THIS COMPOSITE DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in doubt as to any aspect of the Offer, this Composite Document and/or the accompanying Form of Acceptance or as to the action to be taken, you should consult your licensed securities dealer or other registered institution in securities, bank manager, solicitors, professional accountant or other professional adviser.

If you have sold or transferred all your shares in the Company, you should at once hand this Composite Document and the accompanying Form of Acceptance to the purchaser or to the licensed securities dealer or registered institution in securities or other agent through whom the sale was effected for transmission to the purchaser or transferee.

This Composite Document should be read in conjunction with the accompanying Form of Acceptance, the contents of which form part of the terms and conditions of the Offer.

YOUTH FORCE ASIA LTD.

(Incorporated in the British Virgin Islands with limited liability)

EXCEL DEVELOPMENT (HOLDINGS) LIMITED
怡益控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1372)

COMPOSITE DOCUMENT RELATING TO MANDATORY UNCONDITIONAL CASH OFFER BY

KINGSTON SECURITIES LTD.

FOR AND ON BEHALF OF THE OFFEROR TO ACQUIRE ALL THE ISSUED SHARES OF THE COMPANY (OTHER THAN THOSE ALREADY OWNED OR AGREED TO BE ACQUIRED BY THE OFFEROR AND PARTIES ACTING IN CONCERT WITH IT)

Financial Adviser to the Offeror

KINGSTON CORPORATE FINANCE LTD.

Independent Financial Adviser to the Independent Board Committee

Quam CAPITAL 華富嘉洛企業融資

Capitalised terms used in this cover page shall have the same meanings as those defined in the section headed "Definitions" in this Composite Document.

A letter from Kingston Securities containing, among other things, the details of the terms and conditions of the Offer is set out on pages 6 to 17 of this Composite Document. A letter from the Board is set out on pages 18 to 24 of this Composite Document. A letter from the Independent Board Committee containing its advice to the Offer Shareholders is set out on pages 25 to 27 of this Composite Document. A letter from the Independent Financial Adviser containing its opinion on the Offer and its recommendation to the Independent Board Committee and the Offer Shareholders is set out on pages 28 to 48 of this Composite Document.

The further terms and procedures for acceptance and settlement of the Offer and other related information are set out in Appendix I to this Composite Document and in the accompanying Form of Acceptance. Acceptances of the Offer should be received by the Registrar by no later than 4:00 p.m. on Monday, 10 August 2015 or such later time(s) and/or date(s) as the Offeror may determine and announce in accordance with the requirements under the Takeovers Code.

Persons including, without limitation, custodians, nominees and trustees, who would, or otherwise intend to, forward this Composite Document and/or the accompanying Form of Acceptance to any jurisdiction outside Hong Kong should read the details in this regard which are contained in the paragraph headed "Overseas Shareholders" in the "Letter from Kingston Securities" of this Composite Document before taking any action. It is the responsibility of each Overseas Shareholder wishing to accept the Offer to satisfy himself, herself or itself as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required and the compliance with other necessary formalities or legal requirements. Each Overseas Shareholder is advised to seek professional advice on deciding whether or not to accept the Offer.

This Composite Document will remain on the websites of the Stock Exchange at http://www.hkexnews.hk and the Company at http://www.excelengco.com as long as the Offer remains open.

20 July 2015

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The expected timetable set out below is indicative only and may be subject to changes. Further announcement(s) will be made jointly by the Offeror and the Company in the event of any changes to the timetable as and when appropriate. Unless otherwise specified, all times and dates refer to Hong Kong local time and dates.

	2015
Despatch date of this Composite Document and the Form of Acceptance and the commencement date of the Offer *(Note 1)*	Monday, 20 July
Latest time and date for acceptance of the Offer *(Notes 2 and 4)*	4:00 p.m. on Monday, 10 August
Closing Date *(Notes 2 and 4)*	Monday, 10 August
Announcement of the results of the Offer as at the Closing Date to be posted on the website of the Stock Exchange *(Note 2)*	No later than 7:00 p.m. Monday, 10 August
Record date for determining the entitlements of the Qualifying Shareholders to the Special Cash Dividend	Wednesday, 19 August
Latest date for posting of remittances in respect of valid acceptances received under the Offer *(Notes 3 and 4)*	Wednesday, 19 August
Date of despatch of the cash cheques for the Special Cash Dividend to the Qualifying Shareholders	Wednesday, 2 September

Notes:

(1) The Offer, which is unconditional in all respects, is made on the date of posting of this Composite Document, and is capable of acceptance on and from that date until the Closing Date. Acceptances of the Offer shall be irrevocable and not capable of being withdrawn, except in the circumstances set out in the section headed "Right of Withdrawal" in Appendix I to this Composite Document.

(2) In accordance with the Takeovers Code, the Offer must initially be opened for acceptance for at least 21 days following the date on which this Composite Document is posted. The latest time and date for acceptance of the Offer is 4:00 p.m. on Monday, 10 August 2015. An announcement will be issued through the website of the Stock Exchange by 7:00 p.m. on Monday, 10 August 2015 stating whether the Offer has been extended, revised or expired. In the event that the Offeror decides to extend the Offer and the announcement does not specify the next closing date, at least 14 days' notice by way of an announcement will be given before the Offer is closed to those Offer Shareholders who have not accepted the Offer.

(3) Remittances in respect of the cash consideration payable for the Offer Shares (after deducting the seller's ad valorem stamp duty in respect of acceptances of the Offer) under the Offer will be despatched to the accepting Offer Shareholders by ordinary post at their own risk as soon as possible but in any event within seven (7) business days after the date of receipt of a duly completed acceptance in accordance with the Takeovers Code.

(4) If there is a tropical cyclone warning signal number 8 or above, or a black rainstorm warning:

(a) in force in Hong Kong at any local time before 12:00 noon but no longer in force after 12:00 noon on the latest date for acceptance under the Offer and the latest date for posting of remittances in respect of valid acceptances received under the Offer, the latest time for acceptance of the Offer and posting of remittances will remain at 4:00 p.m. on the same Business Day; or

(b) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the latest date for acceptance of the Offer and the latest date for posting of remittances in respect of valid acceptances under the Offer, the latest time for acceptance of the Offer and posting of remittances will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m.

Save as mentioned above, if the latest time for the acceptance of the Offer and posting of remittances do not take effect on the date and time as stated above, the other dates mentioned above may be affected. The Offeror and the Company will notify the Shareholders by way of announcement(s) on any change to the expected timetable as soon as practicable.

In this Composite Document, the following expressions have the following meanings, unless the context otherwise requires:

"acting in concert"	has the meaning ascribed thereto in the Takeovers Code
"Articles of Association"	the articles of association of the Company currently in force
"associate"	has the meaning ascribed thereto in the Takeovers Code or the Listing Rules (as appropriate)
"Best Trader"	Best Trader International Limited, a company incorporated in BVI with limited liability and a direct wholly-owned subsidiary of the Company as at the date of this Composite Document
"Board"	the board of Directors
"Business Day"	any day (other than Saturday or Sunday and days on which a tropical cyclone warning No. 8 of above or a "black rainstorm warning signal" is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.) on which licensed banks in Hong Kong are open for general banking business
"BVI"	the British Virgin Islands
"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC
"Circular"	the circular to be issued by the Company in relation to the Special Cash Dividend
"Closing Date"	Monday, 10 August 2015, being the first closing date of the Offer or any subsequent closing date(s) as may be determined and announced by the Offeror with the consent of the Executive in accordance with the Takeovers Code
"Company"	Excel Development (Holdings) Limited, a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 1372)
"Completion"	the completion of the sale and purchase of the Sale Shares pursuant to the Sale and Purchase Agreement
"Completion Date"	the date of Completion, being 5 June 2015

"Composite Document"	the composite offer and response document together with the Form of Acceptance in connection with the Offer jointly issued by the Offeror and the Company to the Offer Shareholders in accordance with the Takeovers Code
"Consideration"	the consideration of HK$485,010,000 payable by the Offeror to the Vendor in relation to the Share Sale pursuant to the Sale and Purchase Agreement
"Directors"	director(s) of the Company from time to time
"Excel Engineering"	Excel Engineering Company Limited, a company incorporated in Hong Kong with limited liability, the entire issued share capital of which is held by Great Jump as at the date of this Composite Document
"Executive"	the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director
"Form of Acceptance"	the form of acceptance and transfer of the Offer Shares in respect of the Offer accompanying this Composite Document
"Great Jump"	Great Jump Enterprises Limited, a company incorporated in BVI with limited liability and a direct wholly-owned subsidiary of Best Trader as at the date of this Composite Document
"Group"	the Company and its subsidiaries
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"Independent Board Committee"	the independent board committee of the Board, comprising all independent non-executive Directors, formed to advise the Offer Shareholders in respect of the Offer
"Independent Financial Adviser" or "Quam"	Quam Capital Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO and the independent financial adviser to the Independent Board Committee in respect of the Offer
"Joint Announcement"	the joint announcement issued by (i) the Company; (ii) Vantage; and (iii) the Offeror of 16 June 2015 in relation to, among others, the Sale and Purchase Agreement, the Offer, the Special Cash Dividend, the Sureguard Loan and the Share Charge

"Kingston Corporate Finance"	Kingston Corporate Finance Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO and the financial adviser to the Offeror in respect of the Offer
"Kingston Securities"	Kingston Securities Limited, a licensed corporation to carry out Type 1 (dealing in securities) regulated activity under the SFO who shall make the Offer for and on behalf of the Offeror
"Last Trading Day"	4 June 2015, the last trading date before the trading in the Shares on the Stock Exchange was suspended pending the release of the Joint Announcement
"Latest Practicable Date"	16 July 2015, being the latest practicable date prior to the printing of this Composite Document for ascertaining certain information contained herein
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"MOU"	the non-legally binding memorandum of understanding in relation to the sale and purchase of the Sale Shares entered into between the Vendor and the Offeror on 13 May 2015
"Offer"	the mandatory unconditional cash offer as hereby made by Kingston Securities for and on behalf of the Offeror for the acquisition of all the Offer Shares in accordance with the Takeovers Code
"Offer Period"	the period commencing from 20 April 2015, being the date of the Preliminary Joint Announcement, to the Closing Date, or such other date(s) to which the Offeror may decide to extend or revise the Offer in accordance with the Takeovers Code
"Offer Price"	HK$3.2334 per Offer Share payable by the Offeror in respect of the Offer
"Offer Share(s)"	all Shares (other than those Shares already owned or agreed to be acquired by the Offeror and parties acting in concert with it) that are subject to the Offer, being 50,000,000 Shares as at the Latest Practicable Date
"Offer Shareholder(s)"	the registered holders of the Offer Shares
"Offeror"	Youth Force Asia Ltd., a company incorporated in BVI with limited liability

"Overseas Shareholders"	Offer Shareholder(s) whose addresses, as shown on the register of members of the Company, are outside Hong Kong
"Preliminary Joint Announcement"	the joint announcement issued by the Company and Vantage dated 20 April 2015, in relation to, among others, the possible disposal of interests in the Company by Vantage
"Qualifying Shareholder(s)"	Shareholder(s) whose name(s) appear(s) on the register of members of the Company at the close of business of the Record Date
"Record Date"	Wednesday, 19 August 2015, being the record date to determine entitlements of the Shareholders to the Special Cash Dividend
"Registrar"	Tricor Investor Services Limited, the Hong Kong branch share registrar and transfer office of the Company
"Relevant Period"	the period commencing on 20 October 2014, being the date falling six months before the date of the Preliminary Joint Announcement, up to and including the Latest Practicable Date
"Sale and Purchase Agreement"	the sale and purchase agreement dated 5 June 2015 entered into among the Offeror, the Vendor and Vantage pursuant to which the Vendor agreed to sell and the Offeror agreed to purchase 150,000,000 Shares, representing 75% of the issued share capital of the Company as at the date of the Sale and Purchase Agreement, at the Consideration
"Sale Shares"	150,000,000 Shares acquired by the Offeror from the Vendor pursuant to the Sale and Purchase Agreement, which represents 75% of the entire issued share capital of the Company as at the date of the Sale and Purchase Agreement
"Share(s)"	ordinary share(s) of HK$0.01 each in the share capital of the Company
"Share Charge"	the share charge created on 5 June 2015 by Best Trader in favour of Sureguard over the entire issued share capital of Great Jump, which constitutes a special deal under Rule 25 of the Takeovers Code and such share charge was released by Sureguard pursuant to a deed of release of 16 July 2015
"Share Premium Account"	the share premium account of the Company
"Share Sale"	acquisition of the Sale Shares by the Offeror from the Vendor in accordance with the terms of the Sale and Purchase Agreement

"Shareholder(s)"	holder(s) of Share(s)
"SFC"	the Securities and Futures Commission of Hong Kong
"SFO"	the Securities and Future Ordinance (Chapter 571 of the Laws of Hong Kong)
"Special Cash Dividend"	a special cash dividend of HK$50,000,000, representing HK$0.25 per Share, declared by the Board pursuant to a resolution passed on 5 June 2015 and further details of which are set out in the Circular
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiaries"	has the meaning ascribed thereto in the Listing Rules
"Sureguard"	Sureguard Limited, a company incorporated in Hong Kong with limited liability and indirectly wholly-owned by Vantage as at the date of this Composite Document
"Sureguard Loan"	the interest-free loan facility in an aggregate amount of HK$50,000,000 made available to Best Trader by Sureguard on 5 June 2015, which constitutes a special deal under Rule 25 of the Takeovers Code and such loan facility was terminated by Best Trader and Sureguard pursuant to a termination agreement of 16 July 2015
"Takeovers Code"	the Hong Kong Code on Takeovers and Mergers
"Vantage"	Vantage International (Holdings) Limited, a company incorporated in Bermuda with limited liability, the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 15)
"Vendor"	Profit Chain Investments Limited, a company incorporated in BVI with limited liability and a direct wholly-owned subsidiary of Vantage as at the date of this Composite Document
"%"	per cent.

KINGSTON SECURITIES LTD.

20 July 2015

To the Offer Shareholders

Dear Sir or Madam,

MANDATORY UNCONDITIONAL CASH OFFER BY KINGSTON SECURITIES LIMITED FOR AND ON BEHALF OF THE OFFEROR TO ACQUIRE ALL THE ISSUED SHARES OF THE COMPANY (OTHER THAN THOSE ALREADY OWNED OR AGREED TO BE ACQUIRED BY THE OFFEROR AND PARTIES ACTING IN CONCERT WITH IT)

INTRODUCTION

Reference is made to the Joint Announcement in relation to, among other things, Sureguard Loan, the Share Charge, the declaration of the Special Cash Dividend and the Sale and Purchase Agreement entered into among the Offeror, the Vendor and Vantage on 5 June 2015 pursuant to which the Offeror agreed to acquire and the Vendor agreed to sell the Sale Shares, being 150,000,000 Shares, for a total Consideration of HK$485,010,000, equivalent to HK$3.2334 per Sale Share, free from all encumbrances and together with all rights attached to the Sale Shares with effect from the Completion Date, including but not limited to the right to receive all dividends and distributions paid or declared on and from such date (including any entitlements to the Special Cash Dividend). The Sale Shares represent 75.00% of the entire issued share capital of the Company as at the date of the Sale and Purchase Agreement. Completion of the Sale and Purchase Agreement took place on the date of the Sale and Purchase Agreement (i.e. 5 June 2015).

On 16 July 2015, the Sureguard Loan was terminated pursuant to a termination agreement and the Share Charge was released pursuant to a deed of release. Please refer to the joint announcement of the Company and Vantage of 16 July 2015 for further details.

Immediately following Completion, the Offeror and parties acting in concert with it directly held 75.00% of the entire issued share capital of the Company, and accordingly, the Offeror is required to make a mandatory unconditional cash offer for all the Shares in issue (other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it) under Rule 26.1 of the Takeovers Code. Kingston Securities is making the Offer for and on behalf of the Offeror.

This letter sets out, among other things, the principal terms of the Offer, together with the information on the Offeror and the Offeror's intention regarding the Group. Further details of the terms of and procedures for the acceptance of the Offer are also set out in Appendix I to this Composite Document and the accompany Form of Acceptance. Your attention is also drawn to the "Letter from the Board", the "Letter from the Independent Board Committee" and the "Letter from the Independent Financial Adviser" in respect of the Offer, as contained in this Composite Document.

THE OFFER

Principal terms of the Offer

Kingston Securities, for and on behalf of the Offeror and in compliance with the Takeovers Code, hereby makes the Offer to all the Offer Shareholders for all the Offer Shares on the following basis:

For every Offer Share accepted under the Offer . . . . **HK$3.2334 in cash**

The Offer is extended to all Shares in issue (other than those Shares owned by or agreed to be acquired by the Offeror and parties acting in concert with it) on the date on which the Offer is made, being the date of posting of this Composite Document.

The Offer is not conditional upon any minimum level of acceptances of the Offer and is unconditional. The Offer will close on Monday, 10 August 2015.

The Offer Price of HK$3.2334 per Offer Share under the Offer is the same as the price per Sale Share of HK$3.2334 paid by the Offeror to the Vendor pursuant to the Sale and Purchase Agreement.

Comparisons of value

The Offer Price of HK$3.2334 per Offer Share represents:

(i) a premium of approximately 30.38% over the closing price of HK$2.48 per Share as quoted on the Stock Exchange on 17 April 2015, being the last full trading day prior to the commencement of the Offer Period;

(ii) a discount of approximately 48.43% to the closing price of HK$6.270 per Share as quoted on the Stock Exchange on the Last Trading Day;

(iii) a discount of approximately 47.30% to the average of the closing prices of HK$6.136 per Share as quoted on the Stock Exchange for the 5 trading days immediately prior to and including the Last Trading Day;

(iv) a discount of approximately 41.52% to the average of the closing prices of HK$5.529 per Share as quoted on the Stock Exchange for the 10 trading days immediately prior to and including the Last Trading Day;

(v) a discount of approximately 24.77% to the average of the closing prices of HK$4.298 per Share as quoted on the Stock Exchange for the 30 trading days immediately prior to and including the Last Trading Day;

(vi) a premium of approximately 15.11% to the average of the closing prices of HK$2.809 per Share as quoted on the Stock Exchange for the 90 trading days immediately prior to and including the Last Trading Day;

(vii) a discount of approximately 46.29% to the price of HK$6.020 per Share (being a theoretical trading price assuming the Special Cash Dividend of approximately HK$0.25 per Share had been declared and paid with reference to the closing price of HK$6.270 per Share as quoted on the Stock Exchange for the Last Trading Day);

(viii) a discount of approximately 45.07% to the price of HK$5.886 per Share (being a theoretical trading price assuming the Special Cash Dividend of approximately HK$0.25 per Share had been declared and paid with reference to the average closing price of HK$6.136 per Share as quoted on the Stock Exchange for the 5 trading days immediately prior to and including the Last Trading Day);

(ix) a discount of approximately 38.75% to the price of HK$5.279 per Share (being a theoretical trading price assuming the Special Cash Dividend of approximately HK$0.25 per Share had been declared and paid with reference to the average closing price of HK$5.529 per Share as quoted on the Stock Exchange for the 10 trading days immediately prior to and including the Last Trading Day);

(x) a discount of approximately 20.12% to the price of HK$4.048 per Share (being a theoretical trading price assuming the Special Cash Dividend of approximately HK$0.25 per Share had been declared and paid with reference to the average closing price of HK$4.298 per Share as quoted on the Stock Exchange for the 30 trading days immediately prior to and including the Last Trading Day);

(xi) a premium of approximately 26.35% to the price of HK$2.559 per Share (being a theoretical trading price assuming the Special Cash Dividend of approximately HK$0.25 per Share had been declared and paid with reference to the average closing price of HK$2.809 per Share as quoted on the Stock Exchange for the 90 trading days immediately prior to and including the Last Trading Day);

(xii) a discount of approximately 46.99% to the closing price of HK$6.10 per Share as quoted on the Stock Exchange on the Latest Practicable Date;

(xiii) a premium of approximately 185.89% over the audited net asset value attributable to equity holders of the Company of approximately HK$1.131 per Share as at 31 March 2015;

(xiv) a premium of approximately 190.77% over the unaudited net asset value attributable to equity holders of the Company of approximately HK$1.112 per Share as at 30 September 2014; and

(xv) a premium of approximately 207.65% over the audited net asset value attributable to equity holders of the Company of approximately HK$1.051 per Share as at 31 March 2014 (based on the number of Shares then in issue).

Highest and lowest Share prices

The highest and lowest closing prices of the Shares as quoted on the Stock Exchange during the six-month period immediately preceding the Offer Period and up to and including the Latest Practicable Date, were HK$6.76 per Share on 3 June 2015 and HK$1.58 per Share on 28 October 2014, respectively.

Value of the Offer

As at the Latest Practicable Date, the Company had 200,000,000 Shares in issue and had no outstanding warrants, options, derivatives, convertibles or other securities in issue which may confer any rights to the holder(s) thereof to subscribe for, convert or exchange into Share. As the Offeror and parties acting in concert with it directly hold 150,000,000 Shares immediately after the Completion and assuming there is no change in the issued share capital of the Company prior to the Closing Date, 50,000,000 Shares would be subject to the Offer and the total value of the Offer would be approximately HK$161,670,000 based on the Offer Price of HK$3.2334 and on the basis of full acceptances of the Offer.

Confirmation of financial resources available for the Offer

The Offeror will finance the cash consideration payable for the Offer (i.e. HK$161,670,000) by the facilities granted by Kingston Securities (as lender) to the Offeror (as borrower) for the purpose of financing the Offer. Pursuant to the terms and conditions of the facilities granted by Kingston Securities for the purpose of the Sale and Purchase Agreement and the Offer, the Sale Shares and the Offer Shares to be acquired by the Offeror under the Offer shall be deposited with Kingston Securities as collateral for the facilities. The payment of interest on, repayment of, or security for any liability (contingent or otherwise) for, such facilities will not depend on any significant extent on the business of the Group.

Kingston Corporate Finance, the financial adviser to the Offeror, is satisfied that sufficient financial resources are available to the Offeror to satisfy full acceptance of the Offer as described above and confirms that there have been no material changes to the availability of the financial resources since the date of the Joint Announcement.

Effect of accepting the Offer

The Offer is unconditional. By accepting the Offer, the Offer Shareholders will sell their Shares to the Offeror free from encumbrances and together with all rights attaching to the Shares, and all dividends and distributions (including the entitlements to the Special Cash Dividend) recommended, declared, made or paid on such Shares on or after the date on which the Offer is made, being the date of posting of this Composite Document.

Acceptance of the Offer by any Offer Shareholder will be deemed to constitute a warranty by such person that all Shares sold by such person under the Offer is free from all liens, charges, options, claims, equities, adverse interests, third-party rights or encumbrances whatsoever and together with all rights accruing or attaching thereto, including, without limitation, the right to receive dividends and distributions (including the Special Cash Dividend) recommended, declared, made or paid, if any, on or after the date on which the Offer is made, being the date of posting of this Composite Document.

Acceptance of the Offer shall be irrevocable and not capable of being withdrawn, except as permitted under the Takeovers Code.

Hong Kong stamp duty

Seller's ad valorem stamp duty arising in connection with acceptance of the Offer amounting to 0.1% of the amount payable in respect of relevant acceptances by the Offer Shareholders, or (if higher) the value of the Shares as determined by the Collector of Stamp Revenue under the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong), will be deducted from the cash amount payable to the Offer Shareholders who accept the Offer. The Offeror will bear its own portion of buyer's Hong Kong ad valorem stamp duty at the rate of 0.1% of the amount payable in respect of the relevant acceptance, or (if higher) the value of the Shares as determined by the Collector of Stamp Revenue under the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong), and would be responsible to account to the Stamp Office of Hong Kong for stamp duty payable for the sale and purchase of the Shares which are validly tendered for acceptance under the Offer.

