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## HISTORY AND DEVELOPMENT

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### GENERAL

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

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

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

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

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

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

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

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

### BUSINESS DEVELOPMENT

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

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

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

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### CORPORATE DEVELOPMENT

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

#### **Our Company**

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

#### **Best Trader**

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

#### **Great Jump**

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

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### Top Integration

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

### EXCEL

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

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

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

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

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

### **GADELly**

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

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

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

### **Excel-China Harbour JV**

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

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

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

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### SPECIAL DIVIDEND

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

### REORGANISATION

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

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

### OUR GROUP STRUCTURE

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

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

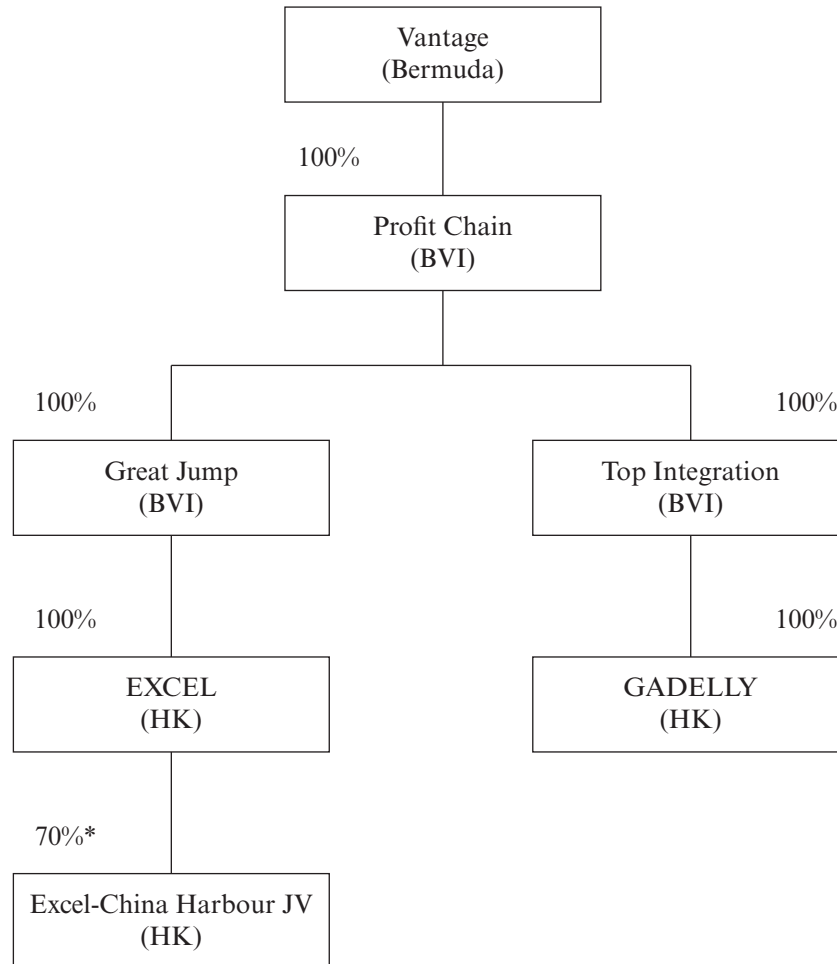
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- (b) EXCEL, GADELLY and Excel-China Harbour JV, engaged in, civil engineering construction works in the public and private sectors in Hong Kong, including (i) waterworks; (ii) roads and drainage works; (iii) landslip preventive and remedial works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

