

HISTORY AND CORPORATE STRUCTURE

OUR HISTORY

Our Company was incorporated in the Cayman Islands with limited liability on 15 April 2011. Our Company completed the Corporate Reorganisation on 11 September 2012 in preparation for the Listing pursuant to which our Company became the holding company of our Group. Details of the Corporate Reorganisation are set out in the paragraph headed “Corporate Reorganisation” in Appendix V to this prospectus.

Our Group is principally engaged in foundation business and machinery leasing business in Hong Kong. Our Directors consider that the success of our Group is principally attributable to management’s technical know-how, extensive project experience, efficient contract execution and the ability to control costs. Timely completion of projects and good quality workmanship are the main objectives of our Group in carrying out foundation works. During the past several years, our Group has accumulated a considerable amount of valuable experience, established a good track record of completing jobs on time and built up an established team of experienced engineers and skilled workers.

Our Company has a number of direct and indirect wholly-owned subsidiaries incorporated or established in the BVI and Hong Kong. All the major operating subsidiaries of our Group were established in Hong Kong and their respective corporate history is set out below.

OUR MAJOR OPERATING SUBSIDIARIES

Sunley

On 27 July 1982, Sunley was incorporated in Hong Kong as a limited liability company with an authorised share capital of HK\$1,000,000 divided into 10,000 ordinary shares of HK\$100 each.

The founding of our Group can be traced back to 31 March 1995 when Sunley International, a company then owned as to 80% by Sunbeam Crest Limited, which was wholly-owned by Mr. Leung and the remaining 20% by Dr. Ho, acquired 66,922 shares of Sunley, representing the entire issued share capital of Sunley, at the consideration of HK\$16,000,000 from B & G Engineering Limited, an Independent Third Party. It is confirmed that the consideration was determined at arm’s length negotiation between the parties upon considering the specialist contractor license and the value of piling equipment of Sunley and the consideration was settled.

As at the commencement date of the Track Record Period, Sunley had an authorised share capital of HK\$39,193,000 divided into 391,930 ordinary shares of HK\$100 each, all of which had been issued and fully paid up and were owned by Sunley International and China Excellent Limited as to 99.99% (or 391,929 shares) and 0.01% (or 1 share), respectively. China Excellent Limited held the one ordinary share of Sunley on trust for Sunley International. Sunley International was then owned as to 80% by Hopewell Asia Limited, a company wholly-owned by Mr. Leung and first acquired the shares of Sunley International on 19 July 1999, and the remaining 20% by Trestle Pacific Limited, a company wholly-owned by Dr. Ho and first acquired the shares of Sunley International on 19 July 1999.

On 28 April 2009, Mr. Leung acquired 274,351 ordinary shares of Sunley from Sunley International at a consideration of HK\$9,942,480.24. Such consideration was based on the net asset value of Sunley as at 31 October 2008 and was settled by way of set-off against shareholders’ loan owed by Sunley International to Mr. Leung.

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On 28 April 2009, Dr. Ho acquired respectively from Sunley International and China Excellent Limited 117,578 ordinary shares and one ordinary share of Sunley at the consideration of HK\$4,261,026.72 and HK\$36.24, respectively. Such considerations were based on the net asset value of Sunley as at 31 October 2008 and were settled by way of set-off against shareholders' loan owed by Sunley International to Dr. Ho.

On 18 May 2010, the BVI Company acquired respectively from Mr. Leung and Dr. Ho 274,351 ordinary shares (or 70%) and 117,579 ordinary shares (or 30%) of Sunley at the consideration of HK\$27,435,100 and HK\$11,757,900, respectively. It is confirmed that the consideration was determined between the parties with reference to the par value of HK\$100 per share.

Upon completion of the aforesaid share transfers, the BVI Company held an aggregate of 391,930 ordinary shares of Sunley, being its entire issued share capital, and Sunley became a wholly-owned subsidiary of the BVI Company.

On 31 March 2011, each of Mr. Leung and Dr. Ho assigned his shareholder's loan in the sum of HK\$27,435,100 and HK\$11,757,900 respectively to the BVI Holdco at the consideration of HK\$1.00. On the same date, the BVI Holdco and the BVI Company agreed to the capitalisation of the shareholder's loan owed by the BVI Company in the sum of HK\$39,193,000 by the BVI Company's allotment and issue of one ordinary share, credited as fully-paid, to the BVI Holdco.