Payment

Payment in cash in respect of acceptances of the Offer will be made as soon as possible but in any event within seven (7) Business Days of the date on which the duly completed acceptances of the Offer and the relevant documents of title of the Shares in respect of such acceptances are received by the Offeror to render each such acceptance complete and valid.

No fractions of a cent will be payable and the amount of cash consideration payable to an Offer Shareholder who accepts the Offer will be rounded up to the nearest cent.

Taxation advice

Offer Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting or rejecting the Offer. None of the Offeror, its parties acting in concert, the Company, Kingston Corporate Finance, Kingston Securities, Quam and their respective ultimate beneficial owners, directors, officers, agents or associates or any other person involved in the Offer accepts responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Offer.

Overseas Shareholders

The Offer will be made available to all Offer Shareholders, including the Overseas Shareholders. The making of the Offer to persons not resident in Hong Kong may be affected by the laws and regulations of the relevant jurisdiction in which they are resident.

Overseas Shareholders who are citizens, residents or nationals of a jurisdiction outside Hong Kong should observe any applicable legal or regulatory requirements and, where necessary, consult their professional advisers.

It is the sole responsibility of the Overseas Shareholders who wish to accept the Offer to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection with the acceptance of the Offer (including the obtaining of any governmental or other consent which may be required or the compliance with other necessary formalities and the payment of any transfer or other taxes due by such Overseas Shareholders in respect of such jurisdictions).

Any acceptance by any Overseas Shareholders will be deemed to constitute a representation and warranty from such Overseas Shareholders that the local laws and requirements have been complied with Overseas Shareholders should consult their professional advisors if in doubt.

Acceptance and settlement

Your attention is drawn to the further details regarding the procedures for acceptance and settlement of the Offer as set out in Appendix I to this Composite Document and the accompanying Form of Acceptance.

Dealing and interests in the Company's securities

During the Relevant Period, save for the entering into of the MOU and the Sale and Purchase Agreement, the Offeror, its ultimate beneficial owner and/or parties acting in concert with any of them have not dealt in any Shares, options, derivatives, warrants or other securities convertible into Shares or other types of equity interest in the Company.

SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below is the shareholding structure of the Company (based on the information received from the Company and notified pursuant to Part XV of the SFO as at the Latest Practicable Date) (i) immediately before Completion; (ii) immediately after Completion; and (iii) as at the Latest Practicable Date:

	Immediately before Completion		**Immediately after Completion**		**As at the Latest Practicable Date**	
	Number of Shares	*%*	*Number of Shares*	*%*	*Number of Shares*	*%*
The Offeror and its parties acting in concert	—	—	150,000,000	75%	150,000,000	75%
The Vendor	150,000,000	75%	—	—	—	—
Public Shareholders	50,000,000	25%	50,000,000	25%	50,000,000	25%
Total	200,000,000	100%	200,000,000	100%	200,000,000	100%

INFORMATION ON THE OFFEROR

The Offeror is a company incorporated in BVI with limited liability. The Offeror is an investment holding company, which is legally and beneficially owned as to 100% by Mr. JIANG Jianhui, who is the sole director of the Offeror as at the Latest Practicable Date. Save for entering into the MOU, the Sale and Purchase Agreement and the financing arrangement with Kingston Securities in relation to the Sale and Purchase Agreement and the Offer, the Offeror did not engage in any business activities. Prior to the Completion, the Offeror does not have any assets.

Mr. JIANG Jianhui ("**Mr. Jiang**"), aged 40, has extensive experience in the financial services and investment industry in the People's Republic of China. Mr. Jiang used to be the general manager of a major non-banking financial institution in the People's Republic of China which is principally engaged in, among others, money-lending, guarantee and pawning businesses. The Offeror believes that the Company is well positioned for growth within the market. The Offeror has been seeking investment opportunities in Hong Kong and sees the growth potential of the Company. Although the Offeror or Mr. Jiang does not have any previous experience in the business engaged in by the Group, the Group's future development could benefit by leveraging the extensive financial experience and expertise of Mr. Jiang in the financial industry with a view to creating long-term value for the Shareholders.

INFORMATION ON THE COMPANY

The Company, a company incorporated in the Cayman Islands with limited liability and the issued shares of which are listed on Main Board of the Stock Exchange, is an investment holding company. The Group is principally engaged in civil engineering works as well as building construction and maintenance in Hong Kong.

INTENTIONS OF THE OFFEROR WITH REGARD TO THE GROUP

Following the close of the Offer, the Offeror intends to continue the existing principal businesses of the Group. The Offeror would conduct a review on the financial position and the operations of the Group and would explore other business opportunities and consider whether any asset disposals, asset acquisitions, business rationalisation, business divestment, fund raising, restructuring of the business and/or business diversification would be appropriate to enhance the long-term growth potential of the Group. Subject to the results of the review, and should suitable investment or business opportunities arise, the Offeror may consider taking up such opportunities with an objective to increasing the Group's profitability in the future and therefore enhancing the value of the Shareholders in the long term. Should, after detailed review of the financial position and the operations of the Group, any other suitable investment opportunities be identified, the Offeror may also consider having the Group acquire assets and/or businesses whether from the Offeror (or its associates) or any other third parties, as and when appropriate, in order to enhance the growth of the Group. Any such acquisition will only be made in compliance with the Listing Rules. As at the Latest Practicable Date, the Offeror had no definitive proposal, terms, timetable, agreement, arrangement, understanding, intention or negotiation with any party about any arrangement or injection of assets or businesses.

Up to the Latest Practicable Date, the Offeror had no intention and has not entered into any agreement, arrangement, understanding, intention or negotiation (whether concluded or not) about any acquisition of business and/or assets, or disposal, termination or scaling-down of the Group's existing businesses or assets.

It is intended that the existing company secretary of the Company will resign on or after the Closing Date and a new company secretary will be appointed as a replacement on the same date. Further announcement in relation to the resignation and appointment of the company secretary of the Company will be made by the Company as and when appropriate in compliance with the Listing Rules.

Save for (a) the proposed changes to the company secretary as mentioned above and (b) the proposed changes to the composition of the Board as detailed in the section headed "Proposed changes to the composition of the Board" below, the Offeror has no intention to (i) discontinue the employment of any employees of the Group; or (ii) redeploy the fixed assets of the Group, other than those in its ordinary and usual course of business of the Group.

With a view to ensuring the continuity of the management of the Group, each of Mr. LI Chi Pong, an executive Director and the Chief Executive Officer, and Mr. POON Yan Min, an executive Director, will enter into letters of appointment with Excel Engineering, the principal operating subsidiary of the Group. The letter of appointment does not specify any fixed term of service and may be terminated in accordance with the terms of such letters of appointment. Their scope of work will be substantially the same as those of their existing employment.

PROPOSED CHANGES TO THE COMPOSITION OF THE BOARD

The Board is currently made up of six Directors, comprising (i) Mr. LI Chi Pong and Mr. POON Yan Min as executive Directors; (ii) Mr. YAU Kwok Fai as non-executive Director; and (iii) Dr. LAW Kwok Sang, Professor Patrick WONG Lung Tak and Ms. MAK Suk Hing as independent non-executive Directors. All the existing executive Directors, non-executive Director and independent non-executive Directors will resign with effect on or after the Closing Date in compliance with the Takeovers Code.

The Offeror currently intends to nominate 4 (four) new members to the Board, namely Mr. WONG Hin Shek as executive Director and Ms. CHU Yin Yin, Georgiana, Mr. YIP Tai Him and Mr. CHAN Kai Wing as independent non-executive Directors. Such appointments will only take effect after the date of despatch of this Composite Document in accordance with the requirements of the Takeovers Code.

The Offeror may nominate additional Directors to the Board on or after the Closing Date, but such persons have not been determined as at the Latest Practicable Date. Details of any such further changes to the composition of the Board will be announced in accordance with the Listing Rules.

Set out below are the proposed candidates to be nominated by the Offeror as the executive Director and independent non-executive Directors:

Proposed executive Director

Mr. WONG Hin Shek ("Mr. Wong"), aged 45, has over 20 years of experience in the investment banking industry. Mr. Wong obtained a bachelor of commerce degree from University of Toronto in Canada and a master of science (Financial Management) degree from University of London in United Kingdom. Mr. Wong is also a responsible officer of Veda Capital Limited, a licensed corporation which carries out Type 6 (advising on corporate finance) regulated activity under the SFO. He has been involved in the management, business development and strategic investment of listed companies in Hong Kong. Mr. Wong is currently the chairman and an executive director of Guocang Group Limited (stock code: 559), the shares of which are listed on the Main Board of the Stock Exchange. Mr. Wong was an executive director of EverChina Int'l Holdings Company Limited (formerly known as "Interchina Holdings Company Limited") (stock code: 202) from October 2011 to August 2012 and KuangChi Science Limited (formerly known as "Climax International Company Limited") (stock code: 439) from June 2007 to August 2014. The shares of these companies are listed on the Main Board of the Stock Exchange.

Proposed independent non-executive Directors

Ms. CHU Yin Yin, Georgiana ("Ms. Chu"), aged 44, obtained a bachelor of business administration degree in accountancy from The University of Hong Kong and a master of corporate governance degree from The Hong Kong Polytechnic University. She is a fellow member of both the Hong Kong Institute of Certified Public Accountants, the Association of the Chartered Certified Accountants and a member of the Institute of Chartered Accountants in England and Wales. Ms. Chu is also a fellow member of both the Institute of Chartered Secretaries and Administrators and the Hong Kong Institute of Company Secretaries. Prior to joining the Company, she has over 16 years' extensive experience by working in an international audit firm and other listed companies. Ms. Chu is currently an executive director of China Water Industry Group Limited (Stock Code: 1129), the shares of which are listed on the Main Board of the Stock Exchange.

Mr. YIP Tai Him ("Mr. Yip"), aged 44, has been a practising accountant in Hong Kong since 1999. Mr. Yip is a member of the Association of Chartered Certified Accountants in the United Kingdom and the Institute of Chartered Accountants in England and Wales. He has over 20 years of experience in accounting, auditing and financial management.

Mr. Yip is currently an independent non-executive director of each of China Communication Telecom Service Company Limited (stock code: 8206), Vinco Financial Group Limited (stock code: 8340), GCL-Poly Energy Holdings Limited (stock code: 3800) and Redco Properties Group Limited (stock code: 1622). The shares of these companies are listed on the Main Board or the Growth Enterprise Market (the "**GEM**") Board of the Stock Exchange. Mr. Yip was an independent non-executive director of each of China Media and Films Holdings Limited (stock code: 8172) from December 2008 to April 2015, iOne Holdings Limited (stock code: 982) from April 2009 to July 2014, MEGA MEDICAL TECHNOLOGY LIMITED (stock code: 876) from February 2001 to June 2014 and Larry Jewelry International Company Limited (stock code: 8351) from May 2014 to October 2014 and a non-executive director of Larry Jewelry International Company Limited (stock code: 8351) from April 2014 to May 2014. The shares of these companies are listed on the Main Board or GEM Board of the Stock Exchange.

Mr. CHAN Kai Wing ("Mr. Chan"), aged 54, obtained a bachelor degree in economics from Macquarie University in Sydney, Australia in April 1986. He is a fellow member of CPA Australia. Mr. Chan is currently the managing director and founder of Mandarin Capital Enterprise Limited, a company specialised in the provision of financial advisory services in the area of accounting, merger and acquisition and corporate restructuring for both listed and private companies in Hong Kong and the PRC, whose clients include companies in the real estate development industry and dairy industry etc. He is currently an independent non-executive director of each of China Conch Venture Holdings Limited (stock code: 586) and China Assurance Finance Group Limited (stock code: 8090), the shares of which are listed on the Main Board or GEM Board of the Stock Exchange. Mr. Chan worked in the audit department of Ernst & Young in Hong Kong from 1988 to 1991. He was also a director and the financial controller of Shenzhen China Bicycle Company (Holdings) Limited, a listed company in the PRC from 1991 to 1999.

Details of the changes to the composition of the Board and the company secretary of the Company and the appointment of new Directors will be further announced as and when appropriate in compliance with the Takeovers Code, the Listing Rules and the Articles of Association.

COMPULSORY ACQUISITION AND CONTINUATION OF LISTING

The Offeror intends to have the Company remain listed on the Stock Exchange. If the Offeror acquires the requisite percentage of the Offer Shares which may enable it to compulsorily acquire all the issued Shares, the Offeror does not intend to exercise its right to compulsory acquire the remaining Shares.

The Stock Exchange has stated that if, at the close of the Offer, less than the minimum prescribed percentage applicable to the Company, being 25% of the issued Shares, are held by the public, or if the Stock Exchange believes that a false market exists or may exist in the trading of the Shares or there are insufficient Shares in public hands to maintain an orderly market, then the Stock Exchange may consider exercising its discretion to suspend dealings in the Shares. **In this connection, it should be noted that upon the close of the Offer, there may be insufficient public float for the Shares and therefore trading in Shares may be suspended until a sufficient level of public float is attained. The sole director of the Offeror and the new Directors to be appointed to the Board have jointly and severally undertaken to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares after closing of the Offer.**

GENERAL

To ensure equality of treatment of all Offer Shareholders, those Offer Shareholders who hold the Offer Shares as nominees for more than one beneficial owner should, as far as practicable, treat the holding of each beneficial owner separately. It is essential for the beneficial owners of the Offer Shares, whose investments are registered in the names of nominees, to provide instructions to their nominees of their intentions with regard to the Offer.

The attention of the Overseas Shareholders is drawn to the paragraph headed "7. Overseas Shareholders" in Appendix I to this Composite Document.

All communications, notices, Form of Acceptance, Share certificate(s), transfer receipt(s), other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and remittances to settle the consideration payable under the Offer to be delivered by or sent to or from the Offer Shareholders will be delivered by or sent to or from them, or their designated agents, by ordinary post at their own risk, and none of the Company, the Offeror, Kingston Securities, Kingston Corporate Finance, Quam and any of their respective directors nor the Registrar or other parties involved in the Offer or any of their respective agents accept any liability for any loss in postage or any other liabilities that may arise as a result thereof. Further details have been set out in Appendix I to this Composite Document and in the Form of Acceptance.

ADDITIONAL INFORMATION

Your attention is drawn to the "Letter from the Board", the "Letter from the Independent Board Committee" and the "Letter from the Independent Financial Adviser" as contained out in this Composite Document, the accompanying Form of Acceptance and the additional information set out in the appendices to, which form part of, this Composite Document.

Yours faithfully
For and on behalf of
Kingston Securities Limited
Chu, Nicholas Yuk-yui
Director

EXCEL DEVELOPMENT (HOLDINGS) LIMITED
怡益控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1372)

Executive Directors:
Mr. LI Chi Pong *(Chief Executive Officer)*
Mr. POON Yan Min

Non-executive Director:
Mr. YAU Kwok Fai *(Chairman)*

Independent non-executive Directors:
Dr. LAW Kwok Sang
Professor Patrick WONG Lung Tak *B.B.S., J.P.*
Ms. MAK Suk Hing

Registered Office:
Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman
KY1-1111
Cayman Islands

Head Office and Principal Place of Business in Hong Kong:
No. 155 Waterloo Road
Kowloon Tong
Kowloon
Hong Kong

20 July 2015

To the Offer Shareholders

Dear Sir or Madam,

MANDATORY UNCONDITIONAL CASH OFFER BY KINGSTON SECURITIES LIMITED FOR AND ON BEHALF OF THE OFFEROR TO ACQUIRE ALL THE ISSUED SHARES OF THE COMPANY (OTHER THAN THOSE ALREADY OWNED OR AGREED TO BE ACQUIRED BY THE OFFEROR AND PARTIES ACTING IN CONCERT WITH IT)

1. INTRODUCTION

Reference is made to the Joint Announcement in relation to, among other things, the entering into of the Sale and Purchase Agreement by the Offeror, the Vendor and Vantage pursuant to which the Offeror agreed to acquire and the Vendor agreed to sell the Sale Shares, being 150,000,000 Shares, for a total Consideration of HK$485,010,000, equivalent to HK$3.2334 per Sale Share. The Sale Shares represents 75.00% of the entire issued share capital of the Company as at the date of the Sale and Purchase Agreement.

On 16 July 2015, the Sureguard Loan was terminated pursuant to a termination agreement and the Share Charge was released pursuant to a deed of release. Please refer to the joint announcement of the Company and Vantage of 16 July 2015 for further details.

Immediately upon the Completion, the Offeror and parties acting in concert with it directly held 75.00% of the entire issued share capital of the Company, and accordingly, the Offeror is required to make a mandatory unconditional cash offer for all the Shares in issue (other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it) under Rule 26.1 of the Takeovers Code. Kingston Securities is making the Offer for and on behalf of the Offeror.

The Independent Board Committee, comprising all independent non-executive Directors, namely Dr. LAW Kwok Sang, Professor Patrick WONG Lung Tak and Ms. MAK Suk Hing, has been formed to advise the Offer Shareholders in respect of the Offer.

The Independent Board Committee did not comprise Mr. YAU Kwok Fai, the non-executive Director as he is one of the executive directors of Vantage, which is the holding company of the Vendor and was a controlling shareholder of the Company before the Completion. Given the role of Mr. YAU Kwok Fai as an executive director of the holding company of the Vendor (i.e. Vantage), he, through Vantage and the Vendor, has certain direct interest in the Share Sale which has triggered the Offer and therefore an indirect interest in the Offer.

Quam has been appointed as the Independent Financial Adviser to advise the Independent Board Committee on the fairness and reasonableness of the terms of the Offer and as to acceptance, and such appointment has been approved by the Independent Board Committee.

The purpose of this Composite Document is to provide you with, among other things, information relating to the Group, the Offeror and the Offer as well as setting out the letter from the Independent Board Committee containing its recommendation to the Offer Shareholders in respect of the Offer and the letter from the Independent Financial Adviser containing its advice to the Independent Board Committee in respect of the Offer.

2. THE OFFER

Principal terms of the Offer

Kingston Securities, for and on behalf of the Offeror and in compliance with the Takeovers Code, hereby makes the Offer to all the Offer Shareholders for all the Offer Shares on the following basis:

For every Offer Share accepted under the Offer .... HK$3.2334

The Offer is extended to all Shares in issue (other than those Shares owned by or agreed to be acquired by the Offeror and parties acting in concert with it) on the date on which the Offer is made, being the date of posting of this Composite Document.

The Offer is not conditional upon any minimum level of acceptances of the Offer and is unconditional. The Offer will close on Monday, 10 August 2015.

The Offer Price of HK$3.2334 per Offer Share under the Offer is the same as the price per Sale Share of HK$3.2334 paid by the Offeror to the Vendor pursuant to the Sale and Purchase Agreement.

Comparison of value

The Offer Price of HK$3.2334 per Offer Share represents:

(i) a premium of approximately 30.38% over the closing price of HK$2.48 per Share as quoted on the Stock Exchange on 17 April 2015, being the last full trading day prior to the commencement of the Offer Period;

(ii) a discount of approximately 48.43% to the closing price of HK$6.270 per Share as quoted on the Stock Exchange on the Last Trading Day;

(iii) a discount of approximately 47.30% to the average of the closing prices of HK$6.136 per Share as quoted on the Stock Exchange for the 5 trading days immediately prior to and including the Last Trading Day;

(iv) a discount of approximately 41.52% to the average of the closing prices of HK$5.529 per Share as quoted on the Stock Exchange for the 10 trading days immediately prior to and including the Last Trading Day;

(v) a discount of approximately 24.77% to the average of the closing prices of HK$4.298 per Share as quoted on the Stock Exchange for the 30 trading days immediately prior to and including the Last Trading Day;

(vi) a premium of approximately 15.11% to the average of the closing prices of HK$2.809 per Share as quoted on the Stock Exchange for the 90 trading days immediately prior to and including the Last Trading Day;

(vii) a discount of approximately 46.29% to the price of HK$6.020 per Share (being a theoretical trading price assuming the Special Cash Dividend of approximately HK$0.25 per Share had been declared and paid with reference to the closing price of HK$6.270 per Share as quoted on the Stock Exchange for the Last Trading Day);

(viii) a discount of approximately 45.07% to the price of HK$5.886 per Share (being a theoretical trading price assuming the Special Cash Dividend of approximately HK$0.25 per Share had been declared and paid with reference to the average closing price of HK$6.136 per Share as quoted on the Stock Exchange for the 5 trading days immediately prior to and including the Last Trading Day);

(ix) a discount of approximately 38.75% to the price of HK$5.279 per Share (being a theoretical trading price assuming the Special Cash Dividend of approximately HK$0.25 per Share had been declared and paid with reference to the average closing price of HK$5.529 per Share as quoted on the Stock Exchange for the 10 trading days immediately prior to and including the Last Trading Day);

(x) a discount of approximately 20.12% to the price of HK$4.048 per Share (being a theoretical trading price assuming the Special Cash Dividend of approximately HK$0.25 per Share had been declared and paid with reference to the average closing price of HK$4.298 per Share as quoted on the Stock Exchange for the 30 trading days immediately prior to and including the Last Trading Day);

(xi) a premium of approximately 26.35% to the price of HK$2.559 per Share (being a theoretical trading price assuming the Special Cash Dividend of approximately HK$0.25 per Share had been declared and paid with reference to the average closing price of HK$2.809 per Share as quoted on the Stock Exchange for the 90 trading days immediately prior to and including the Last Trading Day);

(xii) a discount of approximately 46.99% to the closing price of HK$6.10 per Share as quoted on the Stock Exchange on the Latest Practicable Date;

(xiii) a premium of approximately 185.89% over the audited net asset value attributable to equity holders of the Company of approximately HK$1.131 per Share as at 31 March 2015;

(xiv) a premium of approximately 190.77% over the unaudited net asset value attributable to equity holders of the Company of approximately HK$1.112 per Share as at 30 September 2014; and

(xv) a premium of approximately 207.65% over the audited net asset value attributable to equity holders of the Company of approximately HK$1.051 per Share as at 31 March 2014 (based on the number of Shares then in issue).

Highest and lowest Share prices

The highest and lowest closing prices of the Shares as quoted on the Stock Exchange during the six-month period immediately preceding the Offer Period and up to and including the Latest Practicable Date, were HK$6.76 per Share on 3 June 2015 and HK$1.58 per Share on 28 October 2014, respectively.

Total value of the Offer

As at the Latest Practicable Date, the Company had 200,000,000 Shares in issue and had no outstanding warrants, options, derivatives, convertibles or other securities in issue which may confer any rights to the holder(s) thereof to subscribe for, convert or exchange into Share. As the Offeror and parties acting in concert with it directly hold 150,000,000 Shares immediately after the Completion and assuming there is no change in the issued share capital of the Company prior to the Closing Date, 50,000,000 Shares will be subject to the Offer and the total value of the Offer would be approximately HK$161,670,000 based on the Offer Price of HK$3.2334 and on the basis of full acceptances of the Offer.

Financial resources

The Offeror will finance the cash consideration payable for the Offer (i.e. HK$161,670,000) by the facilities granted by Kingston Securities (as lender) to the Offeror (as borrower) for the purpose of financing the Offer. The payment of interest on, repayment of, or security for any liability (contingent or otherwise) for, such loan facilities will not depend to any significant extent on the business of the Group.

Kingston Corporate Finance, the financial adviser to the Offeror, is satisfied that sufficient financial resources are available to the Offeror to satisfy full acceptance of the Offer as described above.

