

1. The letter "L" denotes the person's long position in such Shares.
2. Assuming the Offer Size Adjustment Option is not exercised.
3. Profit Chain is wholly-owned by Vantage. As such, Vantage is deemed to be interested in the 150,000,000 Shares owned by Profit Chain by virtue of the SFO.
4. Winhale Ltd. is ultimately beneficially owned by the Xyston Trust, a discretionary family trust settled by Mr. Ngai for the benefits of himself and his family members.
5. Braveway Limited and HSBC International Trustee Limited are deemed to be interested in the shares of Vantage held by Winhale Ltd. by virtue of the fact that Winhale Ltd. is wholly owned by the trust of which Braveway Limited is the trustee. This trust is in turn 99.99% owned by Xyston Trust which HSBC International Trustee Limited is the trustee.

6. *Mr. Ngai, is interested in 1,080,011,200 shares of Vantage, which comprise 6,250,800 shares held by himself, the deemed interest in 838,760,400 shares held by Winhale Ltd. and 235,000,000 shares held by Fame Yield International Limited by virtue of his interest in the entire issued share capital of Fame Yield International Limited and he was the settlor and a beneficiary of the Xyston Trust.*

Save as disclosed, taking no account of Shares which may be taken up under the Share Offer and Capitalisation Issue, none of our Directors knows of any person (not being a Director or chief executive of our Company) who will, immediately following completion of the Share Offer and Capitalisation Issue, have an interest or short position in the Shares or underlying Shares of our Company which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of SFO or be interested, directly or indirectly, in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of our Group.

3. Disclaimers

Save as disclosed herein:

- (a) none of our Directors or chief executives of our Company has any interest or short position in the Shares, underlying Shares or debentures of our Company or any of its associated corporation (within the meaning 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 he is taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required to be notified to our Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies once the Shares are listed;
- (b) none of our Directors or experts referred to in the paragraph headed “Consents of experts” in this Appendix has any direct or indirect interest in the promotion of our Company or any of our subsidiaries, or in any assets which have, within the two years immediately preceding the date of this prospectus, been acquired or disposed of by or leased to any member of our Group, or are proposed to be acquired or disposed of by or leased to any member of our Group;
- (c) none of our Directors is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to the business of our Group taken as a whole;
- (d) assuming the Offer Size Adjustment Option is not exercised, so far as is known to any Director or chief executive of our Company, no other person (other than a Director or chief executive of our Company) will, immediately following completion of the Share Offer and the Capitalisation Issue, have an interest or short position in the Shares or underlying Shares of our Company which would

fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of SFO or be interested, directly or indirectly, in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of our Group;

- (e) none of the experts referred to in the paragraph headed “Consents of experts” in this Appendix has any shareholding in any member of our Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group;
- (f) As at the Latest Practicable Date, Mr. Li Chi Pong, our executive Director and Mr. Yau Kwok Fai, our non-executive Director and a director of Vantage, were interested in approximately in 0.32% and 2.25% respectively of the issued share capital of Vantage which indirectly owns 100% of the issued share capital of Able Contractors. Able Contractors was the largest suppliers of our Group during the Track Record Period. Except the above, during the Track Record Period, none of our Directors, their respective associates (as defined under the Listing Rules) or Shareholders who, to the knowledge of our Directors, owns more than 5% of the issued share capital of our Company has any interests in the five largest customers or the five largest suppliers of our Group.

D. OTHER INFORMATION

1. Declaration of dividend

Prior to the Reorganisation, EXCEL declared a one-off and non-recurring dividend of HK\$60 million to the then shareholder, Great Jump on 21 November 2013. Such dividend will be paid before the Listing in December 2013. On the same day, Great Jump declared the entire HK\$60 million as dividend to the then shareholder, Profit Chain.

2. Estate duty, tax and other indemnities

Vantage (the “**Indemnifier**”) has entered into the Deed of Indemnity in favour of our Company (being a material contract referred to in the section headed “B. Further Information About Our Business — 1. Summary of Material Contracts” in this appendix) to provide the following indemnities in favour of our Company (for itself and as trustee for its subsidiaries).