Development

Sunley is principally engaged in the foundation business in Hong Kong, offering services covering bored piling, pile cap, site formation and drilling works with particular specialisation in bored piling. Sunley had been first approved to be registered with the Buildings Department as a specialist contractor in foundation works and site formation works on 15 December 1999 and 22 December 1999, respectively.

Currently, Sunley is also on the Hong Kong Housing Authority List of Piling Contractors (Large Diameter Bored Piling Category) and the Development Bureau's List of Approved Suppliers of Materials and Specialist Contractors for Public Works under land piling (Group II) for Precast Prestressed Tubular Pile, Steel H Pile, Large Diameter Bored Pile (with bell-out), Mini-Pile and Rock-socketed Steel H-pile in Pre-bored Hole. Details of Sunley's licences are set out in the subsection headed "Major Qualifications, Certifications, Awards and Compliance" under the section headed "Business" of this prospectus. With such licences and approval, Sunley is able to tender as main contractor for both private and public sector foundation piling contracts.

Besides, Sunley has also been registered under Voluntary Subcontractor Registration Scheme with the Construction Industry Council. As a result of effective quality control by the management, Sunley has been accredited with the ISO 9001:2008 and ISO 14001:2004 certification since 21 October 2008 and the OHSAS 18001:2007 certification since 14 October 2009.

With a view to servicing its rapid business growth, Sunley has increased its plant and machinery by acquiring new machinery including crawler crane, oscillator and reverse circulation drill over the past few years. With this expanded capacity, Sunley is well equipped to handle projects on a larger scale.

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Sunnic

On 27 May 1993, Sunnic was incorporated in Hong Kong as a limited liability company with an authorised share capital of HK\$10,000 divided into 10,000 ordinary shares of HK\$1.00 each and the issued share capital was two shares of HK\$1.00 each.

On 23 July 1993, Mr. Wong acquired one share of Sunnic from Easy Bright Nominees Limited, the subscriber of Sunnic, at the consideration of HK\$1.00.

On 23 July 1993, Mr. Wong Kam Ting, an Independent Third Party, acquired one share of Sunnic from Yes Win Limited, the subscriber of Sunnic, at the consideration of HK\$1.00, which was held by Mr. Wong Kam Ting on trust for Mr. Cheng and was transferred to Mr. Cheng on 29 October 1993. On 29 October 1993, 199,999 shares, 199,999 shares and 200,000 shares were issued and allotted to Mr. Wong, Mr. Cheng and Mr. Tsui, respectively for cash at par.

As at the commencement date of the Track Record Period, Sunnic had an authorised share capital of HK\$8,220,000 divided into 8,220,000 ordinary shares of HK\$1.00 each, all of which had been issued and fully paid up and were owned by each of Bright Future, Fenwood and Best Fortune as to approximately 33.33% (or 2,740,000 shares). Bright Future was owned as to 50% by each of Mr. Cheng and Mrs. Cheng. Best Fortune was then wholly owned by Mr. Wong. Fenwood was owned as to 50% by each of Mr. Tsui and Mrs. Tsui.

On 25 July 2009, the authorised share capital of Sunnic was increased from HK\$8,220,000 divided into 8,220,000 ordinary shares of HK\$1.00 each to HK\$9,300,000 divided into 9,300,000 shares of HK\$1.00 each.

On 27 July 2009, 360,000 ordinary shares of Sunnic were allotted and issued to each of Bright Future, Fenwood and Best Fortune, which subscription prices were set off against the funds advanced to Sunnic by Bright Future, Fenwood and Best Fortune respectively. Upon completion of the above issue and allotment, Sunnic was owned by each of Bright Future, Fenwood and Best Fortune as to approximately 33.33% (or 3,100,000 shares).

To cope with the expansion of the business scope of Sunley and to complement its existing business in piling foundation, Sunley intended to acquire another contractor in Hong Kong specialising in percussive piling and site formation. To this end, on 8 June 2010, the BVI Company (the holding company of Sunley) acquired 3,100,000 ordinary shares of Sunnic from each of Best Fortune (owned as to 50% by each of Mr. Wong and Mrs. Wong), Bright Future and Fenwood, being the entire issued share capital of Sunnic. As consideration, the BVI Holdco (the holding company of the BVI Company) issued and allotted 800 ordinary shares to each of Mr. Wong, Mr. Cheng and Mr. Tsui respectively (as directed by Best Fortune, Bright Future and Fenwood respectively), credited as fully paid. It is confirmed that the consideration was determined at arm's length negotiation between the parties.