Effect of accepting the Offer

The Offer is unconditional. By accepting the Offer, the Offer Shareholders will sell their Shares to the Offeror free from encumbrances and together with all rights attaching to the Shares, and all dividends and distributions (including the entitlements to the Special Cash Dividend) recommended, declared, made or paid on such Shares on or after the date on which the Offer is made, being the date of posting of this Composite Document.

Acceptance of the Offer by any Offer Shareholder will be deemed to constitute a warranty by such person that all Shares sold by such person under the Offer is free from all liens, charges, options, claims, equities, adverse interests, third-party rights or encumbrances whatsoever and together with all rights accruing or attaching thereto, including, without limitation, the right to receive dividends and distributions (including the Special Cash Dividend) recommended, declared, made or paid, if any, on or after the date on which the Offer is made, being the date of posting of this Composite Document.

Acceptance of the Offer shall be irrevocable and not capable of being withdrawn, except as permitted under the Takeovers Code.

Your attention is drawn to the further details regarding the procedures for acceptance and settlement of the Offer and acceptance period as set out in Appendix I to this Composite Document and the accompanying Form of Acceptance.

3. INFORMATION ON THE COMPANY

The Company, a company incorporated in the Cayman Islands with limited liability and the issued shares of which are listed on Main Board of the Stock Exchange, is an investment holding company. The Group is principally engaged in civil engineering works as well as building construction and maintenance in Hong Kong.

Set out below is a summary of the financial information of the Company for the two years ended 31 March 2014 and 2015, as extracted respectively from the annual report of the Company for the year ended 31 March 2014 and the annual results announcement of the Company for the year ended 31 March 2015:

	For the year ended 31 March 2014	**For the year ended 31 March 2015**
	(HK$'000)	*(HK$'000)*
Profit before taxation	36,034	19,052
Profit after taxation	28,396	15,874
Net profit	28,396	15,874

4. SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below is the shareholding structure of the Company as at the Latest Practicable Date:

	Number of Shares	**Percentage of the total issued Shares**
The Offeror and parties acting in concert with it	150,000,000	75%
Public Shareholders	50,000,000	25%
Total	200,000,000	100%

5. INFORMATION ON THE OFFEROR

Please refer to the letter from Kingston Securities contained in this Composite Document for information on the Offeror.

6. INTENTION OF THE OFFEROR REGARDING THE GROUP

Your attention is drawn to the letter from Kingston Securities contained in this Composite Document which sets out the intention of the Offeror regarding the business of the Group. The Board is aware of the Offeror's intention in respect of the Group and is willing to co-operate with the Offeror further which is in the interests of the Company and the Shareholders as a whole.

7. PROPOSED CHANGE OF BOARD COMPOSITION OF THE COMPANY

The Board is currently made up of six Directors, comprising (i) Mr. LI Chi Pong and Mr. POON Yan Min as executive Directors; (ii) Mr. YAU Kwok Fai as non-executive Director; and (iii) Dr. LAW Kwok Sang, Professor Patrick WONG Lung Tak and Ms. MAK Suk Hing as independent non-executive Directors. The Offeror has nominated and the Board has appointed Mr. WONG Hin Shek as executive Director and Ms. CHU Yin Yin, Georgiana, Mr. YIP Tai Him and Mr. CHAN Kai Wing as independent non-executive Directors with effect from the date immediately after the despatch of this Composite Document. Please refer to the letter from Kingston Securities contained in this Composite Document for the biographies of the proposed Directors.

The Offeror may nominate additional Directors to the Board on or after the Closing Date, but such persons have not been determined as at the Latest Practicable Date. Details of any such further changes to the composition of the Board will be announced in accordance with the Listing Rules.

Immediately after the Closing Date (or such other time as permitted by the Takeovers Code), all current Directors will resign from their office. Any change to the Board will be made in compliance with the Takeovers Code and the Listing Rules and will be announced accordingly.

8. RECOMMENDATION

Your attention is drawn to the letters from the Independent Board Committee and the Independent Financial Adviser, respectively, which set out their recommendations and opinions in relation to the Offer and the principal factors considered by them before arriving at their recommendations. You are also advised to read the remainder of this Composite Document and the Form of Acceptance in respect of the acceptance and settlement procedures of the Offer.

Yours faithfully,
By Order of the Board
Excel Development (Holdings) Limited
LI Chi Pong
Executive Director and Chief Executive Officer

EXCEL DEVELOPMENT (HOLDINGS) LIMITED
怡 益 控 股 有 限 公 司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1372)

20 July 2015

To the Offer Shareholders

Dear Sir or Madam,

MANDATORY UNCONDITIONAL CASH OFFER BY KINGSTON SECURITIES LIMITED FOR AND ON BEHALF OF THE OFFEROR TO ACQUIRE ALL THE ISSUED SHARES OF THE COMPANY (OTHER THAN THOSE ALREADY OWNED OR AGREED TO BE ACQUIRED BY THE OFFEROR AND PARTIES ACTING IN CONCERT WITH IT)

INTRODUCTION

We refer to the composite offer and response document dated Monday, 20 July 2015 jointly issued by the Company and the Offeror (this "**Composite Document**") of which this letter forms part. Unless the context requires otherwise, capitalised terms used in this letter shall have the same meanings as defined in this Composite Document.

We have been appointed as members of the Independent Board Committee to consider the terms of the Offer and to advise you as to whether, in our opinion, the terms of the Offer are fair and reasonable so far as the Offer Shareholders are concerned and as to acceptances of the Offer. Quam has been appointed as the Independent Financial Adviser to advise the Independent Board Committee in respect of the terms of the Offer. Details of their advice and principal factors taken into consideration in arriving at their recommendation are set out in the letter from the Independent Financial Adviser on pages 28 to 48 of this Composite Document.

RECOMMENDATION

Having taken into account the terms of the Offer and the advice and recommendation of the Independent Financial Adviser and the principal factors and reasons taken into consideration by them in arriving at their opinion, in particular:

- the Offer Price of HK$3.2334 was at premium over the closing prices of the Shares for the period since the listing of the Company on the Main Board of the Stock Exchange from 11 December 2013 to 5 May 2015 (being a date prior to the entering into of the MOU), and on 8 July 2015, which represented 348 trading days out of 397 trading days during the period from 11 December 2013 until the Latest Practicable Date (the "**Review Period**"), with approximately 169.5% over the initial public offer price and a maximum of approximately 247.7% over the closing price of HK$0.93 on 28 March 2014;

- the surge of the Share price after the release of the Preliminary Joint Announcement and the execution of the MOU probably reflected the market reaction to the potential change in control of the Company but the sustainability of the current Share price above the Offer Price after the publication of the Joint Announcement could be uncertain;

- the trading of the Shares was generally inactive during the Review Period and the Offer may represent an alternative exit for those Offer Shareholders who intend to realise a significant shareholding in the Company; and

- the price-to-earnings ratio of the Company implied by the Offer Price is above the range of those of the Comparable Companies (as defined in the Letter from the Independent Financial Adviser on page 44 of this Composite Document),

we consider that the terms of the Offer are fair and reasonable so far as the Offer Shareholders are concerned. Accordingly, we recommend the Offer Shareholders to accept the Offer.

However, the Offer Shareholders are advised that their decision to realise or to hold their investment in the Shares depends on their own individual circumstances and investment objectives. In any event, the Offer Shareholders should note that there is no certainty that the current trading volume and/or current trading price level of the Shares will be sustainable during or after the offer period of the Offer.

Yours faithfully,
Independent Board Committee

Dr. LAW Kwok Sang	**Professor Patrick WONG Lung Tak** *B.B.S., J.P.*	**Ms. MAK Suk Hing**
Independent non-executive Director	*Independent non-executive Director*	*Independent non-executive Director*

The following is the full text of a letter of advice from Quam Capital Limited, the independent financial adviser to the Independent Board Committee, which has been prepared for the purpose of incorporation in the Composite Document, setting out its advice to the Independent Board Committee in respect of the Offer.

Quam CAPITAL 華富嘉洛企業融資

Quam Capital Limited

A Member of The Quam Group

20 July 2015

To the Independent Board Committee

Excel Development (Holdings) Limited
No. 155 Waterloo Road
Kowloon Tong
Kowloon
Hong Kong

Dear Sir or Madam,

MANDATORY UNCONDITIONAL CASH OFFER BY KINGSTON SECURITIES LIMITED FOR AND ON BEHALF OF THE OFFEROR TO ACQUIRE ALL THE ISSUED SHARES OF THE COMPANY (OTHER THAN THOSE ALREADY OWNED OR AGREED TO BE ACQUIRED BY THE OFFEROR AND PARTIES ACTING IN CONCERT WITH IT)

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to the Independent Board Committee in respect of the Offer, details of which are set out in the Composite Document dated 20 July 2015, of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Composite Document unless the context otherwise requires.

On 5 June 2015, the Vendor, the Offeror and Vantage entered into the Sale and Purchase Agreement, pursuant to which the Offeror agreed to acquire from the Vendor the Sale Shares, being 150,000,000 Sale Shares, representing 75% of the entire issued share capital of the Company as at the date of the Sale and Purchase Agreement, at an aggregate Consideration of HK$485,010,000 or HK$3.2334 per Sale Share. Completion took place on the same date.

Immediately after Completion, the Offeror became interested in 150,000,000 Shares, representing 75% of the entire issued share capital of the Company. Pursuant to Rule 26.1 of the Takeovers Code, upon Completion, the Offeror will be required to make a mandatory unconditional cash offer for all the issued Shares (other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it).

THE INDEPENDENT BOARD COMMITTEE

The Independent Board Committee comprising all independent non-executive Directors, namely Dr. Law Kwok Sang, Professor Patrick Wong Lung Tak *B.B.S., J.P.* and Ms. Mak Suk Hing, has been established to advise the Offer Shareholders in respect of the Offer. Mr. Yau Kwok Fai, the non-executive Director and one of the executive directors of Vantage, the holding company of the Vendor, is considered to be materially interested in the Offer and is therefore excluded from the Independent Board Committee. The Independent Board Committee has approved the appointment of ourselves, Quam Capital Limited, as the Independent Financial Adviser to the Independent Board Committee in this regard.

We are not associated or connected with the Company or the Offeror, their respective substantial shareholders or any party acting, or presumed to be acting, in concert with any of them and, accordingly, are considered eligible to give independent advice on the Offer. Apart from normal professional fees payable to us in connection with this appointment, no arrangement exists whereby we will receive any fees or benefits from the Company or the Offeror, their respective substantial shareholders or any party acting, or presumed to be acting, in concert with any of them.

BASIS OF OUR OPINION

In formulating our opinion and advice, we have relied on (i) the information and facts contained or referred to in the Composite Document; (ii) the information and facts supplied by the Group and its advisers; (iii) the opinions expressed by and the representations of the Directors and the management of the Group; and (iv) our review of the relevant public information. We have assumed that all the information provided and representations and opinions expressed to us or contained or referred to in the Composite Document were true, accurate and complete in all material respects at the time they were made and up to the date of the Composite Document and may be relied upon. We have also sought and received confirmation from the Directors that no material facts have been withheld or omitted from the information provided and opinions expressed to us by them and that all information or representations regarding the Group and the Offer provided to us by the Group, the Directors and the management of the Group are true, accurate, complete and not misleading in all material respects at the time they were made and up to the date of the Composite Document. The Company will notify the Shareholders of any material changes during the Offer Period as soon as possible in accordance with Rule 9.1 of the Takeovers Code. The Shareholders will also be informed by us as soon as practicable if we become aware of any material changes for the information contained or referred to herein throughout the Offer Period. We have also relied on the responsibility statements made by the directors of the Company and the Offeror contained in the Composite Document. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Directors, the management of the Group, the advisers of the Company and/or the Offeror (where applicable).

We consider that we have reviewed the sufficient information currently available to reach an informed view and to justify our reliance on the accuracy of the information contained in the Composite Document so as to provide a reasonable basis for our recommendation. We have not, however, carried out any independent verification of the information provided, representations made or opinion expressed by the Directors and the management of the Group, nor have we conducted any form of in-depth investigation into the business, affairs, operations, financial position or future prospects of any member of the Group, Vantage and its subsidiaries (the "**Vantage Group**") or the Offeror or any of their respective subsidiaries or associates.

PRINCIPAL TERMS OF THE OFFER

The Offer

Kingston Securities, for and on behalf of the Offeror, is making the Offer in compliance with the Takeovers Code on the following basis:

Offer Price for each Offer Share . . . . HK$3.2334

The Offer Price of HK$3.2334 per Offer Share is the same as the price per Sale Share paid by the Offeror to the Vendor pursuant to the Sale and Purchase Agreement. The Offer Shares to be acquired under the Offer shall be fully paid and shall be acquired free from all encumbrances and together with all rights attaching to them, and all dividends and distributions (including the entitlements to the Special Cash Dividend) recommended, declared, made or paid on such Shares on or after the date of posting of the Composite Document. Offer Shareholders should note that they will not be entitled to the right to receive the Special Cash Dividend if they have tendered their acceptance of the Offer.

Further details of the Offer including, among others, the expected timetable and the terms and procedures of acceptance of the Offer, are set out in the sections headed "Expected Timetable", "Letter from Kingston Securities" and Appendix I to the Composite Document and the Form of Acceptance.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion and recommendation regarding the Offer, we have taken into consideration the principal factors and reasons set out below:

1. Information and historical financial performance of the Group

The Group is principally engaged in provision of civil engineering works as well as building construction and maintenance in Hong Kong and its Shares have been listed on the Main Board of the Stock Exchange since December 2013. The civil engineering works 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. The building construction services are applied to carcass works for private residential development in Hong Kong.

(i) Financial performance

Set out below are the consolidated statements of profit or loss and other comprehensive income of the Group for the three years ended 31 March 2015 as extracted from the annual results announcement of the Company for the year ended 31 March 2015 and the annual report of the Company for the year ended 31 March 2014:

	For the year ended 31 March		
	2015	**2014**	**2013**
	HK$'000	*HK$'000*	*HK$'000*
Revenue	702,856	1,477,332	984,296
Contract costs	(662,053)	(1,417,169)	(928,785)
Gross profit	40,803	60,163	55,511
Other income and gains	3,163	7,481	16,973
Administrative expenses	(24,875)	(31,414)	(22,678)
Finance costs	(39)	(196)	(1,865)
Profit before tax	19,052	36,034	47,941
Income tax expense	(3,178)	(7,638)	(7,875)
Profit and total comprehensive income for the year	15,874	28,396	40,066
Profit and total comprehensive income attributable to owners of the parent	15,874	28,396	40,066
Earnings per Share *(HK cents)*			
Basic and diluted	7.9	17.2	26.7

(a) 2014 compared to 2013

The Group generated its revenue from provision of civil engineering works and building construction and maintenance. The revenue of the Group increased by approximately 50.1% from approximately HK$984.3 million in 2013 to approximately HK$1,477.3 million, primarily attributable to the increase in revenue from the building construction project in Tsuen Wan by approximately 65.4%.

The gross profit margin of the Group decreased from approximately 5.6% in 2013 to approximately 4.1% in 2014, given that the Group generated a higher proportion of revenue from the building construction works, the gross profit margins of which are comparatively lower than those of the civil engineering construction works. The revenue generated from building construction and maintenance accounted for approximately 53.3% and 57.9% of total revenue in 2013 and 2014, respectively.

Profit attributable to owners of the parent decreased by approximately 29.1% from approximately HK$40.1 million in 2013 to approximately HK$28.4 million in 2014, mainly attributable to (1) the decrease in the management fee charged back from the Vantage Group (excluding the Group) as part of other income and gains due to the cessation of paying management fee for sharing corporate expenses of the Vantage Group since April 2013; (2) the increase in administrative staff costs by approximately HK$5.4 million; and (3) the listing expenses of approximately HK$9.5 million recognised in 2014. Accordingly, the net profit margin of the Group decreased from approximately 4.1% in 2013 to approximately 1.9% in 2014.

(b) 2015 compared to 2014

The decrease in revenue of the Group by approximately 52.4% from approximately HK$1,477.3 million in 2014 to approximately HK$702.9 million in 2015 was primarily due to the decrease in revenue from the building construction project in Tsuen Wan by approximately 81.1%. As advised by the Directors, the project in Tsuen Wan was in full swing in 2014 and was approaching completion in 2015. Accordingly, a substantial portion of revenue was recognised in 2014. No new building construction and maintenance works were awarded in 2015.

As the Group generated a higher proportion of revenue from civil engineering construction works, the gross profit margin of the Group improved from approximately 4.1% in 2014 to approximately 5.8% in 2015. The revenue generated from civil engineering construction works represented approximately 42.1% and 77.3% of total revenue in 2014 and 2015, respectively.

Profit attributable to owners of the parent decreased by approximately 44.1% from approximately HK$28.4 million in 2014 to approximately HK$15.9 million in 2015, mainly attributable to (1) the decrease in revenue as explained above; and (2) no reimbursement of staff cost from the Vantage Group (other than the Group) as no staff was provided to assist or supervise the Vantage Group (other than the Group) for the building construction project in Tsuen Wan in 2015 whereas approximately HK$5.5 million of staff cost was reimbursed from the Vantage Group (other than the Group) in 2014, partially offset by the decrease in administrative expenses as no listing expenses were incurred during the year whereas listing expenses of approximately HK$9.5 million were incurred in the previous year.

(ii) Financial position

Set out below are the consolidated statements of financial position of the Group as at 31 March 2013, 2014 and 2015 as extracted from the annual results announcement of the Company for the year ended 31 March 2015 and the annual report of the Company for the year ended 31 March 2014:

	As at 31 March		
	2015	**2014**	**2013**
	HK$'000	*HK$'000*	*HK$'000*
Non-current assets			
Property, plant and equipment	2,194	104	364
Investment properties	800	600	600
Interest in a joint venture	—	—	—
	2,994	704	964
Current assets			
Gross amount due from customers for contract works	31,028	79,978	85,557
Accounts receivable	177,789	181,747	227,177
Tax recoverable	4,494	310	—
Prepayments, deposits and receivables	16,042	31,433	186,008
Cash and cash equivalents	143,693	166,554	129,825
	373,046	460,022	628,567
Total assets	376,040	460,726	629,531
Current liabilities			
Accounts payable	101,464	235,532	342,687
Accruals of costs for contract works	45,237	11,790	5,390
Tax payable	—	—	2,357
Other payables and accruals	3,204	3,146	55,999
Interest-bearing bank loans	—	—	78,636
	149,905	250,468	485,069
Net current assets	223,141	209,554	143,498
Total assets less current liabilities	226,135	210,258	144,462
Non-current liabilities			
Deferred tax liabilities	8	5	13
Total liabilities	149,913	250,473	485,082
Net assets	226,127	210,253	144,449
Equity attributable to the owners of the parent	226,127	210,253	144,449

As at 31 March 2015, total assets amounted to approximately HK$376.0 million, representing a decrease of approximately 18.4% as compared to that as at 31 March 2014. Non-current assets as at 31 March 2015 comprised property, plant and equipment of approximately HK$2.2 million and investment properties situated in Hong Kong of approximately HK$0.8 million. The significant increase in non-current assets was mainly attributable to the purchase of property, plant and equipment for construction works of approximately HK$2.3 million during the year ended 31 March 2015. Current assets, on the other hand, amounted to approximately HK$373.0 million as at 31 March 2015, which mainly consisted of gross amount due from customers for contract works of approximately HK$31.0 million, accounts receivable of approximately HK$177.8 million and cash and cash equivalents of approximately HK$143.7 million. Gross amount due from customers for contract works represents the surplus derived when the contract costs incurred to date plus recognised profits less recognised losses exceed progress billings whereas accounts receivable represent receivables for contract works and retention monies withheld by customers and 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.

As at 31 March 2015, total liabilities amounted to approximately HK$149.9 million, representing a decrease of approximately 40.1% as compared to that as at 31 March 2014, which mainly consisted of accounts payable of approximately HK$101.5 million. Accounts payable represent the amounts due to the Vantage Group (other than the Group) and other sub-contractors, for its sub-contract works and suppliers of materials.

As at 31 March 2015, the Group had no outstanding bank borrowings and had aggregate unutilised banking facilities of HK$189 million.

2. Information on the Offeror and its intentions regarding the Group

(i) Information on the Offeror

The Offeror is a company incorporated in BVI with limited liability and is beneficially owned as to 100% by Mr. Jiang Jianhui ("**Mr. Jiang**"), who is the sole director of the Offeror as at the Latest Practicable Date. The Offeror is principally engaged in investment holding and does not have any assets prior to Completion.

As disclosed in the "Letter from Kingston Securities" in the Composite Document, Mr. Jiang has extensive experience in the financial services and investment industry in the People's Republic of China. Mr. Jiang used to be the general manager of a major non-banking financial institution in the People's Republic of China which is principally engaged in, among other things, money-lending, guarantee and pawning businesses. As disclosed in the "Letter from Kingston Securities" in the Composite Document, although the Offeror or Mr. Jiang is engaged in different business from the Group, the Group's future development could benefit by leveraging on the extensive financial experience and expertise of Mr. Jiang in the financial industry with a view to creating long-term value for the Shareholders.

(ii) Intentions of the Offeror regarding the Group

(a) Business

As set out in the "Letter from Kingston Securities" in the Composite Document, it is the intention of the Offeror that the Group will continue the existing principal businesses after the close of the Offer. The Offeror would conduct a review on the financial position and the operations of the Group and would explore other business opportunities and consider whether any asset disposals, asset acquisitions, business rationalisation, business divestment, fund raising, restructuring of the business and/or business diversification would be appropriate to enhance the long-term growth potential of the Group. Subject to the results of the review, and should suitable investment or business opportunities arise, the Offeror may consider taking up such opportunities with an objective to increasing the Group's profitability in the future and therefore enhancing the value of the Shareholders in long term. Should, after detailed review of the financial position and the operations of the Group, any other suitable investment opportunities be identified, the Offeror may also consider having the Group acquire assets and/or businesses whether from the Offeror (or its associates) or any other third parties, as and when appropriate, in order to enhance the growth of the Group. Any such acquisition will only be made in compliance with the Listing Rules. As at the Latest Practicable Date, the Offeror had no definitive proposal, terms, timetable, agreement, arrangement, understanding, intention or negotiation with any party about any arrangement or injection of assets or businesses.

Save for the proposed change to the Board composition and the company secretary of the Company as discussed below, the Offeror has no intention to (1) discontinue the employment of any employees of the Group; or (2) redeploy the fixed assets of the Group, other than those in its ordinary and usual course of business of the Group.

(b) Change of Board composition

The Board currently comprises six Directors, of whom two are executive Directors, one is a non-executive Director and three are independent non-executive Directors. All the existing Directors will resign with effect on or after the Closing Date in compliance with the Takeovers Code.

As set out in the "Letter from Kingston Securities" in the Composite Document, the Offeror currently intends to nominate four new members to the Board, namely Mr. Wong Hin Shek as executive Director, and Ms. Chu Yin Yin, Georgiana, Mr. Yip Tai Him and Mr. Chan Kai Wing as independent non-executive Directors. Such appointments will only take effect after the date of despatch of the Composite Document in accordance with the Takeovers Code.

The Offeror may nominate additional Directors to the Board on or after the Closing Date, but such persons have not been determined as at the Latest Practicable Date. Details of any such further changes to the composition of the Board will be announced in accordance with the Listing Rules.

Biographies of the new Directors to be nominated by the Offeror are set out in the "Letter from Kingston Securities" in the Composite Document.