Under the Deed of Indemnity, amongst others, the Indemnifier will indemnify our Company against taxation falling on any member of our Group resulting from, or relating to or in consequence of, any income, profits or gains earned, accrued or received (or deemed to be so earned, accrued or received) on or before the date when the Share Offer becomes unconditional. The Indemnifier will also indemnify our Company against any direct damages, losses and liabilities arising from any and all of the non-compliances of any member of our Group with the Companies Ordinance as disclosed in this prospectus.

The Indemnifier will, however, not be liable under the Deed of Indemnity where, among others, (a) provision has been made for such taxation in the audited accounts of our Group or any member of our Group; (b) the taxation falling on our Group or any member of our Group in respect of any accounting period commencing on or after 31 July 2013 unless liability for such taxation would not have arisen but for one or more events entered into by our Group or any member of our Group otherwise than in the course of normal day-to-day trading operations on or before the date on which the Share Offer becomes unconditional; (c) the taxation arises or is incurred as a result of a retrospective change in law or regulation or its interpretation or practice by the relevant tax authority coming into force after the date on which the Share Offer becomes unconditional; (d) the taxation arises or is increased by an increase in rates of taxation as a result of a change in law or regulation or its interpretation or practice by the relevant tax authority after the date on which the Share Offer becomes unconditional with retrospective effect; or (e) the taxation shall have been discharged by other person(s) to whom none of the members of our Group is obliged to reimburse such person(s) in respect of such discharge of taxation.

Our Directors have been advised that no material liability for estate duty is likely to fall on our Company or any of our subsidiaries.

3. Litigation

Save as disclosed in the paragraph headed “Litigation and claims” in the section headed “Business” of this prospectus, no member of our Group was 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 any member of our Group.

4. Sole Sponsor

The Sole Sponsor has declared its independence pursuant to Rule 3A.07 of the Listing Rules.

The Sole Sponsor has made an application on behalf of our Company to the Listing Committee for a listing of, and permission to deal in, all the Shares in issue and to be issued as mentioned in this prospectus (including any Shares falling to be issued pursuant to the exercise of the Offer Size Adjustment Option).

5. Preliminary expenses

The preliminary expenses of our Company are estimated to be approximately HK\$59,000 and are payable by our Company.

6. Promoter

Our Company has no promoter for the purposes of the Listing Rules. Save as disclosed in this prospectus, within the two years immediately preceding the date of this prospectus, no cash, securities or other benefit has been paid, allotted or given nor are any such cash or securities or benefit proposed to be paid, allotted or given to any promoters in connection with the Share Offer and the related transactions described in this prospectus.

7. Taxation of holders of Shares

(a) Hong Kong

The sale, purchase and transfer of Shares registered with our Company's Hong Kong branch register of members will be subject to Hong Kong stamp duty, the current rate charged on each of the purchaser and seller is 0.1% of the consideration of, if higher, of the fair 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. Our Directors have been advised that no material liability for estate duty under the laws of China or Hong Kong would be likely to fall upon any member of our Group.

(b) Consultation with professional advisors

Intending holders of the Shares are recommended to consult their professional advisors if they are in doubt as to the taxation implications of subscribing for, purchasing, holding or disposing of or dealing in the Shares. 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 exercise of any rights attaching to them.

8. Property valuation

According to Chapter 5 of the Listing Rules and section 6(2) of the Companies Ordinance (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 Ordinance in relation to paragraph 34(2) of the Third Schedule to the Companies Ordinance which require a valuation report with respect to all our Group's interests in land or buildings, for the reason that, as at 31 July 2013, none of the properties held by us had a carrying amount of 15% or more of our combined total assets.

9. Qualification of experts

The following are the qualifications of the experts who have given opinion or advice which are contained in this prospectus:

Name	Qualifications
Mizuho Securities Asia Limited	Licensed corporation under the SFO to conduct Type 1 (Dealing in Securities), Type 2 (Dealing in Future Contracts), Type 4 (Advising on Securities), Type 5 (Advising on Futures Contracts), Type 6 (Advising on Corporate Finance) and Type 9 (Asset Management) regulated activities as defined under the SFO
Ernst & Young	Certified public accountants
Conyers Dill & Pearman (Cayman) Limited	Cayman Islands attorneys-at-law

10. Consents of experts

Each of Mizuho Securities Asia Limited, Ernst & Young and Conyers Dill & Pearman (Cayman) Limited has given and has not withdrawn its written consent to the issue of this prospectus with the inclusion of its report and/or letter and/or opinion and the references to its name included herein in the form and context in which it is respectively included.