Upon completion of the acquisition of Sunnic, the BVI Company held an aggregate of 9,300,000 ordinary shares of Sunnic, being its entire issued share capital, and Sunnic became a wholly-owned subsidiary of the BVI Company.

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Sunnic is principally engaged in the foundation business in Hong Kong. The services offered by Sunnic can be broadly divided into socketed H piling, percussive piling, mini-piling, pile cap, site formation, site investigation, drilling works and building works with particular specialisation in piling design.

Sunnic has been registered with the Buildings Department as a general building contractor since 23 December 1999 and a specialist contractor in foundation works since 15 March 2000, site formation since 29 June 2000 and ground investigation field works since 3 September 2002.

Currently, Sunnic is also on the Development Bureau's List of Approved Suppliers of Materials and Specialist Contractors for Public Works under land piling (Group II) for Steel H Pile, Rock-socketed Steel H-pile in Pre-bored Hole and Mini-pile. Details of Sunnic's licences are set out in the subsection headed "Major Qualifications, Certifications, Awards and Compliance" under the section headed "Business" of this prospectus. It has actively tendered for government works and been awarded many contracts.

Since its inception in 1993, Sunnic has expanded steadily by acquiring advanced machinery. It has established a strong position in the private sector of the foundation piling industry in Hong Kong. The primary goal of Sunnic is to provide its clients with high quality services including timely completion of works and good workmanship.

Sunnic has also been registered under Voluntary Subcontractor Registration Scheme with the Construction Industry Council. Sunnic was awarded the ISO 9001:2008 accreditation since January 2003 and the ISO 14001:2004 accreditation since December 2006 which confirmed that Sunnic has a management system that satisfies the relevant internationally recognised quality standard.

Full Gain

On 1 December 2000, Full Gain was incorporated in Hong Kong as a limited liability company with an authorised share capital of HK\$10,000 divided into 10,000 ordinary shares of HK\$1.00 each.

Freeman, a company then owned as to 33.33% by each of Mr. Cheng, Mr. Tsui and Mr. Wong, first acquired the shares of Full Gain on 14 April 2003 when it acquired 85 shares, representing 85% of Full Gain, at the consideration of HK\$85.00 as nominal price from Chan Yiu Kwong, an Independent Third Party and such consideration was settled.

As at the commencement date of the Track Record Period, Full Gain had an authorised share capital of HK\$10,000 divided into 10,000 ordinary shares with a par value of HK\$1.00 per share. 100 ordinary shares of Full Gain had been issued and fully paid up, of which 99 shares were held by Freeman and one share was held by Bright Future, representing 99% and 1% of the entire issued share capital of Full Gain respectively.

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In order to complement the business of Sunley and Sunnic, on 15 July 2010, the BVI Company acquired from Freeman and Bright Future respectively 99 shares and 1 share of Full Gain, being its entire issued share capital. As consideration, the BVI Company issued and allotted one ordinary share to the BVI Holdco, credited as fully paid. It is confirmed that the consideration was determined at arm's length negotiation between the parties.

Upon completion of the acquisition of Full Gain, the BVI Company held an aggregate of 100 ordinary shares of Full Gain, being its entire issued share capital, and Full Gain became a wholly-owned subsidiary of the BVI Company.

Development

Full Gain is principally engaged in foundation related subcontracting services. Since its establishment, it has mainly acted as subcontractor of Sunnic, which is an internal arrangement between Sunnic and Full Gain. Full Gain has also been registered under Voluntary Subcontractor Registration Scheme with the Construction Industry Council.

REASONS FOR AND BENEFITS OF THE ACQUISITION OF SUNNIC AND FULL GAIN AND THE DISPOSAL OF SUPER EASE

Sunley has been expanding its presence in the foundation business since 1995 and specialising in bored pile and diaphragm wall techniques. Sunnic, on the other hand, has expertise on percussive piling, socketed H-pile and mini-pile as well as site formation works.