(c) Resignation of the existing company secretary

It is intended that the existing company secretary of the Company will resign on or after the Closing Date and a new company secretary will be appointed as a replacement on the same date. Any change to the company secretary of the Company will be made in compliance with the Listing Rules and a further announcement will be made accordingly.

(d) Maintenance of the Company's listing status

The Offeror intends to maintain the listing of the Company on the Main Board of the Stock Exchange after the close of the Offer. The sole director of the Offeror and the new directors to be appointed to the Board have jointly and severally undertaken to the Stock Exchange to take appropriate steps to ensure that minimum public float of not less than 25% of the Company's entire issued share capital as required under the applicable Listing Rules will be restored or maintained (as applicable) following the close of the Offer.

3. Business prospect of the Group

As disclosed in the "Letter from Kingston Securities" in the Composite Document, the Offeror intends to continue the existing principal businesses of the Group following the close of the Offer.

As the Group's revenue from external customers was derived solely from its operation in Hong Kong, the growth of the Group's business will nevertheless depends on Hong Kong's economic environment. As noted from a press release named "Economic and Trade Information on Hong Kong" dated 2 June 2015 published by Hong Kong Trade Development Council (the "**HKTDC Release**"), Hong Kong's economy expanded by 2.1% year-on-year in real terms in the first quarter of 2015, moderated from 2.5% in 2014, mainly attributable to the slower global economic recovery weighing on exports of goods and the sluggishness in inbound tourism. Based on the latest review in May 2015, the Government of the Hong Kong Special Administrative Regions (the "**Government**") maintained its forecast of Hong Kong's economic growth at 1% to 3% for 2015 as a whole.

The Group operates in the civil engineering construction sector in Hong Kong. As disclosed in the prospectus of the Company dated 28 November 2013, benefited by the Government's strategy of promoting economic growth through infrastructure development, the civil engineering construction sector in Hong Kong has experienced an upward trend from 2007 to 2012. According to the Development Bureau of the Government, the gross value of civil engineering construction with project types of "site formation and clearance", "piling and related foundation works" and "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 compound annual growth rate ("**CAGR**") of approximately 35.7% from 2007 to 2012. In 2013 and 2014, the gross value of civil engineering construction with these project types was approximately HK$68.9 billion and HK$71.9 billion, representing a growth of approximately 16.2% and 4.4% as compared to the previous year, respectively, indicating a slowdown in the sector.

Labour wages and cost of construction materials are major costs incurred by the Group in its operation. According to the Census and Statistics Department of the Government, the composite labour wages for civil engineering contracts has been increasing at a CAGR of approximately 10.3% over the period from December 2011 to December 2014. The HKTDC Release also mentioned that the labour market conditions remain tight in Hong Kong with a seasonally adjusted unemployment rate of 3.2% for February to April 2015, close to the lowest level in 17 years. The inflation rates remained at above 4.0% from 2012 to 2014. The rising labour wages and cost of construction materials will remain challenges in the sector.

The Group's customers include certain departments of the Government and public utilities companies in Hong Kong. As stated in the annual results announcement for the year ended 31 March 2015, the sluggish progress of deliberation in Legislative Council, resulting in the mounting of backlog of funding proposals, delays in the rolling out of public infrastructure works in Hong Kong. This may ultimately affect the business and profitability of the Group.

Despite the challenges above, the Directors believe that the civil engineering construction industry has significant market potential and promising prospects given the increasing public expenditure on infrastructure by the Government in the coming years. According to the Government's Budget 2015/16, it is estimated that capital expenditure for 2015/16 will be HK$86.5 billion, including HK$70 billion on capital works.

In view of the above, we concur with the view of the Directors that while the prospect of local civil engineering construction business looks positive as a number of projects are expected to arise in the future, the future business development of the Group are subject to uncertainties and challenges including (i) the slowdown in the economic growth of Hong Kong in the first quarter of 2015; (ii) the slowdown in the growth of the civil engineering construction sector in Hong Kong; (iii) the rising labour wages and cost of construction materials; and (iv) delays in rolling out of public infrastructure works in Hong Kong, as discussed above.

4. Offer Price comparison

The Offer Price of HK$3.2334 per Offer Share represents:

(i) a premium of approximately 30.4% over the closing price of HK$2.48 per Share as quoted on the Stock Exchange on 17 April 2015, being the last full trading day prior to the publication of the announcement of the Company dated 20 April 2015 (the "**Initial Announcement**") in relation to the possible sale of Shares by the Vendor;

(ii) a discount of approximately 48.4% to the closing price of HK$6.27 per Share as quoted on the Stock Exchange on the Last Trading Day;

(iii) a discount of approximately 47.3% to the average closing price of approximately HK$6.14 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately up to and including the Last Trading Day;

(iv) a discount of approximately 41.5% to the average closing price of approximately HK$5.53 per Share as quoted on the Stock Exchange for the last ten consecutive trading days immediately up to and including the Last Trading Day;

(v) a discount of approximately 24.8% to the average closing price of approximately HK$4.30 per Share as quoted on the Stock Exchange for the last thirty consecutive trading days immediately up to and including the Last Trading Day;

(vi) a premium of approximately 15.1% over the average closing price of approximately HK$2.81 per Share as quoted on the Stock Exchange for the last 90 consecutive trading days immediately up to and including the Last Trading Day;

(vii) a premium of approximately 169.5% over the initial public offer ("**IPO**") price of HK$1.20 per Share when the Company was listed on the Stock Exchange in December 2013;

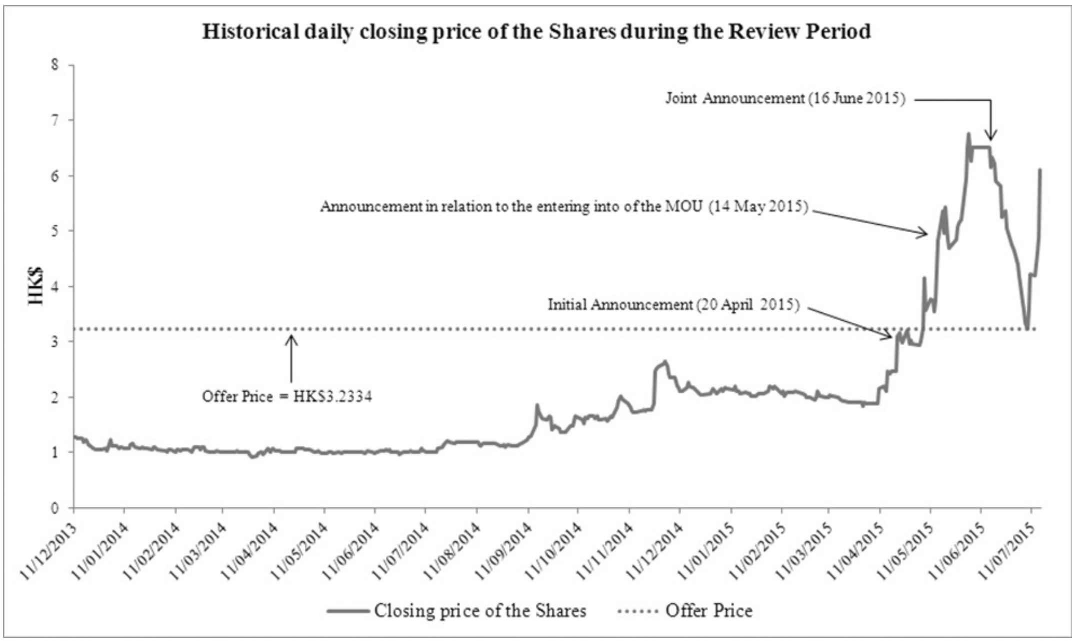
(viii) a premium of approximately 186.1% over the net asset value per Share of approximately HK$1.13 as at 31 March 2015 (calculated based on the Group's consolidated net assets attributable to the owners of the parent of approximately HK$226.1 million as at 31 March 2015 and 200,000,000 Shares in issue as at the Latest Practicable Date); and

(ix) a discount of approximately 47.0% to the closing price of HK$6.10 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

5. Trading performance of the Shares

(i) Historical Share price performance

Set out below is the movement of the closing prices of the Shares since the listing of the Company on the Stock Exchange on 11 December 2013 until the Latest Practicable Date (the "**Review Period**"):



Historical daily closing price of the Shares during the Review Period

Source: Bloomberg

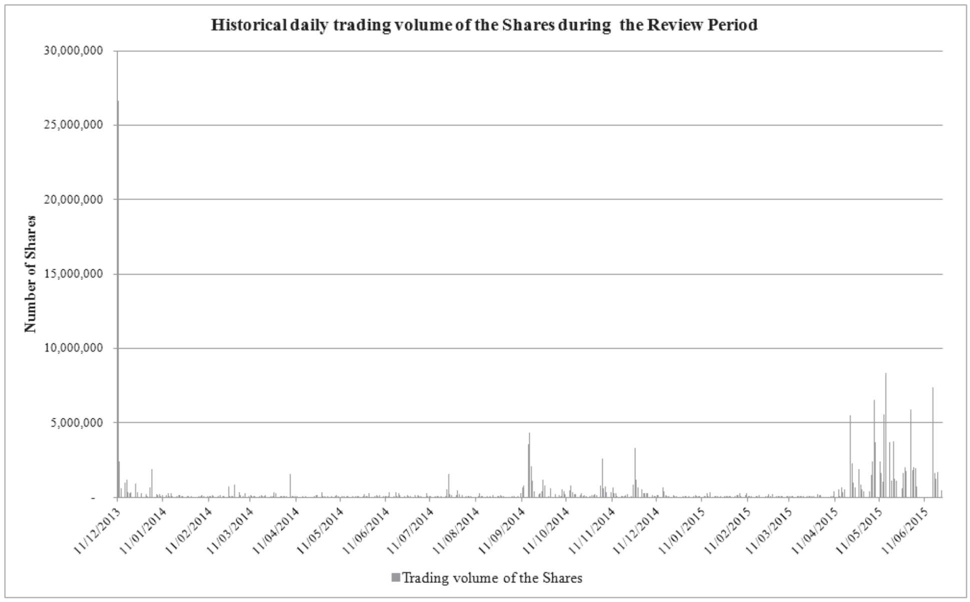
As shown in the chart above, since the listing of the Shares on the Main Board of the Stock Exchange on 11 December 2013 with an IPO price of HK$1.20 per Share, the Share price had remained flat until September 2014. During the Review Period, the highest and lowest closing prices of the Shares were HK$6.76 per Share on 3 June 2015 and HK$0.93 per Share on 28 March 2014 respectively. The Offer Price is within the range of the highest and lowest closing prices, and represents a discount of approximately 52.2% to the highest closing price and a premium of approximately 247.7% over the lowest closing price of the Shares during the Review Period.

During the period between the start of the Review Period and 17 April 2015, being the trading day immediately prior to the commencement of the Offer Period (i.e. the publication of the Initial Announcement), the Shares had been traded below the Offer Price. On 16 September 2014, the Share price reached a new high and closed at HK$1.87 per Share, representing an increase of approximately 23.8% from HK$1.51 per Share on the previous trading day. On 26 November 2014, the Share price experienced another significant jump of approximately 30.9% and reached HK$2.46 per Share. As stated in the announcement of the Company dated 16 September 2014 and 26 November 2014, respectively, the Board was not aware of any reasons for these price movements. The Company issued the interim results announcement for the six months ended 30 September 2014 on 27 November 2014 and there had been no significant movement in the Share price since then and up to 17 April 2015, being the trading day immediately prior to the commencement of the Offer Period. On 17 April 2015, the Share price closed at HK$2.48 per Share and trading in the Shares was then halted pending the issuance of the Initial Announcement on 20 April 2015. On 21 April 2015, being the date following the Initial Announcement, the Share price surged by 25% and closed at HK$3.1 per Share as compared to the previous trading day. On 15 May 2015, being the date following the date of announcement in relation to the entering into of the non-legally binding MOU between the Vendor and the Offeror for the sale and purchase of the Sale Shares, the Share price further increased to HK$4.82 per Share, representing an increase of approximately 28.5% as compared to the previous trading day. The Share price continued to rise and closed at HK$6.5 per Share on 5 June 2015 immediately prior to the suspension of trading of the Shares. On 16 June 2015, after the publication of the Joint Announcement, the Shares resumed trading and closed at HK$6.15 per Share. The Share price then recorded continuous decrease and bottomed at a closing price of HK$3.23 per Share on 8 July 2015 and rebounded quickly with a closing price of HK$6.10 per Share as at the Latest Practicable Date, which is similar to the trend of the market over the same period.

The Offer Price of HK$3.2334 per Offer Share has been, during the period from the listing of the Shares on the Main Board of the Stock Exchange on 11 December 2013 to 5 May 2015 (being a date prior to the entering into of the MOU) and on 8 July 2015, which represented 348 trading days out of 397 trading days during the Review Period, at premium over the closing prices of the Shares. The surge of the Share price after the release of the Initial Announcement and the execution of the MOU was probably attributable to the market reaction to the potential change in control of the Company. Saved as disclosed above, the Board confirmed that they are not aware of any other reason for the surge of the Share price. Nevertheless, the sustainability of the current Share price above the Offer Price could be uncertain given the market reaction after the publication of the Joint Announcement.

(ii) Liquidity of the Shares

Set out below are the charts showing the daily trading volume of the Shares during the Review Period:



Source: Bloomberg

The following table sets out the trading volume of the Shares during the Review Period:

Month/period	Total trading volume for the month/period *(Number of Shares)*	Number of trading days of the Shares *(Note 1)* *(Number of Shares)*	Approximate average daily trading volume for the month/period *(Note 2)*	Approximate percentage of average daily trading volume to total number of Shares in issue as at the Latest Practicable Date *(Note 3)*	Approximate percentage of average daily trading volume to total number of Shares held by public Shareholders as at the Latest Practicable Date *(Note 4)*
2013					
From 11 December 2013 (date of listing of the Shares) to 31 December 2013	34,542,320	13	2,657,102	1.3286%	5.3142%
2014					
January	4,554,681	21	216,890	0.1084%	0.4338%
February	2,466,000	19	129,789	0.0649%	0.2596%
March	2,135,727	21	101,701	0.0509%	0.2034%
April	2,876,197	22	130,736	0.0654%	0.2615%
May	1,213,041	22	55,138	0.0276%	0.1103%
June	1,911,740	21	91,035	0.0455%	0.1821%
July	3,855,879	22	175,267	0.0876%	0.3505%
August	1,213,137	21	57,768	0.0289%	0.1155%
September	16,744,859	21	797,374	0.3987%	1.5947%
October	4,721,473	21	224,832	0.1124%	0.4497%
November	13,145,534	20	657,277	0.3286%	1.3146%
December	3,719,479	21	177,118	0.0886%	0.3542%
2015					
January	1,492,000	21	71,048	0.0355%	0.1421%
February	1,773,438	18	98,524	0.0493%	0.1970%
March	961,296	22	43,695	0.0218%	0.0874%
April	15,620,400	18	867,800	0.4339%	1.7356%
May	50,212,429	19	2,642,759	1.3214%	5.2855%
June	28,101,984	16	1,756,374	0.8782%	3.512%
From 2 July 2015 to the Latest Practicable Date	19,145,228	11	1,740,475	0.8702%	3.4810%

Source: Bloomberg

Notes:

1. Number of trading days of the Shares represents number of trading days during the month/period which excludes any trading day on which trading of the Shares on the Stock Exchange was suspended for the whole trading day.

2. Average daily trading volume is calculated by dividing the total trading volume for the month/period by the number of trading days during the month/period which excludes any trading day on which trading of the Shares on the Stock Exchange was suspended for the whole trading day.

3. Based on 200,000,000 Shares in issue, being the total issued share capital of the Company as at the Latest Practicable Date.

4. Based on 50,000,000 Shares held by public Shareholders as at the Latest Practicable Date.

As illustrated in the table above, the average daily trading volume for the respective month/period during the Review Period ranged from approximately 43,695 Shares to approximately 2,657,102 Shares, representing approximately 0.0218% to 1.3286% of the total number of Shares in issue as at the Latest Practicable Date and approximately 0.0874% to 5.3142% of the total number of Shares held by public Shareholders as at the Latest Practicable Date, respectively. Subsequent to the publication of the Initial Announcement in April 2015, the execution of the MOU in May 2015 and the release of the Joint Announcement in June 2015, the average daily trading volume for these months increased significantly probably due to the market reaction towards the change in control of the Company and the Offer. Save as disclosed above, the Board confirmed that they are not aware of any other reason for the significant increase in the average daily trading volume.

Save for December 2013, May 2015, June 2015 and the period from 2 July 2015 to the Latest Practicable Date, the overall liquidity of the Shares was relatively low during the Review Period. Offer Shareholders who intend to dispose of a significant shareholding of the Company in the market within a short timeframe may not be able to do so without exerting a downward pressure on the market price of the Shares. In such circumstance, the Offer may represent an alternative exit for the Offer Shareholders to realise their investment in the Company. However, should the market price of the Shares exceeds the Offer Price during the Offer Period, and the sale proceeds (net of transaction costs) exceed the net proceeds receivable under the Offer, Offer Shareholders may consider selling their Shares in the open market if they would like to divest the securities of the Company in the short-run and such disposal will not result in a substantial loss in value.

Upon closing of the Offer, if the Offeror and parties acting in concert with it hold more than 75% of the issued Shares, the minimum public float requirement under the Listing Rules will not be satisfied and the trading in the Shares may be suspended. Given that the Offeror already held 75% of the issued Shares as at the Latest Practicable Date, it is likely that the minimum public float requirement will not be complied with upon closing of the Offer. As stated in the "Letter from Kingston Securities" in the Composite Document, the sole director of the Offeror and the new directors to be appointed to the Board have jointly and severally undertaken to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares after closing of the Offer.

6. Comparable analysis

The Group is principally engaged in provision of civil engineering construction works and building construction and maintenance in Hong Kong.

Price-to-earnings ("**P/E**") ratio and price-to-book ("**P/B**") ratio are the two most commonly used benchmarks in valuing a company. Based on the price of HK$3.2334 per Offer Share and the total number of issued Shares of 200,000,000 as at the Latest Practicable Date, the Company is valued at approximately HK$646.7 million. The P/E ratio of the Company implied by the Offer Price (the"**Implied P/E**") is approximately 40.67 times based on the profit attributable to owners of the parent of approximately HK$15.9 million for the year ended 31 March 2015 extracted from the latest annual results announcement of the Company. The P/B ratio of the Company implied by the Offer Price (the "**Implied P/B**") is approximately 2.86 times based on the equity attributable to owners of the parent of approximately HK$226.1 million as at 31 March 2015 extracted from the latest annual results announcement of the Company. As at the Latest Practicable Date, the market capitalisation of the Company is HK$1,220 million.

In assessing the fairness and reasonableness of the Offer Price, we have identified an exhaustive list of companies (the "**Comparable Companies**") which (i) are principally engaged in and generated a majority (i.e. over 50%) of their revenue from civil engineering and construction business in Hong Kong in their respective latest financial year; (ii) have their shares listed on the Main Board of the Stock Exchange; and (iii) have market capitalisation ranging from HK$610 million to HK$1,830 million, being a range of 50% higher or lower than the market capitalisation of approximately HK$1,220 million of the Company as at the Latest Practicable Date. Based on these criteria, we identified 9 Comparable Companies. We consider this sample fair and representative as the Comparable Companies are engaged in the same sector as the Company does and have a majority of revenue derived from Hong Kong. The following table sets out the details of the Comparable Companies:

Company name (stock code)	**Principal activities**	**P/E ratio** *(note 1)* *(times)*	**P/B ratio** *(note 2)* *(times)*	**Market capitalisation as at the Latest Practicable Date** *(HK$ million)*
Vantage International (Holdings) Limited (15)	Provision of construction, civil engineering, maintenance and other contract works in public and private sectors in Hong Kong, property investment and development.	8.05	0.52	1,082.9

Company name (stock code)	**Principal activities**	**P/E ratio** *(note 1)* *(times)*	**P/B ratio** *(note 2)* *(times)*	**Market capitalisation as at the Latest Practicable Date** *(HK$ million)*
Chinney Alliance Group Limited (385)	Trade plastic & chemical products, provide building related contracting services, superstructure construction works, foundation piling & sub-structure construction works, distribute aviation system & hi-tech products, investment holding.	5.02	0.75	713.9
CNQC International Holdings Limited (1240)	Foundation business and machinery rental business in Hong Kong and Macau.	5.71	2.20	810.0
Vision Fame International Holding Limited (1315)	Provision of building construction services; property maintenance services; alterations, renovation, upgrading works and fitting-out works services.	Loss making *(note 3)*	41.56	1,080.0
Nga Chun Holdings Co. Limited (1462)	Provision of building services in Hong Kong.	19.21	3.00	740.0
In Construction Holdings Limited (1500)	Demolition works, site formation works, ground investigation field works and general building works.	9.14	4.46	664.0
New Concepts Holdings Limited (2221)	Foundation, civil engineering and general building works in Hong Kong.	18.59	6.37	992.0
Chun Sing Engineering Holdings Limited (2277)	Foundation and substructure construction business in Hong Kong mainly include excavation and lateral support works, pile caps construction and substructure construction for residential, commercial and infrastructure projects.	23.96	8.63	1,575.9

Company name (stock code)	Principal activities	P/E ratio *(note 1)* *(times)*	P/B ratio *(note 2)* *(times)*	Market capitalisation as at the Latest Practicable Date *(HK$ million)*
Sam Woo Construction Group Limited (3822)	Provision of foundation works and ancillary services.	7.67	3.18	1,680.0
	Overall			
	Maximum	23.96	41.56	
	Minimum	5.02	0.52	
	Average	12.17	7.85	
	Median	8.60	3.18	
The Company	**Provision of civil engineering works and building construction and maintenance.**	**40.67**	**2.86**	

Source: Bloomberg and the website of the Stock Exchange

Notes:

1. The P/E ratios of the Comparable Companies are calculated based on the market capitalisation of the respective Comparable Companies as at the Latest Practicable Date divided by the profit attributable to owners of the respective Comparable Companies as extracted from their respective latest published annual results.

2. The P/B ratios of the Comparable Companies are calculated based on the market capitalisation of the respective Comparable Companies as at the Latest Practicable Date divided by the equity attributable to owners of the respective Comparables as extracted from their respective latest published annual or interim results.

3. Vision Fame International Holding Limited ("**Vision Fame**") recorded a loss for the year ended 31 March 2015. Accordingly, P/E ratio is not applicable for this Comparable Company.

Based on the above table, we observed that:

(i) the P/E ratios of the Comparable Companies ranged from approximately 5.02 times to 23.96 times, with an average of approximately 12.17 times and a median of approximately 8.60 times. The Implied P/E of approximately 40.67 times is above the range of those of the Comparable Companies; and

(ii) the P/B ratios of the Comparable Companies ranged from approximately 0.52 times to 41.56 times, with an average of approximately 7.85 times and a median of approximately 3.18 times. The Implied P/B of approximately 2.86 times is within the range of those of the Comparable Companies and lower than the average and the median of those of the Comparable Companies.

Given the Company and the Comparable Companies (except Vision Fame) are profit-making companies, the valuation of which should be largely based on earning capability rather than net asset backing, we consider that P/E ratios are more relevant to evaluating the Offer. Given the Implied P/E is above the range of those of the Comparable Companies, we consider the Offer Price to be fair and reasonable.