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



*Note:*

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

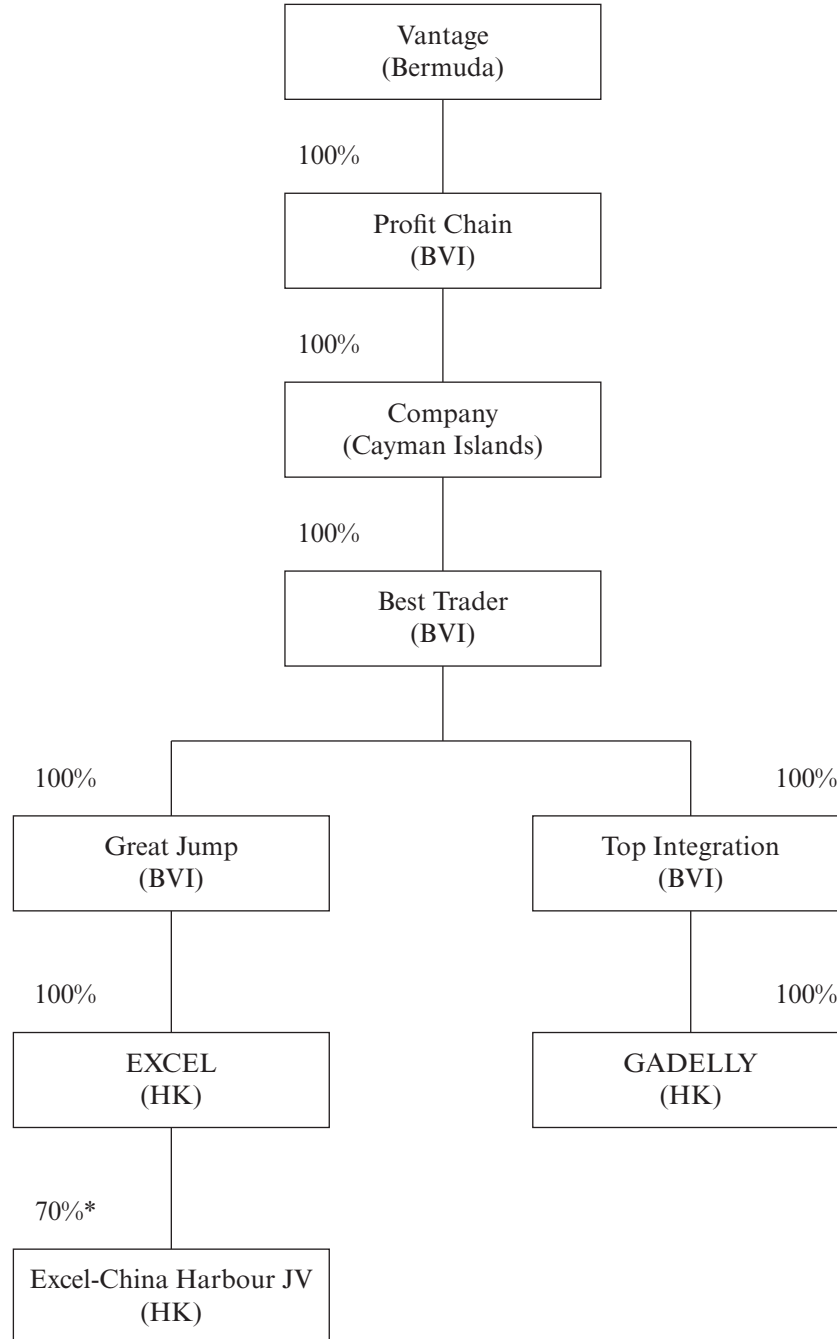


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The shareholding structure of our Group immediately after completion of the Reorganisation but before completion of the Share Offer and Capitalisation Issue was as follows:



*Note:*

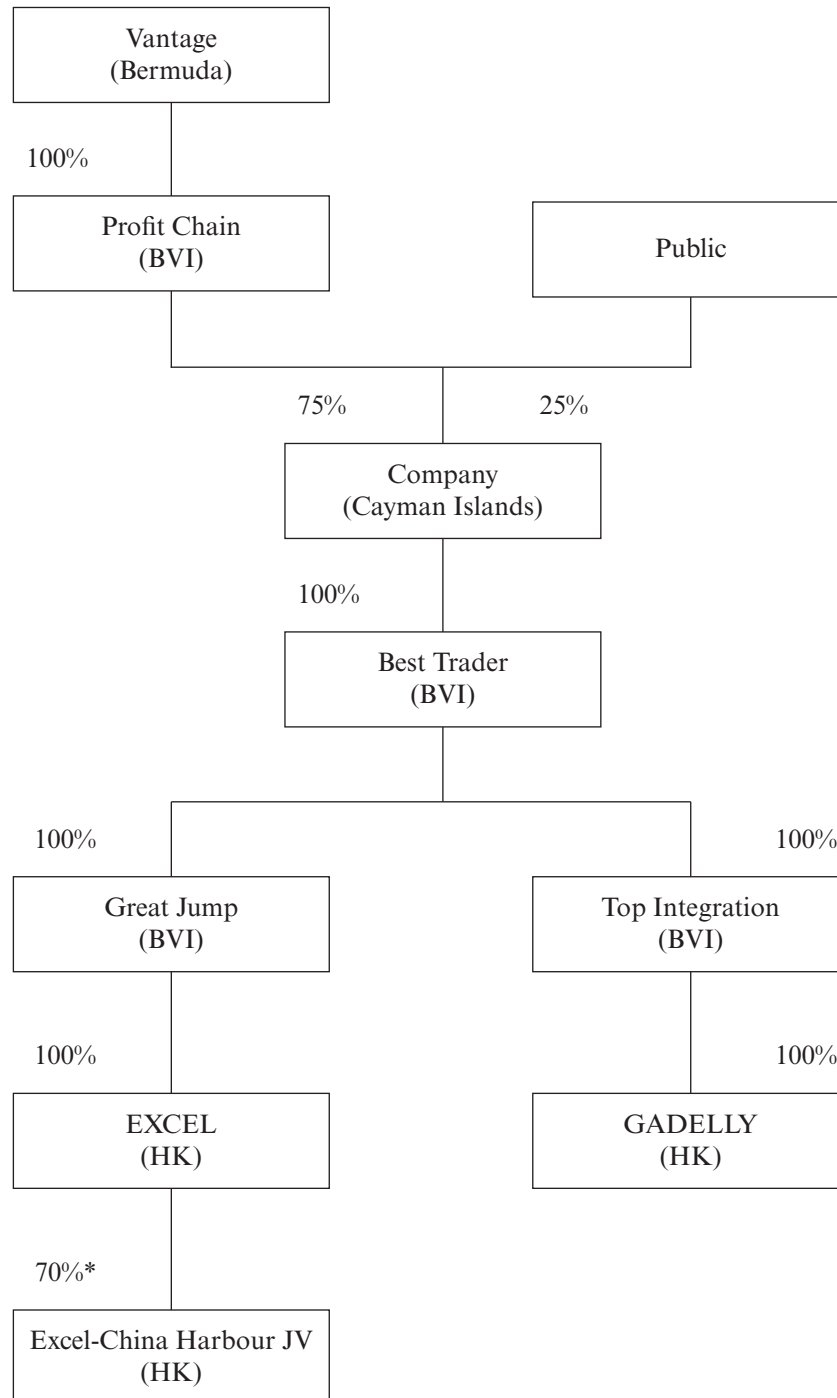
\* EXCEL has a 50% voting power in Excel-China Harbour JV. 70% of the ownership interest and 70% of the profit of Excel-China Harbour JV are shared by EXCEL.

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



*Note:*

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

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### **Spin-off by Vantage**

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