The Hong Kong government, in order to promote economic development in Hong Kong and create enormous business opportunities, announced in the 2007–08 Policy Address the implementation of ten major infrastructure projects, which have been gradually carried out since the beginning of 2010.

With a view to grasping these upcoming business opportunities, Sunley considered that an acquisition of a percussive piling contractor was the best business strategy to expand its business scope and complement its business.

Taking into consideration that (i) Sunnic is a specialist foundation contractor in Hong Kong with a well-developed supplier and customer network and a very high potential for business expansion which is closely in line with Sunley's fast growing business philosophy and (ii) Sunley has years of business relationship with Sunnic with Sunley being the subcontractor of Sunnic or vice versa as each of Sunley and Sunnic specialises in different areas of piling works, the BVI Company (the holding company of Sunley) acquired Sunnic and Full Gain, which were completed on 8 June 2010 and 15 July 2010, respectively.

It is expected that the acquisition of Sunnic and Full Gain would not only strengthen our management and design team, but would also enhance our competitiveness in the piling industry of Hong Kong. In addition, the acquisition of Sunnic and Full Gain would also reduce Sunley's overall operating costs in relation to projects involving percussive piling in the long run since the operating costs of a subsidiary engaging in percussive piling would be lower than that incurred for engaging third-party sub-contractors for our Group's percussive piling projects. It is therefore considered that the acquisitions of Sunnic and Full Gain are in the best interests of our Group. The acquisition of Sunnic and Full Gain includes goodwill and customer contracts, two intangible assets, of approximately

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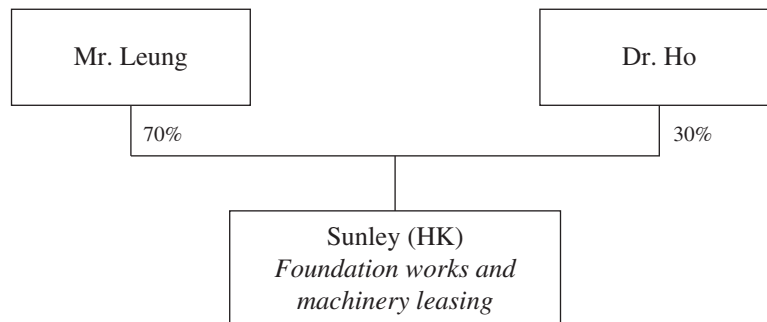
HK\$13,022,000 and HK\$409,000 respectively. The said intangible asset of customer contracts has been fully amortised as all the contracts acquired upon the acquisition had already been completed for the year ended 31 March 2011. No valuation on the trademarks of Sunnic and Full Gain was performed as they were not registered as at the valuation date.

Super Ease, a former wholly-owned subsidiary of Sunnic, has been principally engaged in property investment and not engaged in other business as confirmed by the directors of Super Ease, and before the disposal of Super Ease by our Group in December 2010, Super Ease held two properties in Hong Kong. In view of the entire different business model of Super Ease from that of our Group and in preparation for the Listing, the directors of Sunnic decided to dispose of the two properties held by Super Ease by way of disposing of the shares in Super Ease. Given the aforesaid, Sunnic and Mr. Cheng entered into the sale and purchase agreement on 17 December 2010 (as supplemented on 24 October 2011) to dispose of the entire issued share capital of Super Ease to Sunnic Holdings at the consideration of HK\$342,000. The consideration was not settled by way of cash payment from Sunnic Holdings, but was offset by the office rental payments payable to Sunnic Holdings arising from the office leased from Sunnic Holdings to our Group. As at 31 March 2012, the consideration had been settled in full. The consideration was determined in arm's length negotiation with reference to the net asset value of Super Ease as at 17 December 2010 of approximately HK\$342,000, which represented the valuation of the two properties held by Super Ease at HK\$7,820,000 as at 3 August 2010 by an independent valuer and after deducting the directors' loan arising from the financial support from the directors of Super Ease in purchasing the said properties of Super Ease in the sum of HK\$7,478,000 and was assumed by Sunnic Holdings. As confirmed by the directors of Super Ease, Super Ease will continue to be principally engaged in property investment after the Listing.