RECOMMENDATION

Having considered the principal factors and reasons discussed above, and in particular the following (which should be read in conjunction with and interpreted in the full context of this letter):

- the Offer Price of HK$3.2334 was at premium over the closing prices of the Shares for the period from the listing of the Shares on the Main Board of the Stock Exchange on 11 December 2013 to 5 May 2015 (being a date prior to the entering into of the MOU) and on 8 July 2015, which represented 348 trading days out of 397 trading days during the Review Period, with approximately 169.5% over the IPO price and a maximum of approximately 247.7% over the closing price of HK$0.93 on 28 March 2014;

- the surge of the Share price after the release of the Initial Announcement and the execution of the MOU probably reflected the market reaction to the potential change in control of the Company but the sustainability of the current Share price above the Offer Price after the publication of the Joint Announcement could be uncertain;

- the trading of the Shares was generally inactive during the Review Period and the Offer may represent an alternative exit for those Offer Shareholders who intend to realise a significant shareholding in the Company;

- it is likely that the minimum public float requirement will not be complied with upon closing of the Offer given that the Offeror already held 75% of the issued Shares as at the Latest Practicable Date, in which the trading in the Shares may be suspended, and the sole director of the Offeror and the new directors to be appointed to the Board have jointly and severally undertaken to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares after closing of the Offer;

- while the Directors consider that the prospect of local civil engineering construction business looks positive, the future business development of the Group are subject to uncertainties and challenges; and

- the Implied P/E is above the range of those of the Comparable Companies,

we consider that the Offer is fair and reasonable so far as the Offer Shareholders are concerned. Accordingly, we advise the Independent Board Committee to recommend the Offer Shareholders to accept the Offer.

Offer Shareholders who would like to realise part or all of their investments in the Company are reminded to closely monitor the market prices and liquidity of the Shares during the Offer Period. Should the market price of the Shares exceeds the Offer Price during the Offer Period, as the case was as at the Latest Practicable Date, and the sale proceeds (net of transaction costs) exceed the net proceeds receivable under the Offer, the Offer Shareholders may consider not accepting the Offer and sell their Shares in the open market. For those Offer Shareholders who may not be able to realise a higher return from selling their Shares in the open market, they are recommended to accept the Offer which provides a reasonable alternative exit to realise their investments in the Company.

Your faithfully,
For and on behalf of
Quam Capital Limited
Gary Mui
Deputy Chief Executive Officer

Mr. Gary Mui is a licensed person registered with the Securities and Futures Commission and a responsible officer of Quam Capital Limited to carry out Type 6 (advising on corporate finance) regulated activity under the SFO. He has over 15 years of experience in the finance and investment banking industry.

1. PROCEDURES FOR ACCEPTANCE OF THE OFFER

To accept the Offer, you should complete and sign the Form of Acceptance in accordance with the instructions printed thereon, which instructions form part of the Offer.

(a) If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are in your name, and you wish to accept the Offer, you must send the Form of Acceptance duly completed and signed together with the relevant share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) to the Registrar, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, by post or by hand, marked "Excel Development (Holdings) Limited Offer" on the envelope, as soon as possible and in any event not later than 4:00 p.m. on the Closing Date or such later time and/or date as the Offeror may determine and announce in accordance with the Takeovers Code.

(b) If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are in the name of a nominee company or a name other than your own, and you wish to accept the Offer whether in full or in part of your Shares, you must either:

   (i) lodge your share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) with the nominee company, or other nominee, with instructions authorising it to accept the Offer on your behalf and requesting it to deliver in an envelope marked "Excel Development (Holdings) Limited Offer" the duly completed and signed Form of Acceptance together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) to the Registrar; or

   (ii) arrange for the Shares to be registered in your name by the Company through the Registrar, and deliver in an envelope marked "Excel Development (Holdings) Limited Offer" the duly completed and signed Form of Acceptance together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) to the Registrar; or

   (iii) if your Shares have been lodged with your licensed securities dealer/ registered institution in securities/custodian bank through CCASS, instruct your licensed securities dealer/registered institution in securities/custodian bank to authorise HKSCC Nominees Limited to accept the Offer on your behalf on or before the deadline set by HKSCC Nominees Limited. In order to meet the deadline set by HKSCC Nominees Limited, you should check with your licensed securities dealer/registered institution in securities/custodian bank for the timing on the processing of your instruction, and submit your instruction to your licensed securities dealer/registered institution in securities/custodian bank as required by them; or

(iv) if your Shares have been lodged with your investor participant's account maintained with CCASS, authorise your instruction via the CCASS Phone System or CCASS Internet System on or before the deadline set by HKSCC Nominees Limited.

(c) If the share certificate(s) and/or transfer receipts and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are not readily available and/or is/are lost and you wish to accept the Offer in respect of your Shares, the Form of Acceptance should nevertheless be duly completed and signed and delivered in an envelope marked "Excel Development (Holdings) Limited Offer" to the Registrar together with a letter stating that you have lost one or more of your share certificate(s) and/or transfer receipts and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) or that it/they is/are not readily available. If you find such document(s) or if it/they become(s) available, it/they should be forwarded to the Registrar as soon as possible thereafter. If you have lost your share certificate(s), you should also write to the Registrar for a letter of indemnity which, when completed in accordance with the instructions given, should be returned to the Registrar.

(d) If you have lodged transfer(s) of any of your Shares for registration in your name and have not yet received your share certificate(s), and you wish to accept the Offer in respect of your Shares, you should nevertheless complete and sign the Form of Acceptance and deliver it in an envelope marked "Excel Development (Holdings) Limited Offer" to the Registrar together with the transfer receipt(s) duly signed by yourself. Such action will be deemed to be an irrevocable instruction and authority to each of Kingston Securities and/or the Offeror and/or any of their respective agent(s) to collect from the Company or the Registrar on your behalf the relevant share certificate(s) when issued and to deliver such certificate(s) to the Registrar and to authorise and instruct the Registrar to hold such share certificate(s), subject to the terms and conditions of the Offer, as if it was/they were delivered to the Registrar with the Form of Acceptance.

(e) Acceptance of the Offer will be treated as valid only if the duly completed and signed Form of Acceptance is received by the Registrar by no later than 4:00 p.m. on the Closing Date or such later time and/or date as the Offeror may determine and announce in accordance with the Takeovers Code and the Registrar has recorded that the Form of Acceptance and any relevant documents required have been so received, and is:

(i) accompanied by the relevant share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and, if those Share certificate(s) is/are not in your name, such other documents (e.g. a duly stamped transfer of the relevant Share(s) in blank or in your favour executed by the registered holder) in order to establish your right to become the registered holder of the relevant Shares; or

(ii) from a registered Shareholder or his personal representative (but only up to the amount of the registered holding and only to the extent that the acceptance relates to the Shares which are not taken into account under the other subparagraph of this paragraph (e)); or

(iii) certified by the Registrar or the Stock Exchange. If the Form of Acceptance is executed by a person other than the registered Shareholder, appropriate documentary evidence of authority (such as grant of probate or certified copy of power of attorney) to the satisfaction of the Registrar must be produced.

(f) **Hong Kong stamp duty**

Seller's ad valorem stamp duty arising in connection with acceptance of the Offer amounting to 0.1% of the amount payable in respect of relevant acceptances by the Offer Shareholders, or (if higher) the value of the Shares as determined by the Collector of Stamp Revenue under the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong), will be deducted from the cash amount payable to the Offer Shareholders who accept the Offer. The Offeror will bear its own portion of buyer's Hong Kong ad valorem stamp duty at the rate of 0.1% of the amount payable in respect of the relevant acceptance, or (if higher) the value of the Shares as determined by the Collector of Stamp Revenue under the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong), and would be responsible to account to the Stamp Office of Hong Kong for stamp duty payable for the sale and purchase of the Shares which are validly tendered for acceptance under the Offer.

(g) No acknowledgement of receipt of any Form of Acceptance, share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) will be given.

(h) The address of the Registrar, Tricor Investor Services Limited, is Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong.

2. SETTLEMENT

(a) Provided that a valid Form of Acceptance and the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) have been received by the Registrar no later than the latest time for acceptance, a cheque for the amount due to each accepting Offer Shareholder, less the seller's ad valorem stamp duty payable by him/her/it, will be despatched to such Offer Shareholder by ordinary post at his/her/its own risk as soon as possible but in any event within seven (7) Business Days of the date on which all the relevant documents are received by the Registrar to render such acceptance complete and valid and in accordance with the Takeovers Code.

(b) Settlement of the consideration to which any Offer Shareholders are entitled under the Offer will be implemented in full in accordance with the terms of the Offer (save with respect of the payment of seller's ad valorem stamp duty), without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against such Offer Shareholders.

3. ACCEPTANCE PERIOD AND REVISIONS

(a) Unless the Offer has previously been revised or extended with the consent of the Executive, all acceptances of the Offer must be received by the Registrar (as regards the Offer) by 4:00 p.m. on Monday, 10 August 2015, being the Closing Date. The Offer is unconditional.

(b) If the Offer is extended or revised, the announcement of such extension or revision shall state the next Closing Date or that the Offer will remain open until further notice. For the latter case, at least 14 days' notice in writing will be given to the Offer Shareholders who have not accepted the Offer before the Offer is closed, and an announcement in respect thereof shall be released. If the Offeror revises the terms of the Offer, all Offer Shareholders, whether or not they have already accepted the Offer, will be entitled to accept the revised Offer under the revised terms.

(c) If the Closing Date is extended, any reference in this Composite Document and in the Form of Acceptance to the Closing Date shall, except where the context otherwise requires, be deemed to refer to the Closing Date so extended.

4. NOMINEE REGISTRATION

To ensure equality of treatment of all Offer Shareholders, those registered Offer Shareholders who hold the Shares as nominees for more than one beneficial owner should, as far as practicable, treat the holding of each beneficial owner separately. It is essential for the beneficial owners of the Shares whose investments are registered in the names of nominees to provide instructions to their nominees of their intentions with regard to the Offer.

5. ANNOUNCEMENTS

(a) By 6:00 p.m. on Monday, 10 August 2015 (or such later time and/or date as the Executive may in exceptional circumstances permit) which is the Closing Date, the Offeror must inform the Executive and the Stock Exchange of its decision in relation to the expiry, revision or extension of the Offer. The Offeror must post an announcement on the Stock Exchange's website by 7:00 p.m. on the Closing Date stating the results of the Offer and whether the Offer has been revised or extended. The announcement must state the total number of Shares and rights over Shares:

(i) for which acceptances of the Offer have been received;

(ii) held, controlled or directed by the Offeror or persons acting in concert with it before the Offer Period; and

(iii) acquired or agreed to be acquired during the Offer Period by the Offeror or persons acting in concert with it. The announcement must also include details of any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company which the Offeror or any person acting in concert with it has borrowed or lent (save for any borrowed Shares which have been either lent or sold) and specify the percentages of the issued share capital of the Company and the percentages of voting rights of the Company represented by these numbers.

(b) In computing the total number of Shares represented by acceptances, only valid acceptances that have been received by the Registrar no later than 4:00 p.m. of the Closing Date shall be included.

(c) As required under the Takeovers Code, all announcements in respect of the Offer must be made in accordance with the requirements of the Takeovers Code and the Listing Rules.

6. RIGHT OF WITHDRAWAL

(a) Acceptance of the Offer tendered by any Offer Shareholders shall be irrevocable and cannot be withdrawn, except in the circumstances set out below.

(b) If the Offeror is unable to comply with the requirements set out in the paragraph headed "Announcements" above, as set out in Rule 19.2 of the Takeovers Code, the Executive may require that the Offer Shareholders who have tendered acceptances to the Offer be granted a right of withdrawal on terms that are acceptable to the Executive until the requirements set out in that rule are met. In such case, if the Offer Shareholders withdraw their acceptances, the Offeror or

Registrar (as the case may be) shall, as soon as possible but in any event within 10 days thereof, return by ordinary post the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of the Shares lodged with the Form of Acceptance to the relevant Offer Shareholders.

7. OVERSEAS SHAREHOLDERS

(a) The Offer is made available to all Offer Shareholders, including Overseas Shareholders. The Overseas Shareholders who wish to participate in the Offer are subject to, and may be affected by the laws and regulations of the relevant jurisdiction in which they are resident. Overseas Shareholders who are citizens, residents or nationals of a jurisdiction outside Hong Kong should observe any applicable legal or regulatory requirements and, where necessary, consult their professional advisers.

(b) It is the sole responsibility of the Overseas Shareholders who wish to accept the Offer to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection with the acceptance of the Offer (including the obtaining of any governmental or other consent which may be required or the compliance with other necessary formalities and the payment of any transfer or other taxes due by such Overseas Shareholders in respect of such jurisdictions).

(c) Any acceptance by any Overseas Shareholders will be deemed to constitute a representation and warranty from such Overseas Shareholders that the local laws and requirements have been complied with.

8. GENERAL

(a) All communications, notices, Form of Acceptance, share certificates, transfer receipts, other documents of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and remittances to settle the consideration payable under the Offer to be delivered by or sent to or from the Offer Shareholders will be delivered by or sent to or from them, or their designated agents by post at their own risk, and the Offeror, its ultimate beneficial owners and parties acting in concert with any of them, the Company, Kingston Corporate Finance, Kingston Securities, the Independent Financial Adviser, the Registrar or the company secretary of the Company, any of their respective directors and professional advisers and any other parties involved in the Offer and any of their respective agents do not accept any liability for any loss or delay in postage or any other liabilities that may arise as a result thereof.

(b) The provisions set out in the Form of Acceptance form part of the terms of the Offer.

(c) The accidental omission to despatch this Composite Document and/or Form of Acceptance or any of them to any person to whom the Offer is made will not invalidate the Offer in any way.

(d) The Offer is, and all acceptances will be, governed by and construed in accordance with the laws of Hong Kong.

(e) Due execution of the Form of Acceptance will constitute an authority to the Offeror, Kingston Corporate Finance, Kingston Securities and/or such person or persons as the Offeror may direct to complete, amend and execute any document on behalf of the person or persons accepting the Offer and to do any other act that may be necessary or expedient for the purposes of vesting in the Offeror, or such person or persons as it may direct, the Shares in respect of which such person or persons has/have accepted the Offer.

(f) Acceptance of the Offer by any person or persons will be deemed to constitute a warranty by such person or persons to the Offeror and the Company that the Shares under the Offer is free from all liens, charges, options, claims, equities, adverse interests, third party rights or encumbrances whatsoever and together with all rights accruing or attaching thereto including the rights to receive in full all dividends and distributions recommended, declared, made or paid on or after the date on which the Offer is made. For avoidance of doubt, those Offer Shareholders who have tendered their acceptances to the Offer will not be entitled to receive the Special Cash Dividend.

(g) References to the Offer in this Composite Document and the Form of Acceptance shall include any revision and/or extension thereof.

(h) The making of the Offer to the Overseas Shareholders may be prohibited or affected by the laws of the relevant jurisdictions. The Overseas Shareholders should inform themselves about and observe any applicable legal or regulatory requirements. It is the responsibility of each Overseas Shareholder who wishes to accept the Offer to satisfy himself/herself/itself as to the full observance of the laws and regulations of all relevant jurisdictions in connection therewith, including, but not limited to the obtaining of any governmental, exchange control or other consents and any registration or filing which may be required and the compliance with all necessary formalities, regulatory and/or legal requirements. Such Overseas Shareholders shall be fully responsible for the payment of any transfer or other taxes and duties due by such Overseas Shareholders in respect of the relevant jurisdictions. The Overseas Shareholders are recommended to seek professional advice on deciding whether or not to accept the Offer.

(i) Acceptances of the Offer by any persons will be deemed to constitute a warranty by such persons that such persons are permitted under all applicable laws and regulations to receive and accept the Offer, and any revision thereof, and such acceptances shall be valid and binding in accordance with all applicable laws and regulations. Any such persons will be responsible for any such issue, transfer and other applicable taxes or other governmental payments payable by such persons.

(j) Subject to the Takeovers Code, the Offeror reserves the right to notify any matter (including the making of the Offer) to all or any Offer Shareholders with registered address(es) outside Hong Kong or whom the Offeror, Kingston Corporate Finance or Kingston Securities knows to be nominees, trustees or custodians for such persons by announcement in which case such notice shall be deemed to have been sufficiently given notwithstanding any failure by any such Offer Shareholders to receive or see such notice, and all references in this Composite Document to notice in writing shall be construed accordingly.

(k) In making their decision, the Offer Shareholders must rely on their own examination of the Offeror, the Group and the terms of the Offer, including the merits and risks involved. The contents of this Composite Document, including any general advice or recommendation contained herein together with the Form of Acceptance shall not be construed as any legal or business advice on the part of the Offeror, its beneficial owners, the Company, Kingston Corporate Finance, Kingston Securities or the Independent Financial Adviser or their respective professional advisers. The Offer Shareholders should consult their own professional advisers for professional advice.

(l) The English texts of this Composite Document and the Form of Acceptance shall prevail over their respective Chinese texts for the purpose of interpretation in case of inconsistency.

I. SUMMARY OF FINANCIAL RESULTS FOR THE THREE YEARS ENDED 31 MARCH 2015

The following is a summary of the consolidated financial information of the Group for the three years ended 31 March 2013, 2014 and 2015, as extracted from the annual results announcement of the Company for the year ended 31 March 2015 and the annual report of the Company for the year ended 31 March 2014.

	Year ended 31 March		
	2015	**2014**	**2013**
	HK$'000	*HK$'000*	*HK$'000*
RESULTS			
Revenue	702,856	1,477,332	984,296
Profit before tax	19,052	36,034	47,941
Income tax expense	(3,178)	(7,638)	(7,875)
Profit and total comprehensive income for the year	15,874	28,396	40,066
Profit and total comprehensive income attributable to owners of the parent	15,874	28,396	40,066
Earnings per share attributable to owners of the parent			
Basic and diluted *(HK cents)*	7.9	17.2	26.7

	As at 31 March		
	2015	**2014**	**2013**
	HK$'000	*HK$'000*	*HK$'000*
ASSETS AND LIABILITIES			
Total assets	376,040	460,726	629,531
Total liabilities	(149,913)	(250,473)	(485,082)
Total equity	226,127	210,253	144,449

Notes:

1. No qualified opinion in respect of the audit of the Group for the three years ended 31 March 2013, 2014 and 2015 has been issued by the auditors of the Company.

2. No exceptional items because of their size, nature or incidences were recognised in the above accounts for the three years ended 31 March 2013, 2014 and 2015.

II. LATEST PUBLISHED FINANCIAL INFORMATION

Set out below are the latest published consolidated financial information of the Group for the two years ended 31 March 2015 and 2014 respectively together with the accompanying notes relating thereto and the comparative figures, for the two years ended 31 March 2015 and 2014 as extracted from the annual results announcement of the Company for the year ended 31 March 2015 and the annual report of the Company for the year ended 31 March 2014 respectively.

(A) FINANCIAL INFORMATION FOR THE YEAR ENDED 31 MARCH 2015

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2015

	Notes	**2015** *HK$'000*	**2014** *HK$'000*
REVENUE	6	702,856	1,477,332
Contract costs		(662,053)	(1,417,169)
Gross profit		40,803	60,163
Other income and gains	6	3,163	7,481
Administrative expenses		(24,875)	(31,414)
Finance costs	7	(39)	(196)
Profit before tax	8	19,052	36,034
Income tax expense	9	(3,178)	(7,638)
Profit and total comprehensive income for the year		15,874	28,396
Profit and total comprehensive income attributable to owners of the parent		15,874	28,396
Earnings per share attributable to owners of the parent			
Basic and diluted *(HK cents)*	11	7.9	17.2

Details of dividend for the year are disclosed in note 10.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 March 2015

	Notes	2015 HK$'000	2014 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		2,194	104
Investment properties		800	600
Interest in a joint venture		—	—
Total non-current assets		2,994	704
CURRENT ASSETS			
Gross amount due from customers for contract works		31,028	79,978
Accounts receivable	12	177,789	181,747
Tax recoverable		4,494	310
Prepayments, deposits and other receivables		16,042	31,433
Cash and cash equivalents		143,693	166,554
Total current assets		373,046	460,022
CURRENT LIABILITIES			
Accounts payable	13	101,464	235,532
Accruals of costs for contract works		45,237	11,790
Other payables and accruals		3,204	3,146
Total current liabilities		149,905	250,468
Net current assets		223,141	209,554
Total assets less current liabilities		226,135	210,258
NON-CURRENT LIABILITIES			
Deferred tax liabilities		8	5
Net assets		226,127	210,253
EQUITY			
Equity attributable to owners of the parent			
Issued capital		2,000	2,000
Reserves		224,127	208,253
Total equity		226,127	210,253

NOTES

1. CORPORATE INFORMATION

Excel Development (Holdings) Limited (the "Company") is an exempted company with limited liability incorporated in the Cayman Islands. The registered office of the Company is located at 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.

During the year, the Company and its subsidiaries (collectively referred to as the "Group") were principally engaged in civil engineering works and building construction and maintenance.

As at 31 March 2015. Profit Chain Investments Limited ("Profit Chain"), a company incorporated in the British Virgin Islands ("BVI"), was 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 of Hong Kong Limited (the "Stock Exchange"), was the intermediate holding company of the Company; and the ultimate holding company of the Company was Winhale Ltd., a company incorporated in the BVI.

Subsequent to the reporting period, on 5 June 2015, Vantage has disposed of its entire shareholding in the Company to Youth Force Asia Ltd. ("Youth Force"), a company incorporated in the BVI. Youth Force became the immediate and ultimate holding company of the Company since then.

Vantage and its subsidiaries, but excluding the Group, are hereafter collectively referred to as the "Retained Vantage Group".

2.1 BASIS OF PREPARATION

These financial statements have been prepared 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 ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance which, because the Company has not early adopted the revised disclosure provisions of the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange, are those of the predecessor Hong Kong Companies Ordinance (Cap. 32). They have been prepared under the historical cost convention, except for investment properties, which have been measured at fair value. These financial statements are presented in Hong Kong dollars ("HK$") and all values are rounded to the nearest thousand ("HK$'000") except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 March 2015. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved 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., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicated that there are changes to one or more of the three elements of control described above. 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, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised standards and new interpretation for the first time for the current year's financial statements.

Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011)	*Investment Entities*
Amendments to HKAS 32	*Offsetting Financial Assets and Financial Liabilities*
Amendments to HKAS 39	*Novation of Derivatives and Continuation of Hedge Accounting*
HK(IFRIC) — Int 21	*Levies*
Amendments to HKFRS 2 Included in *Annual Improvements 2010–2012 Cycle*	*Definition of Vesting Condition*[1]
Amendments to HKFRS 3 Included in *Annual Improvements 2010–2012 Cycle*	*Accounting for Contingent Consideration in a Business Combination*[1]
Amendments to HKFRS 13 Included in *Annual Improvements 2010–2012 Cycle*	*Short-term Receivables and Payables*
Amendments to HKFRS 1 Included in *Annual Improvements 2011–2013 Cycle*	*Meaning of Effective HKFRSs*

1 Effective from 1 July 2014

The adoption of the revised standards and new interpretation has had no significant financial effect on these financial statements.

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 these financial statements.