11. Interests of experts in our Company

None of the experts named in paragraph 7 of this Appendix has any shareholding interests in any member of our Group or 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.

12. Binding effect

This prospectus shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of Sections 44A and 44B of the Companies Ordinance so far as applicable.

13. Miscellaneous

- (a) Save as disclosed in this prospectus, within the two years immediately preceding the date of this prospectus:
 - (i) no share or loan capital of our Company or any of the subsidiaries has been issued or agreed to be issued or is proposed to be fully or partly paid either for cash or a consideration other than cash;

- (ii) no share or loan capital of our Company or any of the subsidiaries is under option or is agreed conditionally or unconditionally to be put under option; and
 - (iii) no commission has been paid or is payable (except commissions to the Underwriters) for subscription, agreeing to subscribe, procuring subscription or agreeing to procure subscription of any Shares in or debentures of our Company.
- (b) save as disclosed in this prospectus, no founder, management or deferred shares of our Company or any of the subsidiaries have been issued or agreed to be issued;
 - (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) the principal register of members of our Company will be maintained in the Cayman Islands by Codan Trust Company (Cayman) Limited and a branch register of members of our Company will be maintained in Hong Kong by Tricor Investor Services Limited. Unless our Directors otherwise agree, all transfer and other documents of title of Shares must be lodged for registration with and registered by our Company's branch share registrar in Hong Kong and may not be lodged in the Cayman Islands. All necessary arrangements have been made to enable the Shares to be admitted to CCASS;
 - (e) no company within our Group is presently listed on any stock exchange or traded on any trading system;
 - (f) none of the equity or debt securities of our Company is listed or dealt in any other stock exchange nor is any listing or permission to deal being or proposed to be sought from any other stock exchange;
 - (g) our Company has no outstanding convertible debt securities;
 - (h) there is no arrangement under which future dividends are waived or agreed to be waived;
 - (i) the Share Offer does not involve the exercise of any right of pre-emption or the transfer of subscription rights;
 - (j) as at the date of this prospectus, there is no restriction affecting the remittance of profits or repatriation of capital of our Company into Hong Kong from outside Hong Kong; and
 - (k) our Directors have been advised that, under the Companies Law, the use of a Chinese name by our Company does not contravene the Companies Law.

14. Bilingual Prospectus

The English language and the Chinese language versions of this prospectus are being published separately in reliance upon the exemption provided by Section 4 of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong). In case of any discrepancies between the English language version and the Chinese language version, the English language version shall prevail.

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

The documents attached to a copy of this prospectus delivered to the Registrar of Companies in Hong Kong for registration were (i) copies of the **WHITE, YELLOW, GREEN** and **BLUE** Application Forms (ii) copies of each of the material contracts referred to in the paragraph headed “Summary of material contracts” in Appendix IV to this prospectus and (iii) the written consents referred to in the paragraph headed “Consents of experts” in Appendix IV to this prospectus.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the offices of Iu, Lai & Li Solicitors & Notaries, Room 2201, 2201A & 2202, 22nd Floor, Tower I, Admiralty Centre, No. 18 Harcourt Road, Hong Kong, during normal business hours up to and including the date which is 14 days from the date of this prospectus:

- (a) the Memorandum of Association and Articles of Association;
- (b) the Accountants’ Report prepared by Ernst & Young, the text of which is set out in Appendix I to this prospectus;
- (c) the audited combined financial statements of our Group for the three financial years ended 31 March 2011, 2012 and 2013 and the four months ended 31 July 2013;
- (d) the report on the unaudited pro forma financial information prepared by Ernst & Young, the text of which is set out in Appendix II to this prospectus;
- (e) the letter prepared by Conyers Dill & Pearman (Cayman) Limited, summarising certain aspects of Cayman Islands company law referred to in Appendix III to this prospectus;
- (f) the Companies Law;
- (g) the material contracts referred to in the paragraph headed “Summary of the material contracts” in Appendix IV to this prospectus;
- (h) the service contracts and letters of appointment referred to in the section headed “Further information about Directors and Substantial Shareholders” in Appendix IV to this prospectus; and
- (i) the written consents referred to in the paragraph headed “Consents of experts” in Appendix IV to this prospectus.



EXCEL DEVELOPMENT (HOLDINGS) LIMITED

怡益控股有限公司