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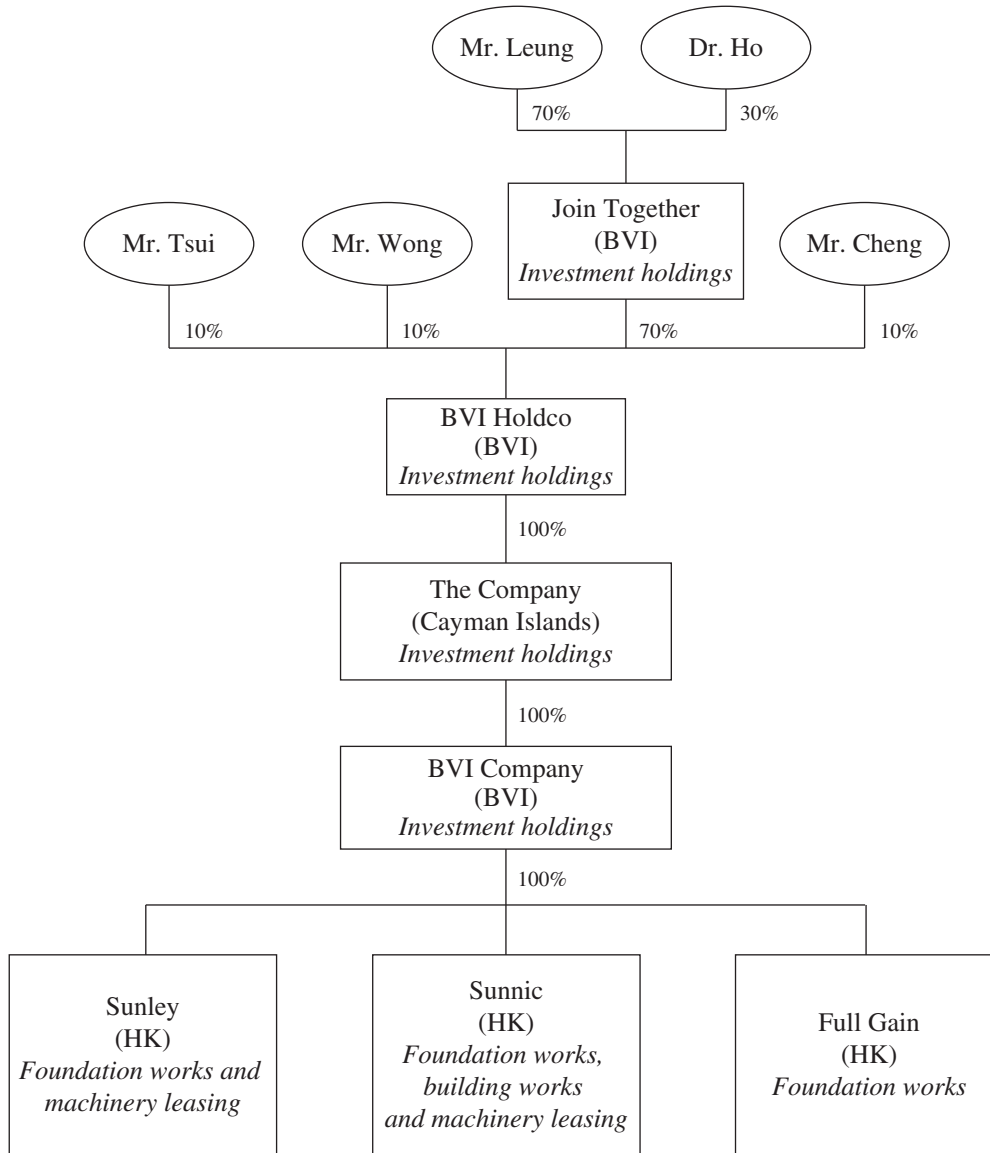
As part of the Corporate Reorganisation, a number of share transfers had been effected. Upon completion of the Corporate Reorganisation on 11 September 2012, our Company became the holding company of our Group. Details of the Corporate Reorganisation are set out in the paragraph headed "Corporate Reorganisation" in Appendix V to this prospectus.

The following diagram sets out the corporate structure of our Group before the Corporate Reorganisation:



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The following diagram sets out the corporate structure of our Group immediately after the Corporate Reorganisation but before completion of the Share Offer and the Capitalisation Issue:



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The following diagram sets out the corporate structure of our Group immediately after completion of the Share Offer and the Capitalisation Issue (assuming that the Offer Size Adjustment Option is not exercised):