HKFRS 9	*Financial Instruments*[4]
Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[2]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	*Investment Entities: Applying the Consolidation Exception*[2]
Amendments to HKFRS 11	*Accounting for Acquisitions of Interests in Joint Operations*[2]
HKFRS 14	*Regulatory Deferral Accounts*[5]
HKFRS 15	*Revenue from Contracts with Customers*[3]
Amendments to HKAS 1	*Disclosure Initiative*[2]
Amendments to HKAS 16 and HKAS 38	*Clarification of Acceptable Methods of Depreciation and Amortisation*[2]
Amendments to HKAS 16 and HKAS 41	*Agriculture: Bearer Plants*[2]
Amendments to HKAS 19	*Defined Benefit Plans: Employee Contributions*[1]
Amendments to HKAS 27 (2011)	*Equity Method in Separate Financial Statements*[2]
Annual Improvements 2010–2012 Cycle	Amendments to a number of HKFRSs[1]
Annual Improvements 2011–2013 Cycle	Amendments to a number of HKFRSs[1]
Annual Improvements 2012–2014 Cycle	Amendments to a number of HKFRSs[2]

1 Effective for annual periods beginning on or after 1 July 2014
2 Effective for annual periods beginning on or after 1 January 2016
3 Effective for annual periods beginning on or after 1 January 2017
4 Effective for annual periods beginning on or after 1 January 2018
5 Effective for an entity that first adopts HKFRSs for its annual financial statements beginning on or after 1 January 2016 and therefore is not applicable to the Group

The directors of the Company anticipate that the new and revised HKFRSs that are not yet effective are unlikely to have a significant impact on the Group's results of operations and financial position.

4. SIGNIFICANT ACCOUNTING ESTIMATES

The preparation of the Group's financial statements 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 reporting 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 reporting 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

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 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 reporting 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 reporting 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 of disposal and its value in use. The calculation of the fair value less costs of disposal 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

Investment properties are revalued at the end of each reporting 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 the reporting period are used.

5. SEGMENT INFORMATION

For management purposes, the Group has only one reportable operating segment, which is civil engineering works and building construction and maintenance. 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 year, and the non-current assets of the Group were located in Hong Kong as at 31 March 2015 and 2014.

6. 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 the revenue, other income and gains is as follows:

	2015	2014
	HK$'000	*HK$'000*
Revenue		
Contract revenue	702,856	1,477,332
Other income and gains		
Interest income	85	287
Consultancy fee income	1,200	1,200
Rental income	1,400	—
Management fee income	—	5,531
Government subsidies*	73	140
Gain on disposal of items of property, plant and equipment	72	161
Gain on changes in fair value of investment properties	200	—
Sundry income	133	162
	3,163	7,481

* Subsidies have been received from the Hong Kong Vocational Training Council and the Construction Industry Council, institutions established by the Hong Kong Special Administrative Region Government ("Government"), for providing on-the-job training for graduate engineers and trainers, respectively. There are no unfulfilled conditions or contingencies relating to these subsidies.

7. FINANCE COSTS

	2015	2014
	HK$'000	*HK$'000*
Interest on bank loans and overdrafts wholly repayable within five years	39	196

8. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging:

	2015	2014
	HK$'000	*HK$'000*
Depreciation	204	266
Auditors' remuneration	1,260	1,200
Employee benefits expense (exclusive of directors' remuneration):		
Wages and salaries	30,690	35,434
Pension scheme contributions (defined contribution schemes)	1,140	1,327
	31,830	36,761
Directors' remuneration:		
Fees	576	192
Other emoluments:		
Salaries, allowances and benefits in kind	3,465	3,277
Discretionary performance-related bonuses	3,850	4,661
Pension scheme contributions (defined contribution schemes)	120	120
	7,435	8,058
	8,011	8,250
Minimum lease payments under operating leases:		
Land and buildings	2,348	2,515
Equipment	177	196
	2,525	2,711

9. INCOME TAX

Pursuant to the rules and regulations of the Cayman Islands and the BVI, the Group is not subject to any income tax in the Cayman Islands and the BVI. Hong Kong profits tax has been provided at the rate of 16.5% (2014: 16.5%) on the estimated assessable profits arising in Hong Kong during the year.

	2015	2014
	HK$'000	*HK$'000*
Current — Hong Kong:		
Charge for the year	3,172	7,663
Underprovision/(Overprovision) in prior years	3	(17)
Deferred	3	(8)
Total tax charge for the year	3,178	7,638

10. DIVIDEND

The directors do not recommend the payment of any interim and final dividend in respect of the year (2014: Nil).

Pursuant to the reorganisation of the Company in connection with the listing of shares of the Company on the Main Board of the Stock Exchange (the "Reorganisation"), the Company became the holding company of the companies now comprising the Group on 21 November 2013. On 21 November 2013 and before the completion of the Reorganisation, Great Jump Enterprises Limited, a subsidiary of the Company, declared a special dividend of HK$60,000,000 to the then shareholder, Profit Chain. Such special dividend was paid in December 2013.

Subsequent to the end of the reporting period, on 5 June 2015, the directors recommended the declaration and payment of a special cash dividend of HK$50,000,000, representing HK$0.25 per ordinary share in the issued share capital of the Company, out of the share premium account of the Company. The special cash dividend is subject to the approval of the Company's shareholders at the forthcoming extraordinary general meeting.

11. EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE PARENT

The calculation of basic earnings per share for the year ended 31 March 2015 is based on the profit for the year attributable to owners of the parent HK$15,874,000 (2014: HK$28,396,000) and the weighted average number of ordinary shares of 200,000,000 (2014: 165,068,493) in issue during the year.

The weighted average number of ordinary shares used to calculate the basic earnings per share amount for the year ended 31 March 2014 includes the one ordinary share of the Company issued upon incorporation, the 49,999,999 new ordinary shares issued pursuant to the Reorganisation, and the 100,000,000 new ordinary shares issued pursuant to the capitalisation issue, as if all these shares had been in issue throughout the year ended 31 March 2014, and the weighted average of 50,000,000 new ordinary shares issued in connection with the listing of the ordinary shares of the Company on the Stock Exchange.

No adjustment has been made to the basic earnings per share amounts presented for the years ended 31 March 2015 and 2014 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during the years.

12. ACCOUNTS RECEIVABLE

Accounts receivable represented receivables for contract works. The payment terms of contract works 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.

As at 31 March 2015, retentions receivable included in accounts receivable amounted to HK$120,041,000 (2014: HK$118,505,000) 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:

	2015	**2014**
	HK$'000	*HK$'000*
Past due but not impaired:		
One to three months past due	8,330	2,696
Four to six months past due	209	2
Over six months past due	2	83
	8,541	2,781
Neither past due nor impaired	169,248	178,966
	177,789	181,747

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 2015, the aggregate amounts of accounts receivable pledged to secure the Group's banking facilities amounted to HK$86,161,000 (2014: HK$92,558,000).

13. ACCOUNTS PAYABLE

An ageing analysis of accounts payable as at the end of each reporting period, based on the invoice date, is as follows:

	2015	**2014**
	HK$'000	*HK$'000*
Current to 3 months	97,908	235,246
4 to 6 months	3,383	63
Over 6 months	173	223
	101,464	235,532

As at 31 March 2015, retentions payable included in accounts payable amounted to HK$63,608,000 (2014: HK$120,896,000), 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.

14. CONTINGENT LIABILITIES

(a) As at 31 March 2015, the guarantees given by the Group to certain banks in respect of performance bonds in favour of certain contract customers amounted to HK$23,055,000 (2014: HK$29,911,000).

As at 31 March 2015, the Company and the Group have given guarantees in favour of certain banks to the extent of HK$189,000,000 (2014: HK$164,000,000) in respect of banking facilities granted by those banks to a subsidiary of the Company which was not utilised.

As at 31 March 2015, the Company had given unlimited performance guarantees in favour of a customer for contract work (the "Contract Customer") 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 the Group and the Contract Customer.

(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 subcontractors 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.

(B) AUDITED CONSOLIDATED FINANCIAL INFORMATION FOR THE YEAR ENDED 31 MARCH 2014

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 March 2014

	Notes	2014 HK$'000	2013 HK$'000
REVENUE	5	1,477,332	984,296
Contract costs		(1,417,169)	(928,785)
Gross profit		60,163	55,511
Other income and gains	5	7,481	16,973
Administrative expenses		(31,414)	(22,678)
Finance costs	6	(196)	(1,865)
PROFIT BEFORE TAX	7	36,034	47,941
Income tax expense	10	(7,638)	(7,875)
PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR		28,396	40,066
Profit and total comprehensive income attributable to owners of the parent	11	28,396	40,066
EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE PARENT			
Basic and diluted *(HK cents)*	13	17.2	26.7

Details of dividend for the year are disclosed in note 12 to the financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 March 2014

	Notes	2014 HK$'000	2013 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	14	104	364
Investment properties	15	600	600
Interest in a joint venture	17	—	—
Total non-current assets		704	964
CURRENT ASSETS			
Gross amount due from customers for contract works	18	79,978	85,557
Accounts receivable	19	181,747	227,177
Tax recoverable		310	—
Prepayments, deposits and other receivables	20	31,433	186,008
Cash and cash equivalents	21	166,554	129,825
Total current assets		460,022	628,567
CURRENT LIABILITIES			
Accounts payable	22	235,532	342,687
Accruals of costs for contract works		11,790	5,390
Tax payable		—	2,357
Other payables and accruals	23	3,146	55,999
Interest-bearing bank loans	24	—	78,636
Total current liabilities		250,468	485,069
NET CURRENT ASSETS		209,554	143,498
TOTAL ASSETS LESS CURRENT LIABILITIES		210,258	144,462
NON-CURRENT LIABILITIES			
Deferred tax liabilities	25	5	13
Net assets		210,253	144,449
EQUITY			
Equity attributable to owners of the parent			
Issued capital	26	2,000	—
Reserves	27(a)	208,253	144,449
Total equity		210,253	144,449

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2014

	Attributable to owners of the parent				
	Issued capital	**Share premium**	**Merger reserve**	**Retained profits**	**Total equity**
	HK$'000	*HK$'000*	*HK$'000 (note 27(b))*	*HK$'000*	*HK$'000*
At 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 year	—	—	—	28,396	28,396
Special dividend *(note 12)*	—	—	—	(60,000)	(60,000)
Issue of new shares pursuant to the Reorganisation *(note 26(b))*	500	45,501	(78)	—	45,923
Capitalisation Issue *(note 26(c))*	1,000	(1,000)	—	—	—
Issue of new shares pursuant to the Share Offer *(note 26(d))*	500	59,500	—	—	60,000
Share issue expenses	—	(8,515)	—	—	(8,515)
At 31 March 2014	2,000	95,486*	—*	112,767*	210,253

* These reserve accounts comprise the consolidated reserves of HK$208,253,000 (2013: HK$144,449,000) in the consolidated statement of financial position.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 March 2014

	Notes	2014 HK$'000	2013 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		36,034	47,941
Adjustments for:			
Finance costs	6	196	1,865
Interest income	5	(287)	(2,056)
Depreciation	7	266	596
Gain on disposal of items of property, plant and equipment	5	(161)	—
Gain on changes in fair value of investment properties	5	—	(40)
		36,048	48,306
(Increase)/decrease in the gross amount due from customers for contract works		5,579	(48,239)
(Increase)/decrease in accounts receivable		45,430	(100,394)
(Increase)/decrease in prepayments, deposits and other receivables		7,997	(15,375)
Increase/(decrease) in accounts payable		(107,155)	104,581
Increase/(decrease) in accruals of costs for contract works		6,400	(16,649)
Increase in other payables and accruals		913	190
Increase/(decrease) in an amount due to Vantage		(7,809)	1,513
Cash used in operations		(12,597)	(26,067)
Interest received		133	137
Interest paid		(230)	(1,831)
Hong Kong profits tax paid		(10,313)	(7,471)
Net cash flows used in operating activities		(23,007)	(35,232)

	Notes	2014 HK$'000	2013 HK$'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Addition of items of property, plant and equipment	14	(21)	(17)
Proceeds from disposal of items of property, plant and equipment		176	—
(Increase)/decrease in an amount due from the Retained Vantage Group, net		146,732	(72,773)
Repayment of a loan from the Retained Vantage Group		—	27,000
Net cash flows from/(used in) investing activities		146,887	(45,790)
CASH FLOWS FROM FINANCING ACTIVITIES			
New interest-bearing bank loans		2,369	329,553
Repayment of interest-bearing bank loans		(81,005)	(269,653)
Dividend paid to the Retained Vantage Group		(60,000)	—
Proceeds from issue of shares		60,000	—
Share issue expenses	27(c)	(8,515)	—
Net cash flows from/(used in) financing activities		(87,151)	59,900
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		36,729	(21,122)
Cash and cash equivalents at beginning of year		129,825	150,947
CASH AND CASH EQUIVALENTS AT END OF YEAR		166,554	129,825
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	21	156,470	104,755
Non-pledged time deposits with original maturity of less than three months when acquired	21	10,084	25,070
		166,554	129,825

STATEMENT OF FINANCIAL POSITION
31 March 2014

	Notes	2014 HK$'000	2013 HK$'000
NON-CURRENT ASSETS			
Investment in a subsidiary	16	—	—
CURRENT ASSETS			
Prepayments	20	160	—
Due from subsidiaries	16	86,634	—
Cash and cash equivalents	21	416	—
Total current assets		87,210	—
CURRENT LIABILITIES			
Other payables and accruals	23	337	—
Due to a subsidiary	16	—	88
Total current liabilities		337	88
NET CURRENT ASSETS/(LIABILITIES)		86,873	(88)
Net assets/(liabilities)		86,873	(88)
EQUITY/(DEFICIENCY IN ASSETS)			
Issued capital	26	2,000	—
Reserves	27(c)	84,873	(88)
Total equity/(deficiency in assets)		86,873	(88)

NOTES TO FINANCIAL STATEMENTS

31 March 2014

1. CORPORATE INFORMATION

Excel Development (Holdings) Limited (the "Company") is an exempted company with limited liability incorporated in the Cayman Islands. The registered office of the Company is located at 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 shares of the Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 11 December 2013 (the "Listing Date").

During the year, the Company and its subsidiaries (collectively referred to as the "Group") were principally engaged in civil engineering works and building construction and maintenance.

Pursuant to the reorganisation of the Company in connection with the listing of the shares of the Company on the Stock Exchange (the "Reorganisation"), the Company became the holding company of the companies now comprising the Group on 21 November 2013. Details of the Reorganisation are set out in the section headed "History and Development" in the prospectus of the Company dated 28 November 2013 (the "Prospectus").

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.

Vantage and its subsidiaries, but excluding the Group, are hereafter collectively referred to as the "Retained Vantage Group".

2.1 BASIS OF PRESENTATION

Pursuant to the Reorganisation, the Company became the holding company of the companies now comprising the Group on 21 November 2013. Since the companies now comprising the Group were under the common control of the controlling shareholders both before and after the Reorganisation, these financial statements have been prepared using the principles of merger accounting.

The consolidated statements of profit or loss and other comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows of the Group for the years ended 31 March 2014 and 2013 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 first came under the common control of the controlling shareholders, where this is a shorter period. The consolidated statements of financial position of the Group as at 31 March 2014 and 2013 have been prepared to present the assets and liabilities of all companies now comprising the Group using the existing book values from the controlling shareholders' perspective.

2.2 BASIS OF PREPARATION

These financial statements have been prepared 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"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the

Hong Kong Companies Ordinance. All HKFRSs effective for the accounting period commencing from 1 April 2013, together the relevant transitional provisions, have been early adopted by the Group in the preparation of the financial statements for the year ended 31 March 2013.

These financial statements have been prepared under the historical cost convention, except for investment properties, which have been measured at fair value. They are presented in Hong Kong dollars ("HK$") and all values are rounded to the nearest thousand ("HK$'000") except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 March 2014. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. As explained in note 2.1 above, the acquisition of subsidiaries under common control has been accounted for using the principles of merger accounting.

The merger method of accounting involves incorporating the financial statements items of the combined entities or business in which the common control combination occurs as if they had been combined from the date when the combining entities or business first came under the control of the controlling party. The net assets of the combining entities or business are combined using the existing book values from the controlling shareholders' perspective. No amount is recognised in respect of goodwill or excess of acquirers' interest in the net fair value of acquirees' identifiable assets acquired and, liabilities and contingent liabilities assumed over cost of investment at the time of common control combination. The consolidated statements of profit or loss and other comprehensive income include the results of each of the combining entities or business from the earliest date presented or since the date when the combining entities or business first came under common control, where this is a shorter period, regardless of the date of the common control combination.

The acquisition of subsidiaries other than those under common control has been accounted for using the purchase method of accounting.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicated that there are changes to one or more of the three elements of control described in the accounting policy for subsidiaries below. 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, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.3 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 these financial statements.

HKFRS 9	*Financial Instruments*[4]
HKFRS 9, HKFRS 7 and HKAS 39 Amendments	*Hedge Accounting and amendments to HKFRS 9, HKFRS 7 and HKAS 39*[4]
HKFRS 10, HKFRS 12 and HKAS 27 (2011) Amendments	Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011) — *Investment Entities*[1]
HKFRS 14	*Regulatory Deferral Accounts*[3]
HKAS 19 Amendments	Amendments to HKAS 19 Employee Benefits — *Defined Benefit Plans: Employee Contributions*[2]
HKAS 32 Amendments	Amendments to HKAS 32 *Financial Instruments: Presentation — Offsetting Financial Assets and Financial Liabilities*[1]
HKAS 36 Amendments	Amendments to HKAS 36 *Impairment of Assets — Recoverable Amount Disclosures for Non-Financial Assets*[1]
HKAS 39 Amendments	Amendments to HKAS 39 *Financial Instruments: Recognition and Measurement — Novation of Derivatives and Continuation of Hedge Accounting*[1]
HK(IFRIC) — Int 21	*Levies*[1]
Annual Improvements 2010–2012 Cycle	Amendments to a number of HKFRSs issued in January 2014[2]
Annual Improvements 2011–2013 Cycle	Amendments to a number of HKFRSs issued in January 2014[2]

1 Effective for annual periods beginning on or after 1 January 2014
2 Effective for annual periods beginning on or after 1 July 2014
3 Effective for first annual HKFRS financial statements beginning on or after 1 January 2016 and not applicable to the Group
4 No mandatory effective date yet determined but is available for adoption

Further information about those HKFRSs that are expected to be applicable to the Group is as follows:

HKFRS 9 issued in November 2009 is the first part of phase 1 of a comprehensive project to entirely replace HKAS 39 Financial Instruments: Recognition and Measurement. This phase focuses on the classification and measurement of financial assets. Instead of classifying financial assets into four categories, an entity shall classify financial assets as subsequently measured at either amortised cost or fair value, on the basis of both the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. This aims to improve and simplify the approach for the classification and measurement of financial assets compared with the requirements of HKAS 39.

In November 2010, the HKICPA issued additions to HKFRS 9 to address financial liabilities (the "Additions") and incorporated in HKFRS 9 the current derecognition principles of financial instruments of HKAS 39. Most of the Additions were carried forward unchanged from HKAS 39, while changes were made to the measurement of financial liabilities designated as at fair value through profit or loss using the fair value option ("FVO"). For these FVO liabilities, the amount of change in the fair value of a liability that is attributable to changes in credit risk must be presented in OCI. The remainder of the change in fair value is presented in profit or loss, unless presentation of the fair value change in respect of the liability's credit risk in OCI would create or enlarge an accounting mismatch in profit or loss. However, loan commitments and financial guarantee contracts which have been designated under the FVO are scoped out of the Additions.

In December 2013, the HKICPA added to HKFRS 9 the requirements related to hedge accounting and made some related changes to HKAS 39 and HKFRS 7 which include the corresponding disclosures about risk management activity for applying hedge accounting. The amendments to HKFRS 9 relax the requirements for assessing hedge effectiveness which result in more risk management strategies being eligible for hedge accounting. The amendments also allow greater flexibility on the hedged items and relax the rules on using purchased options and non-derivative financial instruments as hedging instruments. In addition, the amendments to HKFRS 9 allow an entity to apply only the improved accounting for own credit risk-related fair value gains and losses arising on FVO liabilities as introduced in 2010 without applying the other HKFRS 9 requirements at the same time.

HKAS 39 is aimed to be replaced by HKFRS 9 in its entirety. Before this entire replacement, the guidance in HKAS 39 on impairment of financial assets continues to apply. The previous mandatory effective date of HKFRS 9 was removed by the HKICPA in December 2013 and a mandatory effective date will be determined after the entire replacement of HKAS 39 is completed. However, the standard is available for application now. The Group will quantify the effect in conjunction with other phases, when the final standard including all phases is issued.

Amendments to HKFRS 10 include a definition of an investment entity and provide an exception to the consolidation requirement for entities that meet the definition of an investment entity. Investment entities are required to account for subsidiaries at fair value through profit or loss in accordance with HKFRS 9 rather than consolidate them. Consequential amendments were made to HKFRS 12 and HKAS 27 (2011). The amendments to HKFRS 12 also set out the disclosure requirements for investment entities. The Group expects that these amendments will not have any impact on the Group as the Company is not an investment entity as defined in HKFRS 10.

The HKAS 32 Amendments clarify the meaning of "currently has a legally enforceable right to set off" for offsetting financial assets and financial liabilities. The amendments also clarify the application of the offsetting criteria in HKAS 32 to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. The amendments are not expected to have any impact on the financial position or performance of the Group upon adoption on 1 April 2014.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Subsidiaries

A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved 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., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The results of subsidiaries are included in the Company's profit or loss to the extent of dividends received and receivable. The Company's investment in a subsidiary is stated at cost less any impairment losses.

Investment in a joint venture

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group's investment in a joint venture is stated in the consolidated 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 is included in the consolidated statement of profit or loss and other comprehensive income. In addition, when there has been a change recognised directly in the equity of the joint venture, the Group recognises its share of any changes, when applicable in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its joint venture are eliminated to the extent of the Group's investment in a joint venture, except where unrealised losses provide evidence of an impairment of the asset transferred.

Fair value measurement

The Group measures its investment properties at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

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 impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting 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 method are reviewed, and adjusted if appropriate, at least at each financial year end.

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 reporting 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 the straight-line basis over the lease terms.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as loans and receivables. When financial assets are recognised initially, they are measured at fair value plus transaction costs that are attributable to the acquisition of the financial assets.

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 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 primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) 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 Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. 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.

Impairment of financial assets

The Group assesses at the end of each of the reporting period whether there is any objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that occurred after the initial recognition of the asset have 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 whether impairment exists individually 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.

The amount of any impairment loss identified 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).

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 are classified, at initial recognition, as loans and borrowings.

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 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 statement 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 consolidated statement 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 statement 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 reporting 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 reporting 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 reporting 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 reporting 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 the reporting 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 amount and appropriate amounts from variation orders, claims and incentive payments. Contract costs incurred comprise direct materials, the costs of subcontracting, 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 accruals of costs 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 reporting 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 reporting 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 costs 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 the temporary investment of specific 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 connection with the borrowing of funds.

Dividends

Interim dividends are simultaneously proposed and declared, because the Company'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 shareholders.

3. SIGNIFICANT ACCOUNTING ESTIMATES

The preparation of the Group's financial statements 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 reporting 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 reporting 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 2.4 to the financial statements, 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 18 to the financial statements 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 reporting 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 reporting 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 of disposal and its value in use. The calculation of the fair value less costs of disposal 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 15 to the financial statements, investment properties are revalued at the end of each reporting 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 reporting period are used.

4. SEGMENT INFORMATION

For management purposes, the Group has only one reportable operating segment, which is civil engineering works and building construction and maintenance. 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 year, and the non-current assets of the Group were located in Hong Kong as at 31 March 2014 and 2013.

Information about major customers

Revenue from each major customer which accounted for 10% or more of the Group's revenue for the year, is set out below:

	2014	**2013**
	HK$'000	*HK$'000*
Customer A	429,082	342,155
Customer B	842,808	509,451

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

	2014	**2013**
	HK$'000	*HK$'000*
Revenue from external customers:		
Contract works for civil engineering works	622,487	459,389
Contract works for building construction and maintenance	854,845	524,907
	1,477,332	984,296

5. 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:

		2014	**2013**
	Note	*HK$'000*	*HK$'000*
Revenue			
Contract revenue		1,477,332	984,296
Other income and gains			
Interest income		287	2,056
Consultancy fee income		1,200	—
Management fee income		5,531	14,686
Government subsidies*		140	55
Gain on disposal of items of property, plant and equipment		161	—
Gain on changes in fair value of investment properties	15	—	40
Sundry income		162	136
		7,481	16,973

* 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.

6. FINANCE COSTS

	2014	**2013**
	HK$'000	*HK$'000*
Interest on bank loans and overdrafts wholly repayable within five years	196	1,865

7. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging:

	Note	2014 HK$'000	2013 HK$'000
Depreciation	14	266	596
Auditors' remuneration		1,200	268
Employee benefits expense (exclusive of directors' remuneration — note 8):			
Wages and salaries		35,434	37,805
Pension scheme contributions (defined contribution schemes)		1,327	1,449
		36,761	39,254
Minimum lease payments under operating leases:			
Land and buildings		2,515	2,160
Equipment		196	222
		2,711	2,382

8. DIRECTORS' REMUNERATION

Directors' remuneration for the year, 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:

	2014 HK$'000	2013 HK$'000
Fees	192	—
Other emoluments:		
Salaries, allowances and benefits in kind	3,277	2,954
Discretionary performance-related bonuses	4,661	2,588
Pension scheme contributions (defined contribution schemes)	120	120
	8,058	5,662
	8,250	5,662

(a) Independent non-executive directors

The fees paid to independent non-executive directors during the year were as follows:

	Fees	Salaries, allowances and benefits in kind	Discretionary performance-related bonuses	Pension scheme contributions	Total remuneration
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Year ended 31 March 2014					
Independent non-executive directors					
Dr. Law Kwok Sang	48	—	—	—	48
Professor Patrick Wong Lung Tak	48	—	—	—	48
Ms. Mak Suk Hing	48	—	—	—	48
	144	—	—	—	144

Dr. Law Kwok Sang, Professor Patrick Wong Lung Tak and Ms. Mak Suk Hing were appointed as independent non-executive directors of the Company on 21 November 2013.

There were no other emoluments payable to the independent non-executive directors during the year.

(b) Executive directors and a non-executive director

	Fees	Salaries, allowances and benefits in kind	Discretionary performance-related bonuses	Pension scheme contributions	Total remuneration
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Year ended 31 March 2014					
Executive directors					
Mr. Li Chi Pong *(chief executive officer)*	—	1,840	4,000	60	5,900
Mr. Poon Yan Min	—	1,437	661	60	2,158
	—	3,277	4,661	120	8,058
Non-executive director					
Mr. Yau Kwok Fai	48	—	—	—	48
	48	3,277	4,661	120	8,106

	Fees *HK$'000*	Salaries, allowances and benefits in kind *HK$'000*	Discretionary performance-related bonuses *HK$'000*	Pension scheme contributions *HK$'000*	Total remuneration *HK$'000*
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

There was no arrangement under which a director waived or agreed to waive any remuneration during the year.

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included two (2013: two) directors, details of whose remuneration are set out in note 8 above. Details of the remuneration of the remaining three (2013: three) non-director, highest paid employees for the year are as follows:

	2014 *HK$'000*	2013 *HK$'000*
Salaries, allowances and benefits in kind	2,982	3,215
Discretionary performance-related bonuses	210	185
Pension scheme contributions	54	51
	3,246	3,451

The number of non-director, highest paid employees whose remuneration fell within the following bands is as follows:

	2014	2013
Nil to HK$1,000,000	1	1
HK$1,000,001 to HK$1,500,000	2	2
	3	3

10. 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% (2013: 16.5%) on the estimated assessable profits arising in Hong Kong during the year.

	2014	2013
	HK$'000	*HK$'000*
Group:		
Current — Hong Kong		
Charge for the year	7,663	7,971
Overprovision in prior years	(17)	(23)
Deferred *(note 25)*	(8)	(73)
Total tax charge for the year	7,638	7,875

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:

Group	2014	2013
	HK$'000	*HK$'000*
Profit before tax	36,034	47,941
Tax at the Hong Kong statutory tax rate of 16.5%	5,946	7,910
Adjustments in respect of current tax of previous periods	(17)	(23)
Income not subject to tax	(20)	(29)
Expenses not deductible for tax	1,739	17
Others	(10)	—
Tax charge at the Group's effective tax rate	7,638	7,875

11. PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT

The consolidated profit attributable to owners of the parent for the year ended 31 March 2014 included a loss of HK$12,154,000 (2013: HK$88,000), which has been dealt with in the financial statements of the Company (note 27(c)).

12. DIVIDEND

	2014	2013
	HK$'000	*HK$'000*
Interim and final dividend	—	—

The directors do not recommend the payment of any final dividend in respect of the year (2013: Nil).

On 21 November 2013 and before the completion of the Reorganisation, Great Jump Enterprises Limited ("Great Jump"), a subsidiary of the Company, declared a special dividend of HK$60,000,000 to the then shareholder. Such special dividend was paid in December 2013. Investors who became the shareholders of the Company after the Listing Date were not entitled to such special dividend.

13. EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE PARENT

The calculation of basic earnings per share for the year ended 31 March 2014 is based on the profit for the year attributable to owners of the parent of HK$28,396,000 (2013: HK$40,066,000) and the weighted average number of ordinary shares of 165,068,493 (2013: 150,000,000) in issue during the year, as if the Reorganisation had been effective since 1 April 2012.

The weighted average number of ordinary shares used to calculate the basic earnings per share amount for the year ended 31 March 2014 includes the one ordinary share of the Company issued upon incorporation, the 49,999,999 new ordinary shares issued pursuant to the Reorganisation (note 26(b)) and the 100,000,000 new ordinary shares issued pursuant to the Capitalisation Issue (note 26(c)), as if all these shares had been in issue throughout the year ended 31 March 2014, and the weighted average of 50,000,000 new ordinary shares issued pursuant to the Share Offer (note 26(d)).

The number of ordinary shares used to calculate the basic earnings per share amount for the year ended 31 March 2013 was based on 150,000,000 ordinary shares, representing the number of ordinary shares of the Company immediately after the Capitalisation Issue, as if all these shares had been in issue throughout the year ended 31 March 2013.

The Group had no potentially dilutive ordinary shares in issue during the years ended 31 March 2014 and 2013.

14. PROPERTY, PLANT AND EQUIPMENT

Group

	Machinery and equipment *HK$'000*	**Furniture, fixtures and office equipment** *HK$'000*	**Motor vehicles** *HK$'000*	**Total** *HK$'000*
31 March 2014				
At 31 March 2013 and at 1 April 2013:				
Cost	1,308	694	3,532	5,534
Accumulated depreciation	(1,308)	(549)	(3,313)	(5,170)
Net carrying amount	—	145	219	364
At 1 April 2013 net of accumulated depreciation	—	145	219	364
Additions	—	1	20	21
Disposals	—	—	(15)	(15)
Depreciation provided during the year	—	(84)	(182)	(266)
At 31 March 2014, net of accumulated depreciation	—	62	42	104
At 31 March 2014:				
Cost	1,308	695	2,429	4,432
Accumulated depreciation	(1,308)	(633)	(2,387)	(4,328)
Net carrying amount	—	62	42	104

	Machinery and equipment	Furniture, fixtures and office equipment	Motor vehicles	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
31 March 2013				
At 1 April 2012:				
Cost	1,308	677	3,532	5,517
Accumulated depreciation	(1,308)	(459)	(2,807)	(4,574)
Net carrying amount	—	218	725	943
At 1 April 2012, net of accumulated depreciation	—	218	725	943
Additions	—	17	—	17
Depreciation provided during the year	—	(90)	(506)	(596)
At 31 March 2013, net of accumulated depreciation	—	145	219	364
At 31 March 2013:				
Cost	1,308	694	3,532	5,534
Accumulated depreciation	(1,308)	(549)	(3,313)	(5,170)
Net carrying amount	—	145	219	364

15. INVESTMENT PROPERTIES

Group

	Note	2014	2013
		HK$'000	*HK$'000*
Carrying amount at beginning of year		600	560
Gain on fair value changes	5	—	40
Carrying amount at end of year		600	600

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 2014 by DTZ Debenham Tie Leung Limited, independent professionally qualified valuers, at HK$600,000, on the market value, existing use basis.

The fair values of the Group's investment properties at 31 March 2014 were measured using the 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.

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3.

16. INVESTMENTS IN SUBSIDIARIES

	Company 2014 *HK$'000*	Company 2013 *HK$'000*
Unlisted share, at cost	—	—
Due from/(to) subsidiaries	86,634	(88)
	86,634	(88)

The amounts due from/(to) subsidiaries included in the Company's current assets and liabilities are unsecured, interest-free and repayable on demand.

The carrying amounts of the amounts due from/(to) subsidiaries approximate to their fair values.

Particulars of the subsidiaries of the Group 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 Direct	Percentage of equity attributable to the Company Indirect	Principal activities
Best Trader International Limited	BVI 28 May 2013	US$1	100	—	Investment holding
Great Jump	BVI 6 January 2000	US$1	—	100	Investment holding
Top Integration Limited ("Top Integration")	BVI 28 March 2000	US$10,000	—	100	Investment holding
Excel Engineering Company Limited	Hong Kong 7 May 1976	HK$16,000,000	—	100	Civil engineering works and building construction and maintenance
Gadelly Construction Company Limited	Hong Kong 8 May 1981	HK$8,600,000	—	100	Civil engineering works and construction and maintenance

17. INTEREST IN A JOINT VENTURE

Particulars of the joint venture are as follows:

Name	Business structure	Place of registration and operation	Percentage of Ownership interest	Percentage of Voting power	Percentage of Profit sharing	Principal activity
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 year (2013: Nil) since the joint venture was at breakeven during the year.

18. CONSTRUCTION, RENOVATION AND OTHER CONTRACTS

Group

	2014 *HK$'000*	2013 *HK$'000*
Gross amount due from customers for contract works	79,978	85,557
Contract costs incurred plus recognised profits less recognised losses to date	2,769,609	2,176,633
Less: Progress billings	(2,689,631)	(2,091,076)
	79,978	85,557

19. 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.

As at 31 March 2014, retentions receivable included in accounts receivable amounted to HK$118,505,000 (2013: HK$95,028,000) 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

	2014	**2013**
	HK$'000	*HK$'000*
Past due but not impaired:		
One to three months past due	2,696	3,741
Four to six months past due	2	40
Over six months past due	83	—
	2,781	3,781
Neither past due nor impaired	178,966	223,396
	181,747	227,177

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 2014, the aggregate amounts of accounts receivable pledged to secure the Group's banking facilities amounted to HK$92,558,000 (2013: HK$138,702,000).

20. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Group		**Company**	
	2014	**2013**	**2014**	**2013**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Prepayments	5,301	3,834	160	—
Deposits and other receivables	24,732	34,206	—	—
Due from the Retained Vantage Group *(note)*	1,400	147,968	—	—
	31,433	186,008	160	—

Note: The amounts were unsecured, interest-free and have no fixed terms of repayment.

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. The carrying amounts of other receivables and deposits approximate to their fair values.

21. CASH AND CASH EQUIVALENTS

	Group		Company	
	2014	**2013**	**2014**	**2013**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Cash and cash equivalents:				
Cash and bank balances	156,470	104,755	416	—
Non-pledged time deposits	10,084	25,070	—	—
	166,554	129,825	416	—

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 cash and cash equivalents are deposited with banks with high credit ratings and no recent history of default.

22. ACCOUNTS PAYABLE

Group

	2014	**2013**
	HK$'000	*HK$'000*
Due to third parties	137,941	134,745
Due to the Retained Vantage Group *(note)*	97,591	207,942
	235,532	342,687

Note: The amount was unsecured, interest-free and has no fixed terms of repayment.

An ageing analysis of the accounts payable as at the end of each reporting period, based on the invoice date, is as follows:

	2014	**2013**
	HK$'000	*HK$'000*
Current to 3 months	235,246	331,451
4 to 6 months	63	10,802
Over 6 months	223	434
	235,532	342,687

At 31 March 2014, retentions payable included in accounts payable amounted to HK$120,896,000 (2013: HK$111,775,000), 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.

23. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2014	**2013**	**2014**	**2013**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Other payables	1,212	302	72	—
Accruals	1,934	1,965	265	—
Due to Vantage *(note)*	—	53,732	—	—
	3,146	55,999	337	—

Note: The amounts were unsecured, interest-free and had no fixed terms of repayment.

Other payables are non-interest-bearing and are expected to be settled within one year. The carrying amounts of other payables and accruals approximate to their fair values.

24. INTEREST-BEARING BANK LOANS

Interest-bearing bank loans of the Group are repayable on demand and are analysed as follows:

Group

	2014	**2013**
	HK$'000	*HK$'000*
Interest-bearing bank loans — secured and at a floating interest rate	—	78,636

Notes:

(a) As at 31 March 2013, Vantage has guaranteed the Group's interest-bearing bank loans and certain general banking facilities up to HK$181,000,000.

(b) As at 31 March 2014, the Group's certain general banking facilities are secured by the accounts receivable with an aggregate carrying amount of HK$92,558,000 (2013: HK$138,702,000).

(c) The interest-bearing bank loans at 31 March 2013 are all denominated in Hong Kong dollars.

(d) The interest rates of the Group's interest-bearing bank loans at 31 March 2013 are primarily repriced every month based on the changes in HIBOR.

(e) In the opinion of the directors, the carrying amounts of the Group's interest-bearing bank loans at 31 March 2013 approximate to their fair values.

25. DEFERRED TAX

The movements of deferred tax liabilities during the year are as follows:

Group

	Depreciation allowance in excess of related depreciation
	HK$'000
At 1 April 2012	86
Deferred tax credited to profit or loss during the year *(note 10)*	(73)
At 31 March 2013 and 1 April 2013	13
Deferred tax credited to profit or loss during the year *(note 10)*	(8)
At 31 March 2014	5

At 31 March 2014, 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 then shareholder.

26. ISSUED CAPITAL

Shares

	2014	2013
	HK$	*HK$*
Authorised:		
500,000,000 (2013: 37,000,000) ordinary shares of HK$0.01 each	5,000,000	370,000
Issued and fully paid:		
200,000,000 (2013: 1) ordinary share(s) of HK$0.01 each	2,000,000	—

The movements in the Company's authorised and issued share capital during the period from 30 April 2012 (date of incorporation) to 31 March 2014 were as follows:

	Notes	**Number of ordinary shares of HK$0.01 each**	**Nominal value of ordinary shares** *HK$'000*
Authorised:			
At 30 April 2012 (date of incorporation) and at 31 March 2013	(a)	37,000,000	370
Increase in authorised share capital on 21 November 2013	(b)	463,000,000	4,630
At 31 March 2014		500,000,000	5,000

	Notes	**Number of shares in issue**	**Issued capital** *HK$'000*
Issued and fully paid:			
At 30 April 2012 (date of incorporation) and at 31 March 2013	(a)	1	—
Issue of new shares pursuant to the Reorganisation	(b)	49,999,999	500
Capitalisation Issue	(c)	100,000,000	1,000
Issue of new shares pursuant to the Share Offer	(d)	50,000,000	500
At 31 March 2014		200,000,000	2,000

Notes:

(a) The Company was incorporated on 30 April 2012 with an initial authorised share capital of HK$370,000 divided into 37,000,000 shares of HK$0.01 each. On the date of incorporation, 1 ordinary share of HK$0.01 was allotted and issued nil paid by the Company to the subscriber which was transferred on the same day to Profit Chain, a wholly subsidiary of Vantage.

(b) On 21 November 2013, an ordinary resolution of the Company was passed and pursuant to which:

(i) 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 HK$0.01 each, ranking pari passu in all respects with existing shares of the Company; and

(ii) the Group acquired the entire interests in Great Jump and Top Integration, together with the shareholder loans owned by Great Jump and Top integration to Profit Chain, pursuant to the Reorganisation and in consideration the Company credited as fully paid the nil paid share registered in the name of Profit Chain and allotted and issued 49,999,999 ordinary shares at an issue price of HK$0.92 per share credited as fully paid to Profit Chain.

(c) Pursuant to the authority given by the resolutions of the then shareholder of the Company on 21 November 2013, a sum of HK$1,000,000 standing to credit of the share premium account of the Company was approved to be capitalised and applied in paying in full at par of 100,000,000 ordinary shares of HK$0.01 each for allotment and issue on 10 December 2013 (the "Capitalisation Issue").

(d) In connection with the listing of the shares of the Company on the Stock Exchange (the "Share Offer"), 50,000,000 new ordinary shares of HK$0.01 each were issued at a price of HK$1.2 per share for a total cash consideration, before expenses, of HK$60,000,000. Dealings in the shares of the Company on the Stock Exchange commenced on 11 December 2013.

27. RESERVES

(a) Group

The amounts of the Group's reserves and the movements therein for the year are presented in the consolidated statement of changes in equity.

(b) Merger reserve

Merger reserve of the Group represents the capital contributions from the then shareholder of the subsidiaries now comprising the Group before the completion of the Reorganisation.

(c) Company

	Notes	Share premium *HK$'000*	Accumulated losses *HK$'000*	Total *HK$'000*
At 30 April 2012 (the date of incorporation)		—	—	—
Loss and total comprehensive income for the period		—	(88)	(88)
At 31 March 2013 and at 1 April 2013		—	(88)	(88)
Loss and total comprehensive income for the year		—	(10,525)	(10,525)
Issue of new shares pursuant to the Reorganisation	26(b)	45,501	—	45,501
Capitalisation Issue	26(c)	(1,000)	—	(1,000)
Issue of new shares pursuant to the Share Offer	26(d)	59,500	—	59,500
Share issue expenses		(8,515)	—	(8,515)
At 31 March 2014		95,486	(10,613)	84,873

28. CONTINGENT LIABILITIES

(a) At 31 March 2014, the guarantees given by the Group to certain banks in respect of performance bonds in favour of certain contract customers amounted to HK$29,911,000 (2013: HK$37,775,000).

At 31 March 2014, the Company has given guarantees in favour of certain banks to the extent of HK$164,000,000 (2013: Nil) in respect of banking facilities granted by those banks to a subsidiary of the Company which was not utilised.

At 31 March 2014, the Company had given unlimited performance guarantees in favour of a customer for contract work (the "Contract Customer") 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 the Group and the Contract Customer.

(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 subcontractors 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.

29. 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 two to four years.

At the end of the reporting period, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	2014	**2013**
	HK$'000	*HK$'000*
Within one year	3,516	4,600
In the second to fifth years, inclusive	4,483	1,521
	7,999	6,121

30. RELATED PARTY TRANSACTIONS

(a) In addition to the transactions and balances detailed elsewhere in the financial statements, the Group had the following transactions with related parties during the year:

		2014	2013
		HK$'000	*HK$'000*
(i)	Subcontracting fee paid to the Retained Vantage Group	768,969	518,803
(ii)	Subcontracting fee paid to a joint venture of the Retained Vantage Group	1,492	—
(iii)	Management fee income and staff cost reimbursement received from the Retained Vantage Group	5,531	14,026
(iv)	Rental expense paid to the Retained Vantage Group	620	—
(v)	Interest income received from the Retained Vantage Group	168	1,919
(vi)	Corporate guarantee in respect of the Group's banking facilities provided by Vantage	—	242,000
(vii)	Management fee paid to Vantage	—	7,790
(viii)	Management fee income received from a joint venture	—	660

The above 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 transactions with related parties

(i) During the year ended 31 March 2013, Vantage had provided a performance guarantee in favour of 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 2013, certain properties of the Retained Vantage Group with an aggregate carrying amount of approximately HK$243,659,000 were pledged to secure certain banking facilities granted to the Group.

(c) Outstanding balances with related parties

Other than the balances with subsidiaries, the Retained Vantage Group and Vantage as disclosed in notes 16, 20, 22 and 23 to the financial statements, the Company and the Group had no outstanding balances with related parties as at the end of the reporting period.

(d) Compensation of key management personnel of the Group

Further details of compensation of key management personnel of the Group are included in notes 8 and 9 to the financial statements.

Except for item (a)(ii), the related party transactions in respect of item (a) above also constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules.

31. 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 the Retained Vantage Group, accounts and other payables, accruals of costs for contract works, an amount due to Vantage and cash and cash equivalents. Details of these financial instruments are disclosed in the respective notes to the financial statements.

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 2013, it was 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 HK$164,000, 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 reporting period. For the purposes of the analysis, it is assumed that the amount of variable-rate borrowings outstanding at the end of each reporting period was outstanding throughout the whole year. The 25 basis point increase or decrease represents management's 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, time deposits, and accounts and other receivables. The Group's maximum credit risk exposure at the end of the reporting period 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 consolidated statement 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 2014, the Group had certain concentrations of credit risk as 45% (2013: 60%) of the total accounts receivable were due from the Group's largest external customer and 99% (2013: 98%) 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 19 and 20, respectively, to the financial statements.

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 the reporting period of the Group's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates, or if floating, based on rates as at the end of the reporting period) and the earliest date that the Group could be required to repay:

Group

	Within 1 year or on demand *HK$'000*	Between 1 and 2 years *HK$'000*	Between 2 and 5 years *HK$'000*	Total *HK$'000*
As at 31 March 2014				
Accounts payable	117,749	86,762	31,021	235,532
Accruals of costs for contract works	11,790	—	—	11,790
Other payables *(note 23)*	1,212	—	—	1,212
	130,751	86,762	31,021	248,534
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 *(note 23)*	302	—	—	302
Interest-bearing bank loans	78,797	—	—	78,797
Due to Vantage *(note 23)*	53,732	—	—	53,732
	386,446	71,171	23,291	480,908

Company

All of the Company's financial liabilities at the end of the reporting period are repayable within one year or on demand.

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. Total capital refers to equity attributable to owners of the parent. The gearing ratio as at 31 March 2014 was as follows:

Group

	2014	**2013**
	HK$'000	*HK$'000*
Interest-bearing bank loans	—	78,636
Less: Cash and cash equivalents	(166,554)	(129,825)
Net cash and bank balances	(166,554)	(51,189)
Equity attributable to owners of the parent	210,253	144,449
Gearing ratio (%)	Nil	Nil

32. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 17 June 2014.

(C) MATERIAL CHANGES

Based on the annual results announcement of the Company for the year ended 31 March 2015, the Group recorded a significant decrease in revenue by approximately 52.4% from approximately HK$1,477.3 million for the year ended 31 March 2014 to approximately HK$702.9 million for the year ended 31 March 2015, comprising (i) revenue from civil engineering construction works of approximately HK$543.0 million (2014: HK$622.5 million); and (ii) revenue from building construction and maintenance works of approximately HK$159.9 million (2014: HK$854.8 million). The decrease in overall revenue was mainly due to the decrease in revenue contributed by the building construction project in Tsuen Wan (the "**Project**") by approximately 81.1% from approximately HK$842.8 million for the year ended 31 March 2014 to approximately HK$159.7 million for the year ended 31 March 2015. As advised by the Directors, the Project was in full swing during the year ended 31 March 2014 and was approaching completion during the year ended 31 March 2015. Accordingly, a substantial portion of revenue was recognised in the previous year. No new building construction and maintenance works were awarded during the year ended 31 March 2015.

The gross profit of the Group decreased by approximately 32.2% from approximately HK$60.2 million for the year ended 31 March 2014 to approximately HK$40.8 million for the year ended 31 March 2015. However, the gross profit margin of the Group improved from approximately 4.1% for the year ended 31 March 2014 to approximately 5.8% for the year ended 31 March 2015, as the Group generated a higher proportion of revenue from civil engineering construction works which generally have higher gross profit margin when comparing with that of building construction and maintenance works. The revenue generated from civil engineering construction works represented approximately 42.1% and 77.3% of total revenue for the two years ended 31 March 2014 and 2015, respectively.

Profit attributable to owners of the parent decreased by approximately 44.0% from approximately HK$28.4 million for the year ended 31 March 2014 to approximately HK$15.9 million for the year ended 31 March 2015, mainly attributable to (i) the decrease in revenue as explained above; and (ii) no reimbursement of staff cost from Vantage and its subsidiaries (other than the Group) as no staff was provided to assist or supervise Vantage and its subsidiaries (other than the Group) for the Project, partially offset by the decrease in administrative expenses as no listing expenses were incurred during the year whereas listing expenses of approximately HK$9.5 million were incurred in the previous year.

As disclosed in the annual results announcement of the Company for the year ended 31 March 2015, there remain challenges in the near future which may affect the business and profitability of the Group. These include the continuously rising labour wages and cost of construction materials, the shortage of skilled labour and the sluggish progress of deliberation in Legislative Council resulting in delay in the rolling out of public infrastructure works in Hong Kong.

Save as disclosed above, as at the Latest Practicable Date, there had been no known material changes in the financial or trading position or outlook of the Group since 31 March 2014 (being the date to which the latest published audited consolidated financial statements of the Company were made up).

(D) INDEBTEDNESS STATEMENT

Borrowings

At the close of business on 31 May 2015, the Group had outstanding borrowings amounting to approximately HK$1,332,000.

Contingent liabilities

As at 31 May 2015, the guarantees given by the Group to certain banks in respect of performance bonds in favour of certain contract customers amounted to HK$16,536,000.

As at 31 May 2015, the Group have given guarantees in favour of certain banks to the extent of HK$189,000,000 in respect of banking facilities granted by those banks to the Group.

Pledge of Assets

As at 31 May 2015, the accounts receivable with aggregate carrying amount of approximately HK$79,036,000 was pledged to certain banks to secure the general banking facilities granted to the Group.

Save as aforesaid and apart from intra-group liabilities, as at the close of business on 31 May 2015, the Group did not have any outstanding mortgages, charges, debentures, loan capital, bank overdrafts, loans or other similar indebtedness, liabilities under acceptance (other than normal trade bills) or acceptance credits, debt securities (whether issued and outstanding or authorised or otherwise created but unissued), guarantees or other material contingent liabilities.

The Directors confirmed that, save as disclosed above, there had not been any material change to the indebtedness and contingent liabilities of the Group since 31 May 2015.

1. RESPONSIBILITY STATEMENT

The information contained in this Composite Document relating to the Offeror and its intention has been supplied by the Offeror. The sole director of the Offeror accepts full responsibility for the accuracy of the information (other than that relating to the Group, its associates and parties acting in concert with any of them) contained in this Composite Document, and confirms, having made all reasonable enquires, that to the best of their knowledge, opinions expressed in this Composite Document (other than opinions expressed by the Group, its associates and parties acting in concert with any of them) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document, the omission of which would make any statement in this Composite Document misleading.

2. DISCLOSURE OF INTERESTS

As at the Latest Practicable Date, the shareholdings of the Offeror and parties acting in concert with it in the Company were as follows:

Name of Shareholders	Capacity and nature of interest	Number of Shares held	Approximate percentage of interest
The Offeror *(Note)*	Beneficial owner	150,000,000	75%
Mr. JIANG Jianhui	Interest of controlled corporation	150,000,000	75%

Note: As at the Latest Practicable Date, Mr. JIANG Jianhui is the sole director of the Offeror and the sole ultimate beneficial owner holding the entire issued share capital of the Offeror.

Save as disclosed above, as at the Latest Practicable Date, none of the Offeror, its sole ultimate beneficial owner and/or parties acting in concert with any of them, owned or controlled any Shares or any options, warrants, derivatives or securities carrying conversion or subscription rights into shares of the Company.

3. DEALINGS IN SECURITIES OF THE COMPANY

(a) Save for the entering into of the MOU and the Sale and Purchase Agreement, none of the Offeror, its sole ultimate beneficial owner and/or parties acting in concert with any of them has dealt in any Shares or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company during the Relevant Period.

(b) Save for the MOU and the Sale and Purchase Agreement, as at the Latest Practicable Date, no arrangement of the kind referred to in the third paragraph of Note 8 to Rule 22 of the Takeovers Code existed between the Offeror, its sole ultimate beneficial owner and/or parties acting in concert with any of them and any other person.

(c) As at the Latest Practicable Date, no person had irrevocably committed himself to accept or reject the Offer.

(d) As at the Latest Practicable Date, no Shares or convertible securities, warrants, options or derivatives of the Company was owned or controlled by a person with whom the Offeror, its sole ultimate beneficial owner or any party acting in concert with any of them had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code, and no such person had dealt in any Shares or convertible securities, warrants, options or derivatives of the Company during the Relevant Period.

(e) As at the Latest Practicable Date, none of the Offeror, its sole ultimate beneficial owner and/or parties acting in concert with any of them has borrowed or lent any Shares, convertible securities, warrants, options or derivatives in the Company.

(f) As at the Latest Practicable Date, no Shares, convertible securities, warrants, options or derivatives of the Company was managed on a discretionary basis by any fund managers connected with the Offeror, its sole ultimate beneficial owner and/or parties acting in concert with any of them, and no such person had dealt in any Shares or convertible securities, warrants, options or derivatives of the Company during the Relevant Period.

4. OTHER ARRANGEMENTS RELATING TO THE OFFER

As at the Latest Practicable Date:

(a) save for the Offeror's interest in the Sale Shares pursuant to the Sale and Purchase Agreement and those interests disclosed in paragraph 2 of this Appendix, none of the Offeror, its sole ultimate beneficial owner and/or parties acting in concert with any of them owned or had control or direction over any voting rights or rights over the Shares, options, derivatives, warrants or other securities convertible into Shares;

(b) no benefit (other than statutory compensation) was or would be given to any Directors as compensation for loss of office or otherwise in connection with the Offer;

(c) there was no agreement or arrangement to which the Offeror, its sole ultimate beneficial owner and/or parties acting in concert with any of them was a party which related to the circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Offer;

(d) save for the entering into of the MOU and the Sale and Purchase Agreement, there was no agreement, arrangement or understanding (including any compensation arrangement) between the Offeror, its sole ultimate beneficial owner and/or parties acting in concert with any of them and any Director, recent Director, Shareholder or recent Shareholder which had any connection with or dependent upon the Offer; and

(e) pursuant to the terms and conditions of the facilities granted by Kingston Securities ("**Facilities**") for the purpose of the Sale and Purchase Agreement and the Offer, the Sale Shares and the Offer Shares to be acquired by the Offeror under the Offer shall be deposited with Kingston Securities as collateral for the Facilities. Save for the aforesaid, there was no agreement, arrangement or understanding that the securities acquired in pursuance of the Offer would be transferred, charged or pledged to any other persons.

5. QUALIFICATIONS AND CONSENT OF EXPERT

The following are the qualifications of the experts whose letter/opinion is contained in this Composite Document:

Name	Qualifications
Kingston Securities	a corporation licensed to carry out business in Type 1 (dealing in securities) regulated activity under the SFO, which is making the Offer on behalf of the Offeror
Kingston Corporate Finance	a licensed corporation to carry out business in Type 6 (advising on corporate finance) regulated activities under the SFO and the financial adviser to the Offeror in respect of the Offer

Each of Kingston Securities and Kingston Corporate Finance has given and has not withdrawn its written consent to the issue of this Composite Document with the inclusion herein of its advice, letter and/or the references to its name, in the form and context in which it appear.

As at the Latest Practicable Date, each of Kingston Securities and Kingston Corporate Finance did not have any shareholding, direct or indirect, in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group, nor did it have any direct or indirect interest in any assets which had been, since 31 March 2014, being the date of the latest published audited consolidated financial statements of the Company were made up, acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

6. GENERAL

(a) The Offeror is a company incorporated in BVI on 3 January 2013 and is wholly owned by Mr. JIANG Jianhui. As at the Latest Practicable Date, the Offeror does not have any subsidiary.

(b) The registered office address of the Offeror is 3rd Floor, J&C Building, P.O. Box 933, Road Town, Tortola, British Virgin Islands, VG1110.

(c) The sole director of the Offeror is Mr. JIANG Jianhui.

(d) The correspondence address of Mr. JIANG Jianhui is Room 1220, 12/F, 77 Leighton Road, Causeway Bay, Hong Kong.

(e) The registered office address of each of Kingston Securities and Kingston Corporate Finance is situated at Suite 2801, 28th Floor, One IFC, 1 Harbour View Street, Central, Hong Kong.

(f) The English text of this Composite Document and the accompanying Form of Acceptance shall prevail over their respective Chinese texts in the case of inconsistency.

7. MATERIAL CONTRACT

Save for the Sale and Purchase Agreement, there had been no other contract, not being a contract entered into in the ordinary course of business carried on or intended to be carried on by the Offeror, within the two years preceding the commencement of the Offer Period and up to the Latest Practicable Date and which is or may be material.

8. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection, during the period from Monday, 20 July 2015, being the date of this Composite Document for so long as the Offer remains open for acceptance, at (i) the website of the SFC at http://www.sfc.hk; (ii) the website of the Company at http://www.excelengco.com; and (iii) (during normal business hours from 9:00 a.m. to 5:00 p.m., except for Saturdays, Sundays and public holidays) the office of the Company at No. 155 Waterloo Road, Kowloon Tong, Kowloon, Hong Kong:

(a) the memorandum and articles of association of the Offeror;

(b) the letter from Kingston Securities, the text of which is set out on pages 6 to 17 of this Composite Document;

(c) the written consent from each of Kingston Securities and Kingston Corporate Finance as referred to in the paragraph headed "5. Qualifications and consent of expert" in this Appendix; and

(d) the material contract as referred to in the paragraph headed "7. Material contract" in this Appendix.

1. RESPONSIBILITY STATEMENTS

This Composite Document includes particulars given in compliance with the Takeovers Code for the purpose of giving information with regard to the Offer, the Offeror and the Group.

All Directors jointly and severally accept full responsibility for the accuracy of the information contained in this Composite Document (other than information relating to the Offeror, its ultimate beneficial owners and parties acting in concert with any of them), and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this Composite Document (other than opinions expressed by the Offeror, its ultimate beneficial owners or parties acting in concert with any of them) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document, the omission of which would make any statement in this Composite Document misleading.

2. SHARE CAPITAL

The authorised share capital and issued share capital of the Company as at the Latest Practicable Date were as follows:

	HK$
Authorised share capital:	
500,000,000 Shares of HK$0.01 each	5,000,000
Issued and fully paid up:	
200,000,000 Shares of HK$0.01 each	2,000,000

All issued Shares rank equally in all respect, including in particular as to dividend, voting rights and return on capital.

The Shares are listed and traded on the Main Board of the Stock Exchange. None of the Shares is listed, or dealt in, on other stock exchange, nor is any listing of or permission to deal in Shares being, or proposed to be, sought on any other stock exchange.

As at the Latest Practicable Date, save for the 200,000,000 Shares in issue, the Company had no other class of securities, outstanding options, warrants, derivatives or other securities which are convertible or exchangeable into Shares.

Since 31 March 2014 (being the date to which the latest published audited consolidated financial statements of the Group were made up) and up to the Latest Practicable Date, no new Shares have been allotted and issued by the Company.

3. MARKET PRICES

The table below sets out the closing prices of the Shares as quoted on the Stock Exchange on (i) the last Business Day of each of the calendar months during the Relevant Period; (ii) the last full Business Day immediately preceding the date of the Preliminary Joint Announcement; (iii) the Last Trading Day; and (iv) the Latest Practicable Date:

Date	**Closing price per Share** *(HK$)*
31 October 2014	1.64
28 November 2014	2.57
31 December 2014	2.16
30 January 2015	2.07
27 February 2015	2.00
31 March 2015	1.85
17 April 2015	2.48
30 April 2015	2.97
29 May 2015	5.20
4 June 2015	6.27
30 June 2015	4.65
16 July 2015 (Latest Practicable Date)	6.10

4. DISCLOSURE OF INTERESTS

(a) Interest of the Company and the Directors in the Offeror

As at the Latest Practicable Date, neither any member of the Group nor any of the Directors was interested in or owned or controlled any shares, convertible securities, warrants, options or derivatives of the Offeror.

(b) Interests of the Directors and chief executive of the Company in the Company

As at the Latest Practicable Date, none of the Directors had any beneficial interests in the share capital of the Company which were required to be notified to the Company and the Stock Exchange pursuant to section 341 or section 344 of the SFO, or were required, pursuant to section 352 of the SFO or the Model Code for Securities Transactions by Directors of Listed Issuers to be entered in the register referred to therein. None of the Directors was interested in any other relevant securities of the Company as at the Latest Practicable Date.

(c) Interests of the substantial Shareholders in the Company

As at the Latest Practicable Date, according to the register kept by the Company pursuant to Section 336 of the SFO and, so far as was known to the Directors or chief executive of the Company, the persons or entities, other than the Director or chief executive of the Company, who had an interest or a short position in the Shares or the underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were 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 the Company or any other company which is a subsidiary of the Company, or in any options in respect of such share capital were as follows:

Name of Shareholder	Capacity and nature of interest	Number and class of securities	Percentage of the issued Share
The Offeror	Beneficial owner	150,000,000 Shares (L)	75.00%
Mr. JIANG Jianhui *(Note 2)*	Interest in a controlled corporation	150,000,000 Shares (L)	75.00%

Note:

(1) The letter "L" denotes the long position of the substantial Shareholder in the Shares.

(2) The Offeror is legally and beneficially owned as to 100% by Mr. JIANG Jianhui. Therefore, Mr. JIANG is deemed to be interested in the Shares held by the Offeror. Mr. JIANG is the sole director of the Offeror.

Save as disclosed herein and so far as is known to the Directors, as at the Latest Practicable Date, no person (not being a Director or chief executive of the Company) had an interest or short position in the Shares or the underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were 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 the Company or any other company which is a subsidiary of the Company or in any options in respect of such share capital.

5. DEALINGS IN SECURITIES

(a) Dealing in securities of the Company by the Directors

None of the Directors had dealt for value in any Shares, warrants, options, derivatives and securities carry conversion or subscription rights into Shares during the Relevant Period.

(b) Dealing in securities of the Offeror by the Company and the Directors

Neither the Company nor the Directors had dealt for value in any shares, warrants, options, derivatives and securities carry conversion or subscription rights into any shares of the Offeror during the Relevant Period.

(c) Others

During the Relevant Period,

(i) none of the subsidiaries of the Company, the pension funds of any member of the Group or any advisers to the Company as specified in class (2) of the definition of "associate" under the Takeovers Code (excluding exempt principal traders) had dealt for value in any Shares, warrants, options, derivatives and securities carrying conversion or subscription rights into Shares;

(ii) the Company had not borrowed or lent any Shares, convertible securities, warrants, options or derivatives in respect of any Shares;

(iii) no fund managers (other than exempt fund managers) connected with the Company who managed funds on a discretionary basis had dealt for value in any Shares, warrants, options, derivatives and securities carrying conversion or subscription rights into Shares; and

(iv) there was no arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code between any person and any member of the Group, or with any person who was an associate of the Company by virtue of classes (1), (2), (3) and (4) of the definition of "associate" in the Takeovers Code.

6. OTHER ARRANGEMENT RELATING TO THE OFFER

As at the Latest Practicable Date,

(a) no Shares or any convertible securities, warrants, options or derivatives issued by the Company was owned or controlled by a subsidiary of the Company or by a pension fund (if any) of any member of the Group or by an adviser to the Company as specified in class (2) of the definition of "associate" under the Takeovers Code;

(b) save for the Sale and Purchase Agreement, there was no arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code exists between a person who owned or controlled Shares or any convertible securities, warrants, options or derivatives issued by the Company and the Company or any person who is an associate of the Company by virtue of classes (1), (2), (3) and (4) of the definition of "associate" under the Takeovers Code;

(c) no fund managers (other than exempt fund managers) connected with the Company managed any Shares or any convertible securities, warrants, options or derivatives of the Company on a discretionary basis.

7. ARRANGEMENTS AFFECTING AND RELATING TO DIRECTORS

As at the Latest Practicable Date:

(a) no benefit (other than statutory compensation) was or would be given to any Director as compensation for loss of office or otherwise in connection with the Offer;

(b) no agreement or arrangement existed between any Director and any other person which was conditional on or dependent upon the outcome of the Offer or otherwise connected with the Offer;

(c) no material contract had been entered into by the Offeror in which any Director had a material personal interest; and

(d) none of the Directors had borrowed or lent any Shares, convertible securities, warrants, options or derivatives in respect of any Shares.

8. DIRECTORS' SERVICE CONTRACTS AND OTHER INTERESTS

The Company has entered into a service agreement with the following Directors for a fixed term with more than 12 months to run irrespective of notice period (in which case, the appointment shall be subject to the provisions for retirement by rotation in the Articles of Association of the Company), details of which are set out below.

Save as disclosed below, as at the Latest Practicable Date, none of the Directors had entered into any service contract with the Company or any of its subsidiaries which:

(a) (including both continuous and fixed term contracts) was entered into or amended within six months before the commencement of the Offer Period;

(b) was a continuous contract with a notice period of 12 months or more; or

(c) was a fixed term contract with more than twelve months to run irrespective of the notice period.

Name of Director	Entity which the service contract is entered into	Date of contract	Commencement date and expiry date of the contract	Amount of fixed remuneration payable under the contract (excluding arrangement for pension payments)	Amount of any variable remuneration payable and other benefits under the contract
LI Chi Pong	The Company	21 November 2013	From 11 December 2013 to and including the date of the third annual general meeting following 11 December 2013	HK$158,250 per month	HK$3,000,000
POON Yan Min	The Company	21 November 2013	From 11 December 2013 to and including the date of the third annual general meeting following 11 December 2013	HK$127,000 per month	HK$850,000
YAU Kwok Fai	The Company	21 November 2013	From 11 December 2013 until the conclusion of the third annual general meeting following 11 December 2013	HK$144,000 per annum	—

9. LITIGATION

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries was engaged in any litigation or arbitration of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened against the Company or any of its subsidiaries.

10. MATERIAL CONTRACTS

The following contracts have been entered into by the Group (not being a contract entered into in the ordinary course of business carried on or intended to be carried on by the Company or any of its subsidiaries) within the two years preceding the commencement of the Offer Period and up to the Latest Practicable Date and which is or may be material:

- Reorganisation agreement dated 21 November 2013 entered into between the Vendor, Best Trader and the Company, pursuant to which the Vendor transferred its entire interests in Great Jump and Top Integration Limited ("**Top Integration**") to Best Trader, a wholly-owned subsidiary of the Company and assigned the shareholder's loans owed by Great Jump and Top Integration to Best Trader; and in consideration the Company allotted and issued 49,999,999 Shares credited as fully paid to the Vendor;

- Deed of assignment dated 21 November 2013 entered into between Best Trader, the Vendor, Great Jump and Top Integration, pursuant to which the Vendor transferred and assigned all shareholder's loans of Great Jump and Top Integration to Best Trader;

- Deed of indemnity dated 21 November 2013 and entered into between Vantage and the Company pursuant to which Vantage provides certain indemnities in favour of the Company (for itself and as trustee for its subsidiaries);

- Deed of non-competition dated 21 November 2013 entered by Vantage in favour of the Company pursuant to which Vantage provides certain irrevocable undertakings and covenants in favour of the Company;

- Public offer underwriting agreement dated 27 November 2013 entered into by (i) the Company, (ii) Mizuho Securities Asia Limited ("**Mizuho**"), (iii) the executive and non-executive Directors at the time, (iv) the controlling shareholders of the Company at the time and (v) the underwriters (the "**Underwriters**") being Mizuho, RaffAello Securities (HK) Limited, Phillip Securities (Hong Kong) Limited and Phoenix Capital Securities Limited, relating to the offer of Shares for subscription to the public in Hong Kong (the "**Public Offer**");

- Price determination agreement dated 4 December 2013 entered into by Mizuho, for itself and on behalf of the Underwriters, and the Company for the purpose of determining the final offer price per Share under the Public Offer and the Placing (as defined below);

- Placing underwriting agreement dated 4 December 2013 entered into by (i) the Company, (ii) Mizuho, (iii) the executive and non-executive Directors at the time, (iv) the controlling shareholders of the Company at the time and (v) the Underwriters, relating to the conditional offering of Shares for and on behalf of the Company (the "**Placing**");

- Non-disclosure and confidentiality agreement dated 18 May 2015 entered into between the Company and the Offeror under which the Offeror agrees to hold certain confidential information provided by the Company pursuant to the memorandum of understanding dated 13 May 2015 entered into between the Offeror and the Vendor regarding the Share Sale in the strictest confidence; and

- Agreement for the sale and purchase of the entire issued share capital of Top Integration and all the right title benefit and interest of and in the loan due and owing by Top Integration dated 3 June 2015 entered into between Best Trader and Chan Hon Wing.

11. CONSENTS AND QUALIFICATIONS

The following is the qualification of the expert contained in this Composite Document:

Name	Qualification
Quam	a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO

Quam has given and has not withdrawn its respective written consents to the issue of this Composite Document with the inclusion herein of its letter and references to its name in the form and context in which it appears.

As at the Latest Practicable Date, Quam did not have any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

12. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection, during the period from Monday, 20 July 2015, being the date of this Composite Document for so long as the Offer remains open for acceptance, at (i) the website of the SFC at http://www.sfc.hk; (ii) the website of the Company at http://www.excelengco.com; and (iii) (during normal business hours from 9:00 a.m. to 5:00 p.m., except for Saturdays, Sundays and public holidays) the office of the Company at No. 155 Waterloo Road, Kowloon Tong, Kowloon, Hong Kong:

(a) the memorandum and the Articles of Association of the Company;

(b) the annual results announcement of the Company for the year ended 31 March 2015;

(c) the annual report of the Company 2013/14;

(d) the letter from Kingston Securities as set out on pages 6 to 17 of this Composite Document;

(e) the letter from the Board as set out on pages 18 to 24 of this Composite Document;

(f) the letter from the Independent Board Committee to the Offer Shareholders as set out on pages 25 to 27 of this Composite Document;

(g) the letter from the Independent Financial Adviser to the Independent Board Committee as set out on pages 28 to 48 of this Composite Document;

(h) the letter of consents referred to under the paragraph headed "Consents and Qualifications" in this Appendix;

(i) the material contracts referred to under the paragraph headed "Material Contracts" in this Appendix;

(j) the service contracts of the Directors as referred to under the paragraph headed "Directors' Service Contracts and Other Interests" in this Appendix;

(k) the Sale and Purchase Agreement; and

(l) this Composite Document and the accompanying Form of Acceptance.

13. MISCELLANEOUS

As at the Latest Practicable Date:

(a) The registered office of the Company is at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The head office and principal place of business of the Company in Hong Kong is at No. 155 Waterloo Road, Kowloon Tong, Kowloon, Hong Kong.

(b) The company secretary of the Company is LIU Shiu Yuen, who is a fellow member of the Hong Kong Institute of Certified Public Accountants.

(c) The Hong Kong branch share registrar and transfer office of the Company is Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong.

(d) The English text of this Composite Document and the accompanying Form of Acceptance shall prevail over their respective Chinese text in case of inconsistency.